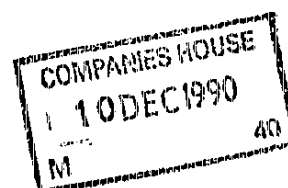


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PRINCES LIMITED AND SUBSIDIARIES  
(FORMERLY PRINCES HOLDING LIMITED)  
(FORMERLY MITOPEN LIMITED)

REPORT AND ACCOUNTS  
31ST DECEMBER 1989



**Ernst & Young**

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

1.

DIRECTORS:

J. A. D. Mackintosh  
T. Akiyoshi  
E. Matsuyama  
T. Kamimura  
Y. Nakade  
I. Ueda  
M. Takahashi

BANKERS:

National Westminster Bank Plc.

AUDITORS:

Ernst & Young

SOLICITOR:

Davies Wallis Foyster

SECRETARY:

T. Akiyoshi  


REGISTERED OFFICE:

Royal Liver Building,  
Pier Head,  
Liverpool,  
L3 1NX

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

2.

DIRECTORS' REPORT

The directors submit their report and accounts for the period from 15th December, 1988 (date of incorporation) to 31st December, 1989.

Change of name

The company changed its name from Mitopen Limited to Princes Holding Limited on 8th March, 1989 and subsequently to Princes Limited on 12th October, 1989.

Share ownership

The company is controlled by the Mitsubishi Corporation in Japan, which is the ultimate holding company.

Investments

The company was formed to acquire the total share capital of Princes Foods (1989) Limited (formerly Princes Limited formerly Buitoni Limited) and did so from Buitoni SA on 31st January, 1989.

Principal activity

The company acquired, at book value, the trading activities of a subsidiary Princes Foods Limited (formerly Princes-Buitoni Limited) as at 30th June 1989, in accordance with an agreement dated 25th August, 1989.

The company's principal activity during the period after 30th June, 1989 was the importation, manufacture and distribution of food products to the grocery trade. Prior to 30th June, 1989 the company acted as a holding company.

Results and dividends

The group trading profit for the period to December 31, 1989, after taxation, amounted to £746,000.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Research and development

The group's research and development activities are mainly in the field of food product development. Costs are expensed as incurred.

Political and charitable contributions

During the period the company made various charitable contributions totalling £6,315. There were no political contributions.

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

3.

DIRECTORS' REPORT  
(CONTINUED)

Directors and their interests

The names of the directors who held office at the end of the year are listed on page 1. None of the directors was interested in the share capital of the company or of other U.K. group companies during the year. The directors are not required to disclose interests in the shares of overseas companies in this report.

The following directors have been appointed:

Instant Companies Limited	- 15th December, 1988
J. Van Der Have	- 21st December 1988
R. S. Ashworth	- 21st December 1988
K. Muraoka	- 23rd January, 1989
K. Funayama	- 23rd January, 1989
Y. Nakade	- 24th January, 1989
T. Akiyoshi	- 31st January, 1989
J. A. D. Mackintosh	- 31st January, 1989
M. Takahashi	- 9th March, 1989
I. Ueda	- 16th June, 1989
E. Matsuyama	- 7th July, 1989
T. Kamimura	- 7th July, 1989.

The following directors resigned:

Instant Companies Limited	- 21st December, 1988
J. Van Der Have	- 23rd January, 1989
R. S. Ashworth	- 23rd January, 1989
K. Muraoka	- 13th February, 1989
K. Funayama	- 16th June, 1989.

The following secretaries have been appointed:

Swift Incorporations Limited	- 15th December, 1988
R. S. Ashworth	- 21st December, 1988
K. Muraoka	- 23rd January, 1989
K. Funayama	- 13th February, 1989
T. Akiyoshi	- 16th June, 1989.

The following secretaries resigned:

Swift Incorporations Limited	- 21st December, 1988
R. S. Ashworth	- 23rd January, 1989
K. Muraoka	- 13th February, 1989
K. Funayama	- 16th June, 1989.

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

4.

DIRECTORS' REPORT  
(CONTINUED)

Disabled persons

Applications for employment made by disabled persons are given full consideration and training is provided for employees who have become disabled during their employment by the group.

Employee involvement

The company has maintained the provision of information to and consultation with employees by means of regular and ad hoc meetings of management and employees.


Close company

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970.

Auditors

Arthur Young, who were appointed as first auditors to the company, merged their practice with Ernst & Whinney on September 1, 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

  
T. AKIYOSHI  
Secretary

March 30, 1990

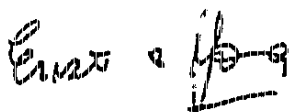
# Ernst & Young

Liverpool Office

REPORT OF THE AUDITORS TO THE MEMBERS  
OF PRINCES LIMITED AND SUBSIDIARIES  
(FORMERLY MITOPEN LIMITED)

We have audited the accounts on pages 6 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st December, 1989 and of the profit and source and application of funds of the group for the period then ended and comply with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Liverpool

April 17, 1990

PRINCES LIMITED AND SUBSIDIARIES  
 (Formerly Mitopen Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE  
PERIOD ENDED 31ST DECEMBER, 1989

	<u>Notes</u>	<u>£'000</u>	<u>1989</u> <u>£'000</u>
Turnover	2		166,463
Cost of sales			141,268
Gross profit			25,195
Distribution costs		12,490	
Administrative expenses		8,503	
			20,993
Operating profit	3		4,202
Interest payable	5		2,674
Profit on ordinary activities before taxation			1,528
Tax on profit on ordinary activities	6		781
Profit on ordinary activities after taxation retained for the financial year			747

Of the profits for the financial period £1,623,000 is dealt with in the accounts of the holding company.

The notes on pages 9 to 17 form part of these accounts.

## 7.

Princes  
Limited  
1989  
£'000  
f

Group  
1989

1999		2000	
£'000	£	£'000	£

	Fixed assets:			
2,230	Intangible assets	7		6,365
19,972	Tangible assets	8		2,268
	Investments	9		-
22,202				8,633
	Current assets:			
31,712	Stocks	10	32,481	
22,990	Debtors	11	23,373	
2,256	Cash at bank and in hand		2,407	
56,958			58,261	
	Creditors:			
58,520	Amounts falling due within one year	12	47,130	
(1,562)	Net current assets			11,131
20,640	Total assets less current liabilities			19,764
	Creditors:			
12,000	Amounts falling due after more than one year	13	12,000	
17	Provisions for liabilities and charges	14	17	
8,623				12,017
				7,747
	Capital and reserves:			
7,000	Called up share capital	15		7,000
1,623	Profit and loss account			747
8,623				7,747

A. D. Mackintosh

## Directors

**Akiyoshi**

The notes on pages 9 to 17 form part of these accounts.



PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

8.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER, 1989

	£'000	1989 £'000
Source of funds:		
Profit for the financial year before taxation		1,527
Adjustments for items not involving the movement of funds:		
Depreciation	658	
Losses on disposal	19	
Amortisation of goodwill	306	
Deferred taxation acquired on acquisition of trading assets	374	
	-----	1,357
Total generated by operations		2,884
Funds from other sources:		
Proceeds from sale of tangible fixed assets		137
Long term loan		12,000
Proceeds from issue of shares		7,000
		-----
		22,021
Application of funds:		
Purchase of tangible fixed assets	3,082	
Tax paid	139	
Goodwill purchased	6,671	
	-----	9,892
		-----
		12,129
(Increase)/Decrease in working capital:		
Stocks	(32,481)	
Debtors	(23,373)	
Creditors	26,878	
Group company indebtedness	2,783	
	-----	(26,193)
		-----
		(14,064)
Increase/(Decrease) in net liquid funds:		
Cash at bank and in hand		2,407
Bank borrowings - unsecured		(16,471)
		-----
		(14,064)

The notes on pages 9 to 17 form part of these accounts.

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

9.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Events occurring up to March 30, 1990, the date the accounts were approved by the directors, have been reflected in these accounts as appropriate.

Basis of consolidation

The group accounts consolidate the accounts of Princes Limited and all its subsidiaries made up to co-terminous dates. No profit and loss account is presented for Princes Limited as permitted by S.228(7) of the Companies Act 1985.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost over the estimated useful life, as follows:

Freehold buildings	- over 33 years
Plant and machinery	- over 5 to 10 years
Vehicles	- over 4 to 5 years.

Research and development

Research and development expenditure is written off as incurred.

Goodwill arising on consolidation

Goodwill arising on consolidation, representing the excess of the purchase consideration for subsidiary companies over the fair value ascribed to their net tangible assets at the respective dates of acquisition, is being written off evenly over its expected useful economic life of twenty years.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Raw materials and goods purchased for resale - purchase cost calculated using monthly average prices applied on a first-in, first-out basis.

Manufactured goods - cost of direct materials and labour plus attributable overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred on completion and disposal.

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

10.

1. Accounting policies (continued)

Pension

The group operates defined benefit pension schemes to which it makes contributions on the advice of actuaries, to fund the retirement benefits of employees. Amounts are charged to the profit and loss account to reflect the cost of providing pensions over the expected service lives of current employees.

Leasing commitments

Rental paid under operating leases have been charged against income as incurred. Assets held under finance leases are capitalised and depreciated at a rate dependent on the class of asset, in accordance with SSAP 21.

Foreign currencies

Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transactions. Assets and liabilities in foreign currencies are translated at the rate of exchange on the balance sheet date except those which are the subject of forward exchange contracts, or allocated to an option agreement, where the forward rate obtained has been used. Exchange differences are taken to profit and loss account.

2. Turnover

Turnover represents the invoiced value of goods sold (stated net of value added tax) and arises as follows:

United Kingdom  
Western Europe

1989  
£'000

163,057  
3,406

-----  
166,463

3. Operating profit

This is stated after charging:

Royalty payable  
Directors' remuneration  
Auditors' remuneration  
Depreciation  
Amortisation of goodwill  
Hire of plant and machinery  
Operating lease rental - land and buildings  
                                    - plant and machinery

1989  
£'000

1,539  
2,895  
32  
658  
306  
163  
120  
35

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

11.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

3. Operating profit (continued)

Excluding contributions to pension scheme directors' remuneration was:

	<u>1989</u>
	£'000
Fees	-
Other emoluments	2,868
Chairman	-
Highest paid director	2,804
	*****

Other directors remuneration fell within the following ranges:

	<u>1989</u>
	No.
£0. - £5,000	9
£60,000 - £65,000	1
	*****

The royalties relate to licence agreements with Princes Holding (Rotterdam) BV which enable that company to claim a royalty of up to 1% of turnover.

4. Staff costs

	<u>1989</u>
	£'000
Wages and salaries	5,841
Social security costs	311
Other pension costs	185
	-----
	6,337
	*****

The average weekly number of employees during the period to the 31st December 1989 was made up as follows:

	<u>1989</u>
	No.
Office management	149
Manufacturing, warehousing and transport	63
	---
	212
	*****

The number of employees whose emoluments fell within the following ranges were:

	<u>1989</u>
	No.
£30,001 - £35,000	3
£35,001 - £40,000	6
	*****

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

12.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

5. Interest payable

	<u>1989</u> <u>£000</u>
On loans not wholly payable within 5 years	2,308
On bank overdrafts	1,366
	-----
	2,674
	-----

6. Taxation

	<u>1989</u> <u>£'000</u>
Based on profit for the year:	
Corporation tax at 35% (1988: 35%)	1,138
Deferred tax	(357)
	-----
	781
	-----

7. Intangible assets

	<u>1989</u> <u>£'000</u>
Goodwill arising on acquisition of subsidiary	6,671
Amortisation	306
	-----
Net book amount at 31.12.89	6,365
	-----

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

13.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

8. Tangible assets

<u>Company</u>	<u>Freehold land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Equipment</u> £'000	<u>Vehicles</u> £'000	<u>Total</u> £'000
Cost:					
Transfers from group company at 30.6.89	663	2,367	527	792	4,349
Additions	61	193	108	241	603
Disposals	-	-	-	(179)	(179)
At 31.12.89	724	2,560	635	854	4,773
Depreciation:					
Transfer from group company at 30.6.89	168	1,483	400	241	2,292
Provided	21	187	36	116	360
Disposals	-	-	-	(109)	(109)
At 31.12.89	189	1,670	436	248	2,543
Net book value:					
At 31.12.89	535	890	199	606	2,230
<u>Group</u>	<u>Freehold land and buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Equipment</u> £'000	<u>Vehicles</u> £'000	<u>Total</u> £'000
Cost:					
Acquired on formation of group	658	2,258	512	820	4,248
Additions	65	312	177	407	961
Disposals	-	-	-	(374)	(374)
At 31.12.89	723	2,570	689	853	4,835
Depreciation:					
Acquired on formation of group	151	1,335	384	257	2,127
Provided in the period	38	337	75	208	658
Disposals	-	-	-	(218)	(218)
At 31.12.89	189	1,672	459	247	2,567
Net book value:					
At 31.12.89	534	898	230	606	2,268

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

14.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

9. Investments

1989  
£'000

Shares in subsidiaries

19,972

Name of Subsidiary Company	Country of Reg.	Holding	Proportion Held
Princes Foods (1989) Limited	England	Ordinary	100%
Princes Foods Limited (formerly Princes-Buitoni Limited)	England	Ordinary	100% *
Horrocks & Watson (Springfield) Limited	England	Ordinary	100% **
Abbey Foods (Liverpool) Limited	England	Ordinary	100% **
Princes Foods BV	Holland	Ordinary	100%

Princes Foods Limited operated in the U.K., its principal activity being the importing, manufacturing and distribution of food products to the grocery trade until 30th June, 1989 when its trading activities were transferred to Princes Limited. None of the other subsidiaries has traded since acquisition with the exception of Princes Foods BV which conducts a trade in Holland similar to that of the company.

\* Held by Princes Foods (1989) Limited

\*\* Held by Princes Foods Limited

10. Stocks

	<u>Company</u> 1989 £'000	<u>Group</u> 1989 £'000
Raw materials and packaging	1,687	1,690
Finished products	30,025	30,791
	31,712	32,481

11. Debtors

	<u>Company</u> 1989 £'000	<u>Group</u> 1989 £'000
Trade debtors	20,452	20,824
Other debtors	671	722
Due from group companies	52	-
Prepayments and accrued income	560	572
Pension prepayment	1,255	1,255
	22,990	23,373

PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

15.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

12. Creditors: amounts falling due within one year

	<u>Company</u>	<u>Group</u>
	<u>1989</u>	<u>1989</u>
	£'000	£'000
Loan from subsidiary with no specified date of repayment	12,655	-
Bank borrowings - unsecured short term	15,687	16,471
Trade creditors	12,995	13,438
Corporation tax	998	998
Other taxes and social security costs	128	128
Accruals	10,022	10,038
Due to group companies	2,769	2,783
Other creditors	3,266	3,274
	-----	-----
	58,520	47,130

Bank borrowings are made against short term or overdraft facilities, all at commercial rates of interest, all repayable within one year.

13. Creditors: amounts falling due after more than one year

	<u>Company</u>	<u>Group</u>
	<u>1989</u>	<u>1989</u>
	£'000	£'000
Loan repayable to group company after more than 5 years	12,000	12,000

14. Provisions for liabilities and charges

The provision and potential liability in respect of deferred taxation at 35% as at 31st December, 1989 comprises:

	<u>Company</u>	<u>Group</u>
	<u>1989</u>	<u>1989</u>
	£'000	£'000
Excess capital allowance	(36)	(36)
Other timing differences	53	53
	---	---
	17	17



PRINCES LIMITED AND SUBSIDIARIES  
(Formerly Mitopen Limited)

16.

NOTES TO THE ACCOUNTS  
AT 31ST DECEMBER, 1989  
(CONTINUED)

15. Share capital

	<u>1989</u> £'000
Authorised share capital	
Ordinary shares of £1 each	35,000
Allotted, called up and fully paid share capital	
Ordinary shares of £1 each	7,000

During the year 7,000,000 shares of £1 each were issued to provide initial funds for the company.

16. Capital commitments

	<u>Company</u> <u>1989</u> £'000	<u>Group</u> <u>1989</u> £'000
Amounts authorised by the directors but not contracted for	9	9

17. Financial commitments

Operating leases

At 31st December, 1989 the group had annual commitments under non-cancellable operating leases as set out below:

	<u>1989</u>	
	<u>Land and buildings</u>	<u>Other</u>
	£'000	£'000
Operating leases which expire:		
Within one year	120	9
In the second to fifth years	-	154
	120	163

Finance leases

At 31st December, 1989 the group had no obligations under non-cancellable finance leases.

18. Contingent liabilities

The group has issued indemnities in respect of matters arising in the normal course of the importation of goods. The directors do not foresee any payments being made under these indemnities which, at the year end, totalled £1,536,442.