

REGISTRARS COPY

ERMS (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1995
(Company Number: 1993374)



ERMS (UK) LIMITED

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COMPANY INFORMATION

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

SECRETARY: A.F. Troost

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

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

BANKERS: National Westminster Bank PLC
Woolpack Chambers
16 Market Street
Ely
Cams
CB7 4LS

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

ERMS (UK) LIMITEDREPORT OF THE DIRECTORS

The Directors present their annual report together with the Financial Statements of the Company for the year ended 31st December 1995.

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 (1994 - Nil).

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The Directors are satisfied with the results for the year and are confident that the Company is well placed for the future.

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 set out on page 1.

DIRECTORS' INTERESTS

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

A F Troost holds a 100% beneficial interest in the Ultimate Holding Company's Ordinary Share Capital as at 31st December 1995.

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 or 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- follow applicable accounting standards, subject to any material departures disclosed and explained in the Financial Statements.

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.

ERMS (UK) LIMITEDREPORT OF THE DIRECTORSGOING 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
CB6 2HZ

17TH SEPTEMBER 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF

ERMS (UK) LIMITED

We have audited the Financial Statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective Responsibilities of Directors and Auditors

As described on page 2 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

For Shakspeare...

CHARTERED ACCOUNTANTS

AND

REGISTERED AUDITOR

Exchange Building
16 St. Cuthberts Street
Bedford
MK40 3JG

17th September 1996.

ERMS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
<u>TURNOVER</u>	3	4,579,887	5,279,494
Cost of Sales		<u>4,195,837</u>	<u>4,794,163</u>
<u>GROSS PROFIT</u>		384,050	485,331
Other Operating Expenses (Net)	2	<u>364,333</u>	<u>423,533</u>
<u>OPERATING PROFIT</u>		19,717	61,798
Investment Income	5	<u>9,530</u>	<u>3,791</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	3	29,247	65,589
Taxation	6	<u>7,407</u>	<u>17,021</u>
<u>RETAINED PROFIT FOR THE YEAR</u>	14	<u>£ 21,840</u>	<u>£ 48,568</u>

None of the Company's activities were acquired or discontinued during the year, nor in the preceding year.

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

The notes on pages 8 to 12 form part of these Financial Statements.

ERMS (UK) LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
<u>Net Cash (Outflow)/Inflow from</u> <u>Operating Activities</u>	18 (a)	(79,097)	151,098
<u>Returns on Investments and</u> <u>Servicing of Finance</u>			
Interest Received		9,530	3,791
<u>Taxation</u>			
Tax (Paid)/Refunded		(19,680)	2,141
<u>Investing Activities</u>			
Receipts from Disposals of Tangible Fixed Assets		12,050	3,500
Payments to Acquire Tangible Fixed Assets		(5,269)	(32,751)
		<u>6,781</u>	<u>(29,251)</u>
<u>(Decrease)/Increase in Cash</u> <u>And Cash Equivalents</u>	18 (b)	<u>£ (82,466)</u>	<u>£ 127,779</u>

Note 18 on Page 12 forms part of this Statement.

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19951. 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

Stock is 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 Taxation

Deferred taxation 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.

(g) Pension Costs

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

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19951. ACCOUNTING POLICIES (continued)(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.

2. OTHER OPERATING EXPENSES (NET)

	<u>1995</u>	<u>1994</u>
Administrative Expenses	£ 364,333	£ 423,533

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.

Profit on Ordinary Activities before Taxation is stated after charging:

Depreciation and amounts written off

Tangible Fixed Assets:

Charge for the year

Auditors' Remuneration - Audit Services

- Other Services

£ 26,326	£ 31,495
£ 4,850	£ 4,850
£ 103	£ 318

4. EMPLOYEES

Staff costs during the year were:

Wages and Salaries	£ 207,321	£ 216,660
Social Security Costs	£ 20,359	£ 22,151
Other Pension Costs	£ 12,369	£ 12,859

NumberNumber

The average weekly number of persons employed by the Company during the year was:

Administration and Selling
Warehouse and Packing

5	6
8	7

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19954. EMPLOYEES (continued)19951994Directors' Remuneration

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

Fees	45,377	48,335
Other Emoluments	6,194	5,925
	<u>£ 51,571</u>	<u>£ 54,260</u>

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

5. INVESTMENT INCOME

Interest Receivable	<u>£ 9,530</u>	<u>£ 3,791</u>
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6. TAXATION

UK Corporation Tax at current rates:

Current @ 25% / 33%	9,272	19,565
Underprovision in respect of prior year	115	-
Deferred @ 33%	(1,980)	(2,544)
	<u>£ 7,407</u>	<u>£ 17,021</u>

7. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Short Term Leasehold Premises</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Fittings, Fixtures, and Equipment</u>	<u>Total</u>
At 1st January 1995	1,891	67,544	60,429	31,877	161,741
Additions	-	45	2,795	2,429	5,269
Disposals	-	-	(23,514)	(1,075)	(24,589)
At 31st December 1995	<u>£ 1,891</u>	<u>67,589</u>	<u>39,710</u>	<u>33,231</u>	<u>142,421</u>
<u>Depreciation</u>					
At 1st January 1995	823	28,404	34,224	11,349	74,800
Charge for the Year	214	13,516	9,770	3,288	26,788
Disposals	-	-	(12,114)	(887)	(13,001)
At 31st December 1995	<u>£ 1,037</u>	<u>41,920</u>	<u>31,880</u>	<u>13,750</u>	<u>88,587</u>
<u>Net Book Value</u>					
At 31st December 1995	<u>£ 854</u>	<u>25,669</u>	<u>7,830</u>	<u>19,481</u>	<u>53,834</u>
At 31st December 1994	<u>£ 1,068</u>	<u>39,140</u>	<u>26,205</u>	<u>20,528</u>	<u>86,941</u>

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 19958. COMMITMENTS FOR CAPITAL EXPENDITURE

There were no capital commitments at 31st December 1995 (1994 - Nil).

9. STOCKS

	<u>1995</u>	<u>1994</u>
Produce Goods For Resale	£ 71,075	£ 47,893

10. DEBTORS

Trade Debtors	758,426	588,727
Other Debtors	12,892	15,589
Prepayments	21,103	20,659
	<u>£ 792,421</u>	<u>£ 624,975</u>

11. CREDITORSAmounts falling due within one year:

Trade Creditors	409,893	234,366
Amounts Owed to Ultimate Holding Company, Parent Undertaking and Fellow Subsidiary Undertakings	185,700	285,041
Corporation Tax	9,272	19,565
Other Taxation and Social Security payable	13,615	20,919
Other Creditors	11,100	13,665
Accrued Expenses	8,550	9,379
	<u>£ 638,130</u>	<u>£ 582,935</u>

12. PROVISION FOR LIABILITIES AND CHARGESDeferred Taxation

Capital Allowances in excess of depreciation provision	£ 1,830	£ 3,810
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13. CALLED UP SHARE CAPITALAuthorised:

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

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

ERMS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 1995

	<u>1995</u>	<u>1994</u>
<u>14. PROFIT AND LOSS ACCOUNT</u>		
At 1st January 1995	417,233	368,665
Retained Profit for the Year	21,840	48,568
At 31st December 1995	<u>£ 439,073</u>	<u>£ 417,233</u>
<u>15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>		
Retained Profit for the Year	21,840	48,568
Opening Shareholders' Funds	432,233	383,665
Closing Shareholders' Funds	<u>£ 454,073</u>	<u>£ 432,233</u>
<u>16. ULTIMATE HOLDING COMPANY</u>		
The ultimate holding company is Intercaribbean Krause Nederland BV., a company incorporated in The Netherlands.		
<u>17. CONTINGENT LIABILITIES</u>		
There were no contingent liabilities at 31st December 1995 (1994 - Nil).		
<u>18. NOTES TO THE CASH FLOW STATEMENT</u>		
<u>(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</u>		
	<u>1995</u>	<u>1994</u>
Operating Profit	19,717	61,798
Depreciation	26,788	33,349
Profit on Disposals of Tangible Fixed Assets	(462)	(1,854)
(Increase)/Decrease in Stock	(23,182)	13,337
Increase in Debtors	(167,446)	(8,272)
Increase in Creditors	65,488	52,740
Net Cash (Outflow)/Inflow from Operating Activities	<u>£ (79,097)</u>	<u>£ 151,098</u>
<u>(b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR</u>		
Balance at 1st January 1995	259,169	131,390
Net cash (Outflow)/Inflow	(82,466)	127,779
Balance at 31st December 1995	<u>£ 176,703</u>	<u>£ 259,169</u>
<u>(c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET</u>		
Cash at Bank and in Hand	<u>£ 176,703</u>	<u>£ 259,169</u>
<u>Decrease In Year</u>	<u>£ (82,466)</u>	