

# Peninsular Proteins Limited

## Annual report for the year ended 31 December 1995

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## **Directors and advisers**

### **Directors**

**J D Dell**

**B W Rogers**

**D J Ward**

### **Registered Auditors**

**Coopers & Lybrand**

Kintyre House

209 West George Street

Glasgow

G2 2LW

### **Secretary and registered office**

**D Cartwright**

100 Irchester Road

Rushden

Northamptonshire

NN10 9XQ

### **Solicitors**

**Dundas & Wilson**

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EH

### **Bankers**

**Lloyds Bank plc**

72 Lombard Street

London

EC3P 3BT

**Directors' report  
for the year ended 31 December 1995**

The directors present their report and the audited financial statements for the year ended 31 December 1995.

**Principal activity**

The principal activity of the company is that of processing animal by-products.

**Review of business**

Both the level of business and the year end financial position were satisfactory, with profit after tax of £381,186. The directors paid a dividend of £200,000 during the year and do not recommend payment of a final dividend.

**Post balance sheet event**

The directors are aware that the reduced market for red meat and red meat-based products arising from possible links between Bovine Spongiform Encephalopathy and Creutzfeldt-Jakob disease will have a negative impact on trade. However, it is anticipated that a satisfactory level of performance can still be achieved in the forthcoming year.

**Directors**

The directors of the company at 31 December 1995 are listed on page 1.

Under the company's Articles of Association the directors are not required to retire by rotation.

**Directors' interests in the shares of the company**

The directors had no interest in the shares of the company during the year but interests in the shares of group companies are as follows:

	Ordinary shares in Hillsgdown Holdings plc		Options in Hillsgdown Holdings plc		Options in Strong & Fisher (Holdings) plc	
	31/12/95	01/01/95	31/12/95	01/01/95	31/12/95	01/01/95
B W Rogers	33	30	11,210	8,959	250,000	100,000
D J Ward	-	-	94,508	94,508	350,000	200,000

Particulars of J D Dell's interests in the shares of these companies are given in the accounts of Strong and Fisher (Holdings) plc.

## Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

## Changes in tangible fixed assets

The movements in tangible fixed assets are set out in note 8 to the financial statements.

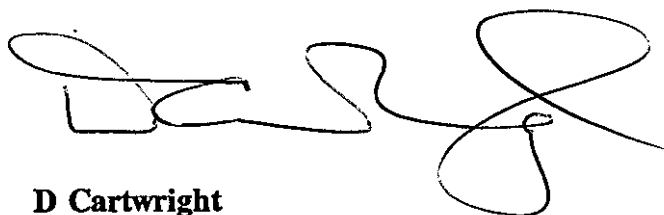
## Political and charitable donations

The company made charitable donations of £524 in the year.

## Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'D Cartwright', written over a horizontal line.

**D Cartwright**  
Company secretary

25 April 1996

**Report of the auditors to the members of  
Peninsular Proteins Limited**

We have audited the financial statements on pages 5 to 12.

**Respective responsibilities of directors and auditors**

As described on page 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.

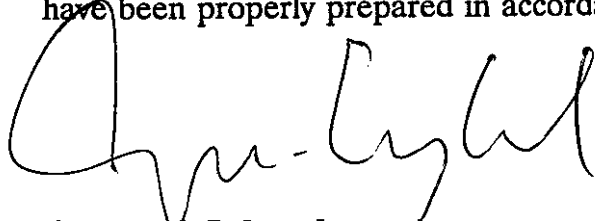
**Basis of opinion**

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 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
Glasgow

25 April 1996

**Profit and loss account  
for the year ended 31 December 1995**

		<b>Continuing operations</b>	
	<b>Notes</b>	<b>1995</b>	<b>1994</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>1</b>	<b>4,520,104</b>	<b>3,641,860</b>
<b>Cost of sales</b>		<b>(3,875,940)</b>	<b>(2,955,643)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>644,164</b>	<b>686,217</b>
<b>Distribution costs</b>		<b>(82,926)</b>	<b>(68,634)</b>
<b>Administrative expenses</b>		<b>(179,648)</b>	<b>(214,450)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>2</b>	<b>381,590</b>	<b>403,133</b>
<b>Interest payable</b>	<b>5</b>	<b>(404)</b>	<b>(441)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before and after taxation</b>		<b>381,186</b>	<b>402,692</b>
<b>Dividends paid</b>	<b>7</b>	<b>200,000</b>	<b>200,000</b>
		<hr/>	<hr/>
<b>Retained profit transferred to revenue reserve</b>	<b>14</b>	<b>181,186</b>	<b>202,692</b>
		<hr/>	<hr/>

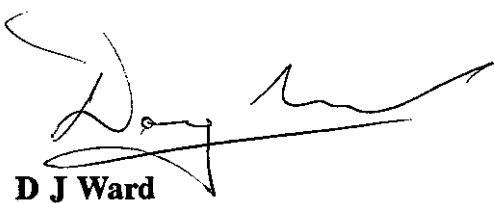
The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities and the retained profit for the year stated above and their historical cost equivalents.

**Balance sheet  
at 31 December 1995**

	Notes	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	8	<u>1,557,349</u>	<u>1,558,981</u>
<b>Current assets</b>			
Stocks	9	223,006	272,647
Debtors	10	343,688	304,723
Cash at bank and in hand		74,110	161,971
		<u>640,804</u>	<u>739,341</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>1,226,994</u>	<u>1,508,349</u>
<b>Net current (liabilities)</b>		<u>(586,190)</u>	<u>(769,008)</u>
<b>Net assets</b>		<u>971,159</u>	<u>789,973</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Revenue reserve	14	<u>971,059</u>	<u>789,873</u>
<b>Shareholders' funds</b>	15	<u>971,159</u>	<u>789,973</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 25 April 1996 and were signed on its behalf by:

  
**D J Ward**  
Director

**Notes to the financial statements  
for the year ended 31 December 1995**

**1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The accounts are prepared under the historical cost convention.

**Cashflow**

A cashflow statement is not included in these financial statements as the company is a wholly owned subsidiary of Strong & Fisher (Holdings) plc, which has informed the company of its intention to prepare a consolidated cashflow statement, including the cashflows of the company, in its 1995 financial statements in accordance with Financial Reporting Standard No. 1.

**Turnover**

Turnover comprises the invoiced value of sales for goods and services made during the relevant financial period exclusive of value added tax.

**Depreciation**

Freehold land and buildings are depreciated on a straight line basis over their estimated useful lives. Other fixed assets are depreciated on a straight line basis over their anticipated effective lives which range from five years to twenty years.

**Stocks**

Stocks of finished goods are valued at selling price less profit margin, being a reasonable approximation of the lower of actual cost and net realisable value. Other stocks are valued at the lower of cost and net realisable value.

**Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

## 2 Operating profit

This is stated after charging the following items:

	1995 £	1994 £
Directors' remuneration (including pension contributions)	71,421	68,238
Depreciation - owned assets	224,341	215,299
- leased assets	2,337	2,337
Auditors' remuneration	2,360	1,825
Hire of plant and vehicles	64,010	56,814
Hire of motor vehicles - operating leases	44,603	12,801
Loss on disposal of fixed assets	-	1,430
	<u>          </u>	<u>          </u>

## 3 Employee information

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

	1995 Number	1994 Number
Office and management	4	4
Manufacturing	25	25
	<u>      </u>	<u>      </u>
	29	29
	<u>      </u>	<u>      </u>
	1995	1994
	£	£
Staff costs		
Wages and salaries	491,869	443,233
Social security costs	44,244	41,653
Other pension costs	16,910	12,453
	<u>          </u>	<u>          </u>
	553,023	497,339
	<u>          </u>	<u>          </u>

The company does not operate its own pension scheme but its employees are members of various schemes which are operated by group companies. These funds are administered by trustees and are independent of the company's finances.

## 4 Directors' emoluments

	1995 £	1994 £
Remuneration (including benefits in kind)	63,387	61,553
Pension premiums	8,034	6,685
	<u>71,421</u>	<u>68,238</u>

The chairman received no remuneration

	1995 £	1994 £
The remuneration of the highest paid director, excluding pension contribution, was	<u>63,387</u>	<u>61,553</u>

The number of directors (including the chairman and highest paid director) who received remuneration (excluding pension contributions) within the following ranges was:

	1995 Number	1994 Number
£0 to £5,000	2	2
£60,000 - £64,999	<u>1</u>	<u>1</u>

## 5 Interest payable

	1995 £	1994 £
Hire purchase interest	<u>404</u>	<u>441</u>

## 6 Taxation

No provision has been made for the corporation tax liability on the profit for the year because any liability will be eliminated by group relief to be surrendered free of charge.

## 7 Dividends

	1995 £	1994 £
Dividends on equity shares		
Ordinary - Interim paid of £2,000 per share (1994: £2,000)	<u>200,000</u>	<u>200,000</u>
	<u>200,000</u>	<u>200,000</u>

## 8 Tangible fixed assets

The movements in tangible fixed assets during the year were:

	Short leasehold land and buildings £	Freehold land and buildings £	Plant fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 1995	217,228	-	2,418,857	16,345	2,652,430
Transfers	(217,228)	217,228	-	-	-
Additions	-	19,152	205,894	-	225,046
Disposals	-	-	-	-	-
<b>At 31 December 1995</b>	<b>-</b>	<b>236,380</b>	<b>2,624,751</b>	<b>16,345</b>	<b>2,877,476</b>
<b>Depreciation</b>					
At 1 January 1995	27,148	-	1,055,216	11,085	1,093,449
Transfers	(27,148)	27,148	-	-	-
Charged during the year	-	5,844	218,497	2,337	226,678
Disposals	-	-	-	-	-
<b>At 31 December 1995</b>	<b>-</b>	<b>32,992</b>	<b>1,273,713</b>	<b>13,422</b>	<b>1,320,127</b>
<b>Net book value</b>					
At 31 December 1995	-	203,388	1,351,038	2,923	1,557,349
<b>Net book value</b>					
At 31 December 1994	190,080	-	1,363,641	5,260	1,558,981

The net book value of tangible fixed assets includes an amount of £2,923 (1994: £5,260) in respect of assets held under finance leases.

## 9 Stocks

	1995 £	1994 £
Raw materials and consumables	150,680	188,366
Finished goods	72,326	84,281
	<b>223,006</b>	<b>272,647</b>

## 10 Debtors

	1995 £	1994 £
Trade debtors	231,982	223,281
Amount owed by Hillsgdown Holdings plc group companies	46,220	25,031
Other debtors	33,081	42,478
Prepayments	32,405	13,933
	<u>343,688</u>	<u>304,723</u>

## 11 Creditors: amounts falling due within one year

	1995 £	1994 £
Trade creditors	290,938	231,710
Amount owed to Strong & Fisher (Holdings) plc group companies	340,942	27,025
Amount owed to Strong & Fisher (Holdings) plc	546,116	1,196,116
Other taxes and social security costs	24,012	15,191
Accruals	24,986	35,449
Obligations under finance leases	-	2,858
	<u>1,226,994</u>	<u>1,508,349</u>

## 12 Deferred taxation

No provision has been made in respect of accelerated capital allowances. The potential deferred taxation not provided for at 31 December 1995, calculated at a corporation tax rate of 33%, was £202,400 (1994: £189,800).

## 13 Share capital

	1995 £	1994 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

## 14 Revenue reserve

	£
Balance at 1 January 1995	789,873
Retained profit for year	<u>181,186</u>
Balance at 31 December 1995	<u>971,059</u>

**15 Reconciliation of movements in shareholders' funds**

	1995 £	1994 £
Opening shareholders funds	789,973	587,281
Retained profit for the financial year	181,186	202,682
Closing shareholders funds	<u>971,159</u>	<u>789,973</u>

**16 Capital commitments**

The company had commitments to capital expenditure authorised and contracted for at 31 December 1995 amounting to £Nil (1994: £95,602).

The company may be required to incur capital expenditure during 1996, the amount of which is presently unknown, arising from the granting of an Environmental Protection Act licence.

**17 Bond**

A guarantee for £15,000 has been granted to HM Commissioners of Customs & Excise.

**18 Financial commitments**

At 31 December 1995 the company had annual commitments under non-cancellable operating leases in respect of motor vehicles as follows:

	1995 £	1994 £
Expiring within one year	4,252	2,512
Expiring between two and five years inclusive	40,351	10,289
	<u>44,603</u>	<u>12,801</u>

**19 Ultimate parent company**

The company is a wholly owned subsidiary of Strong & Fisher (Holdings) plc which is incorporated in England and the ultimate parent company is Hillsdown Holdings plc, a company registered in England and Wales. Copies of the consolidated financial statements of Hillsdown Holdings plc may be obtained from 32 Hampstead High Street, London, NW3 1QD.