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ERMS (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1994
(Company Number: 1993374)



ERMS (UK) LIMITED

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ERMS (UK) LIMITEDCOMPANY INFORMATION

DIRECTORS: I.M. Smith (British)
A.F. Troost (Dutch)

SECRETARY: A.F. Troost

**REGISTERED OFFICE
AND BUSINESS ADDRESS:** Common Lane
Witchford
Ely
Cambs
CB6 2HZ

**AUDITORS AND
FINANCIAL ADVISORS:** Keens Shay Keens
Exchange Building
16 St.Cuthberts Street
Bedford
MK40 3JG

BANKERS: National Westminster Bank plc
Woolpack Chambers
16 Market Street
Ely
Cambs
CB7 4LS

LEGAL ADVISERS: Borneo Martell & Partners
Dixon House
77-93 Harpur Street
Bedford
MK40 2SY

ERMS (UK) LIMITEDREPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report together with the Financial Statements of the Company for the year ended 31st December 1994.

RESULTS AND DIVIDENDS

The results for the year are set out in the Profit and Loss Account on page 5.

The Directors do not recommend the payment of a dividend (1993- Nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is the importation and wholesale distribution of salad products.

BUSINESS REVIEW

The Directors are encouraged by the year's trading and feel confident that profitability can be maintained as economic conditions in the industry improve.

FIXED ASSETS

Details relating to Fixed Assets are set out in the Notes to the Financial Statements.

DIRECTORS

The names of the Directors who served during the year are listed on page 1.

DIRECTORS' INTERESTS

The Directors have no beneficial interest in the shares of the Company.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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ERMS (UK) LIMITEDREPORT OF THE DIRECTORSDIRECTORS' RESPONSIBILITIES (Continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

AUDITORS

Keens Shay Keens have expressed their willingness to be re-appointed as Auditors to the Company.

By Order of the Board

A. F. Troost

Secretary

Common Lane
Witchford
Ely
Cambs

26th July 1995.

REPORT OF THE AUDITORS TO THE MEMBERS OF

ERMS (UK) LIMITED

We have audited the Financial Statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on pages 2 and 3 the Company's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those Statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leam. Shay Keens...

CHARTERED ACCOUNTANTS

AND

REGISTERED AUDITOR

Exchange Building
16 St Cuthbert's Street
Bedford
MK40 3JG

KEENS SHAY KEENS
CHARTERED ACCOUNTANTS

26th July 1995.

ERMS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
<u>TURNOVER</u>	3	5,279,494	5,271,874
Cost of Sales		<u>4,794,163</u>	<u>4,867,317</u>
<u>GROSS PROFIT</u>		485,331	404,557
Other Operating Expenses (Net)	2	<u>423,533</u>	<u>400,972</u>
<u>OPERATING PROFIT</u>		61,798	3,585
Investment Income	5	<u>3,791</u>	<u>5,302</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	3	65,589	8,887
Taxation	6	<u>17,021</u>	<u>4,214</u>
<u>RETAINED PROFIT FOR THE YEAR</u>	15	£ <u>48,568</u>	£ <u>4,673</u>

None of the Company's activities were acquired or discontinued during the year.

There were no recognised gains or losses other than the profit for the year.

The notes on pages 8 to 13 form part of these Financial Statements.

ERMS (UK) LIMITEDBALANCE SHEET - 31ST DECEMBER 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	86,941	89,185
Investment	8	-	2
		<u>86,941</u>	<u>89,187</u>
<u>CURRENT ASSETS</u>			
Stocks	10	47,893	61,230
Debtors	11	624,975	618,844
Cash at Bank and in Hand		259,169	131,390
		<u>932,037</u>	<u>811,464</u>
<u>CURRENT LIABILITIES</u>			
Creditors: Amounts falling due within one year	12	<u>582,935</u>	<u>510,631</u>
<u>NET CURRENT ASSETS</u>		<u>349,102</u>	<u>300,833</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>436,043</u>	<u>390,020</u>
Provision for Liabilities and Charges	13	<u>3,810</u>	<u>6,355</u>
<u>NET ASSETS</u>		<u>£ 432,233</u>	<u>£ 383,665</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	14	15,000	15,000
Profit and Loss Account	15	417,233	368,665
<u>SHAREHOLDERS FUNDS</u>		<u>£ 432,233</u>	<u>£ 383,665</u>

The Financial Statements were approved by the Board of Directors on

26th July 1995.

.....) A F TROOST

Directors

.....) I M SMITH

The notes on pages 8 to 13 form part of these Financial Statements.

ERMS (UK) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>1994</u>	<u>1993</u>
<u>Net Cash Inflow/(Outflow) from Operating Activities</u>	151,098	(119,419)
<u>Returns on Investments and Servicing of Finance</u>		
Interest Received	3,791	5,302
	<u>3,791</u>	<u>5,302</u>
<u>Taxation</u>		
Tax Refunded/(Paid)	2,141	(17,571)
<u>Investing Activities</u>		
Receipts from Disposals of Tangible Fixed Assets	3,500	33,030
Payments to Acquire Tangible Fixed Assets	(32,751)	(58,589)
	<u>(29,251)</u>	<u>(25,559)</u>
<u>Increase/(Decrease) in Cash and Cash Equivalents</u>	£ 127,779	£ (157,247)

Note 19 on Page 13 forms part of this Statement.

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19941. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable accounting standards. A summary of the principal accounting policies which have been consistently applied throughout the year and in the preceding year, is set out below:

(a) Basis of Accounting

The Financial Statements of the Company have been prepared under the historical cost convention.

(b) Tangible Fixed Assets

Tangible fixed assets are stated at cost to the Company. Depreciation and amortisation are charged on these assets from the date of acquisition. Provision is made to write off the cost of the assets over their expected useful lives on a straight line basis at the following rates:

Short Term Leasehold Property	-	Over 9 Years
Plant and Machinery	-	20%
Motor Vehicles	-	33.1/3%, subject to a minimum book value equivalent to 10% of cost
Fixtures, Fittings, Tools and Equipment	-	10%

(c) Fixed Asset Investments

Fixed asset investments are stated at cost.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value.

(e) Turnover

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided after deducting value added tax.

(f) Deferred Tax

Deferred Tax in respect of Capital Allowances and other timing differences is provided under the liability method at the rate at which the liability is anticipated to crystallise.

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19941. ACCOUNTING POLICIES (continued)(g) Pension Contributions

The annual costs of the Company's defined contribution pension scheme are charged to the Profit and Loss Account in the year they arise.

(h) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the Profit and Loss Account.

<u>2. OTHER OPERATING EXPENSES (NET)</u>	<u>1994</u>	<u>1993</u>
Administrative Expenses	£ 423,533	£ 400,972

3. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is derived from the Company's principal activity, as stated in the Directors Report, and arises principally from within the UK market.

	<u>1994</u>	<u>1993</u>
Profit on Ordinary Activities Before Taxation is stated after charging:		
Depreciation and Amounts Written Off Tangible Fixed Assets	£ 31,495	£ 26,979
Auditors' Remuneration		
- Audit Services	£ 4,850	£ 4,510
- Other Services	£ 318	£ 155
And after crediting:		
Rent Receivable	£ Nil	£ 3,359

4. EMPLOYEES

Staff costs during the year were:

Wages and Salaries	£ 216,660	£ 225,072
Social Security Costs	£ 22,151	£ 23,860
Other Pension Costs	£ 12,859	£ 11,763

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1994

<u>4. EMPLOYEES (Continued)</u>	<u>1994</u>	<u>1993</u>
	<u>Number</u>	<u>Number</u>
The average weekly number of persons employed during the year was:		
Administration and Selling	6	6
Warehouse and Packing	7	8
	=	=

Directors Remuneration:

Staff costs include the following remuneration in respect of the Directors:

Fees	48,335	44,333
Other Emoluments	5,925	5,700
	<u>£ 54,260</u>	<u>£ 50,033</u>

The Directors' Remuneration is paid entirely to the British Director.

5. INVESTMENT INCOME

Interest Receivable	<u>£ 3,791</u>	<u>£ 5,302</u>
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6. TAXATION

UK Corporation Tax at current rates:

Current - charge/(credit)		
at 33%/25%	19,565	(2,141)
Deferred - (credit)/charge	(2,544)	6,355
	<u>£ 17,021</u>	<u>£ 4,214</u>

ERMS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1994****7. TANGIBLE FIXED ASSETS**

	<u>Short Term Leasehold Property</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Fixtures, Fittings, Tools and Equipment</u>	<u>Total</u>
<u>COST</u>					
At 1st January 1994	1,891	61,300	42,479	30,720	136,390
Additions	-	6,244	25,350	1,157	32,751
Disposals	-	-	(7,400)	-	(7,400)
At 31st December 1994	£ 1,891	67,544	60,429	31,877	161,741

DEPRECIATION AND AMORTISATION

At 1st January 1994	613	15,808	22,473	8,311	47,205
Charge for the Year	210	12,596	17,505	3,038	33,349
Disposals	-	-	(5,754)	-	(5,754)
At 31st December 1994	£ 823	28,404	34,224	11,349	74,800

NET BOOK VALUE

At 31st December 1994	£ 1,068	39,140	26,205	20,528	86,941
At 31st December 1993	£ 1,278	45,492	20,006	22,409	89,185

8. FIXED ASSET INVESTMENTS

	<u>1994</u>	<u>1993</u>
Shares in subsidiary undertaking, at cost	£ -	£ 2

The Company's dormant subsidiary undertaking, Ermsteam Limited, was removed from the Register of Companies during the year. The loss arising from the disposal of the Company has been taken to the Profit and Loss Account.

9. CAPITAL COMMITMENTS

The Company had no capital commitments at 31st December 1994 (1993-nil).

10. STOCKS

Produce Goods for Resale	£ 47,893	£ 61,230
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ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1994

<u>11. DEBTORS</u>	<u>1994</u>	<u>1993</u>
Trade Debtors	588,727	579,808
Amounts Owed by Subsidiary Undertaking	-	1,896
Other Debtors	15,589	18,906
Prepayments	20,659	18,234
	<u>£ 624,975</u>	<u>£ 618,844</u>

12. CREDITORSAmounts falling due within one year:

Trade Creditors	234,366	297,827
Amounts Owed to Ultimate Holding Company, Parent Undertaking and Fellow Subsidiary Undertakings	285,041	173,248
Corporation Tax	19,565	-
Other Taxation and Social Security Payable	20,919	18,325
Other Creditors	13,665	14,100
Accrued Expenses	9,379	7,131
	<u>£ 582,935</u>	<u>£ 510,631</u>

13. PROVISION FOR LIABILITIES AND CHARGES

<u>Deferred Taxation</u>		
Capital allowances in excess of depreciation provision	<u>£ 3,810</u>	<u>£ 6,355</u>

14. CALLED UP SHARE CAPITALAuthorised:

15,000 Ordinary Shares of £1 Each	<u>£ 15,000</u>	<u>£ 15,000</u>
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Allotted, Called Up and Fully Paid:

15,000 Ordinary Shares of £1 Each	<u>£ 15,000</u>	<u>£ 15,000</u>
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Details of the Directors interests in the shares of the Company are included in the Directors Report.

15. PROFIT AND LOSS ACCOUNT

At 1st January 1994	368,665	363,992
Retained Profit for the Year	48,568	4,673
At 31st December 1994	<u>£ 417,233</u>	<u>£ 368,665</u>

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 199416. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1994</u>	<u>1993</u>
Retained Profit for the year	48,568	4,673
Opening Shareholders Funds	383,665	378,992
Closing Shareholders Funds	<u>£ 432,233</u>	<u>£ 383,665</u>

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is Intercaribbean Krause Nederland BV., a company incorporated in The Netherlands.

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 1994 (1993 - Nil).

19. NOTES TO THE CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING
PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM
OPERATING ACTIVITIES

	<u>1994</u>	<u>1993</u>
Operating Profit	61,798	3,585
Depreciation	33,349	25,630
Profit on Disposal of Tangible Fixed Assets	(1,854)	(2,291)
Decrease/(Increase) in Stocks	13,337	(28,451)
Increase in Debtors	(8,272)	(154,957)
Increase in Creditors	52,740	37,065
Net cash inflow/(outflow) from operating activities	<u>£ 151,098</u>	<u>£ (119,419)</u>

(b) ANALYSIS OF CHANGES
IN CASH AND CASH EQUIVALENTS
DURING THE YEAR

			<u>Increase In Year</u>
Cash at Bank and in Hand	<u>£ 259,169</u>	<u>£ 131,390</u>	<u>£ 127,779</u>