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MARFLEET REFINING COMPANY LIMITED
DIRECTORS' REPORT
and
STATEMENT OF ACCOUNTS
For the year ended 31st October 1979



MARLFLEET REFINING COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1979

1. HOLDING COMPANY

The company is a wholly owned subsidiary of Imperial Foods Limited. and its ultimate holding company is Imperial Group Limited.

2. PRINCIPAL ACTIVITIES

The principal activity of the company is processing and marketing of marine and vegetable oils and fats.

3. TRADING RESULTS

The sales and profit of the company are set out on page 5.

The net profit after taxation amounts to £1,088,655 of which £500,000 will be distributed as dividend to the holding company: the balance of £588,655 is added to reserves.

Exports from the United Kingdom amounted to £2,289,659 (1978 £2,485,861)

4. DIRECTORS

The directors of the company at 31st October 1979 were:

E. Waller
S.A. Reed
C.O. Dixon
D.S. Lindsay
D.S. Sutton
K.T. Winkle

E. Waller is a director of Imperial Foods Limited. The interests of the other directors of the company in the ordinary shares of Imperial Group Limited on both 1st November 1978 and 31st October 1979, which are required to be notified to the company, according to the register kept by the company for the purposes of the Companies Act 1967 are set out below.

C.O. Dixon 200

No director had any interest in any shares or debentures of the company or any other subsidiaries of Imperial Group Limited at either of the relevant dates.

MARFLEET REFINING COMPANY LIMITED

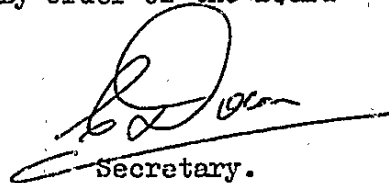
DIRECTORS' REPORT

For the year ended 31st October 1979
(continued)

5. AUDITORS

The auditors of the Company Peat, Marwick, Mitchell & Co., having signified their willingness to remain in office, a resolution is to be proposed at the forthcoming Annual General Meeting re-appointing them as auditors for the ensuing year.

By Order of the Board


Secretary.

19th Hull
December 1979.

REPORT OF THE AUDITORS TO THE MEMBERS OF

MARFLET REFINING COMPANY LIMITED

We have examined the accounts set out on pages 4 to 10 which have been prepared under the historical cost convention. In our opinion they give, under that convention, a true and fair view of the state of the company's affairs at 31st October 1979 and of the profit and source and application of funds for the year to that date and comply with the Companies Acts 1948 and 1967.

Paul Marwick Mitchell & Co.

Peat, Marwick, Mitchell & Co.,

CHARTERED ACCOUNTANTS.

2/2a Low Ousegate, York
19th December 1979.

MARFLEET REFINING COMPANY LIMITED

ACCOUNTING POLICIES

For the year ended 31st October 1979

TURNOVER

Turnover represents the amounts invoiced to customers, including fellow subsidiaries, for goods and services supplied. It is stated net of value added tax.

STOCK (note 3)

Stocks have been valued at cost, including production overheads, less, where appropriate, provisions to reduce to net realisable value.

DEPRECIATION (note 1)

Depreciation, calculated on original cost less government grants, is provided on a straight line basis over the anticipated lives of all assets as follows:-

Buildings	2%
Plant and equipment	10%
Computers	20%
Goods vehicles	16 $\frac{2}{3}$ %
Motor cars	25%

No depreciation is provided on freehold land.

GOVERNMENT GRANTS

Government grants are deducted from the cost of the assets to which they relate.

DEFERRED TAXATION (note 7)

Provision is made for taxation which is deferred as a result of all short term timing differences between profits as computed for taxation purposes and profits as stated in the accounts. Provision is made for other timing differences except where it is considered that there is a reasonable probability that they will continue for the foreseeable future.

MARFLEET REFINING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st October 1979

	Note	1979 £	1978 £
TURNOVER		<u>19,162,298</u>	<u>17,071,977</u>
TRADING PROFIT BEFORE TAXATION	1	1,397,569	1,369,684
TAXATION BASED THEREON	2	<u>308,914</u>	<u>606,233</u>
PROFIT AFTER TAXATION		1,088,655	763,451
EXTRAORDINARY ITEM		<u>-</u>	<u>86,135</u>
		1,088,655	849,586
PROPOSED DIVIDEND		<u>500,000</u>	<u>400,000</u>
PROFIT RETAINED	9	<u>588,655</u>	<u>449,586</u>

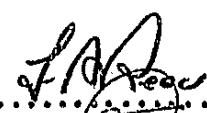
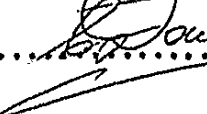
The notes on pages 8 to 10 form part of these accounts

MARINE REFINING COMPANY LIMITED

BALANCE SHEET

At 31st October 1979

	Note	1979		1978	
		£	£	£	£
CURRENT ASSETS					
Stocks	3	2,609,457		1,982,667	
Accounts receivable		1,530,458		1,262,659	
Amounts due by group companies	4	862,516		1,014,537	
Cash at Bank and in hand		<u>12,563</u>		<u>252</u>	
			5,014,994		4,260,115
CURRENT LIABILITIES					
Bank overdraft		-		18,318	
Accounts payable		2,835,575		2,583,702	
Amount due to group companies		372		2,223	
Corporation Tax payable on or before 1st January 1981		759,885		606,233	
Proposed dividend		<u>500,000</u>		<u>400,000</u>	
			4,095,832		3,610,476
Current assets less current liabilities			919,162		649,639
FIXED ASSETS					
	5		1,104,122		784,990
SHARES IN SUBSIDIARY AT COST					
	6		<u>100</u>		<u>100</u>
			<u>2,023,384</u>		<u>1,434,729</u>
FINANCED BY:					
Share capital	8		50,000		50,000
Reserves	9		<u>1,973,384</u>		<u>1,384,729</u>
			<u>2,023,384</u>		<u>1,434,729</u>


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) **DIRECTORS**

The notes on pages 8 to 10 form part of these accounts.

MARKLEET REFINING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31st October 1979

	1979		1978	
	£	£	£	£
FUNDS GENERATED FROM TRADING				
Profit before taxation		1,397,569		1,369,684
Depreciation net of profit on sale of fixed assets		133,698		76,241
Proceeds of disposal of fixed assets		5,659		121,995
		<u>1,536,926</u>		<u>1,567,920</u>
 APPLICATION OF FUNDS				
Purchase of fixed assets	(458,489)		(176,071)	
Dividend paid	(400,000)		(390,700)	
Tax paid	(155,262)		—	
		<u>(1,013,751)</u>		<u>(566,771)</u>
		<u>523,175</u>		<u>1,001,149</u>
 INCREASE/(DECREASE) IN WORKING CAPITAL				
Increase in stocks	626,790		280,293	
Increase in accounts receivable	267,799		285,193	
(Increase) in accounts payable	(251,873)		(807,502)	
Increase/(Decrease) in amounts due by group companies	(152,021)		807,357	
Decrease/(Increase) in amounts due to group companies	1,851		414,093	
	<u>492,546</u>		<u>979,434</u>	
 INCREASE/(DECREASE) IN NET LIQUID ASSETS				
Increase in Cash Balances	<u>30,629</u>		<u>21,715</u>	
		<u>523,175</u>		<u>1,001,149</u>

MARINEET REFINING COMPANY LIMITED

NOTES ON THE ACCOUNTS

For the year ended 31st October 1979

	1979 £	1978 £
1. TRADING PROFIT		
This is stated after charging the following items		
Depreciation	133,183	106,690
Directors' emoluments as executives (note 11)	nil	nil
Bank and other short-term interest	23,042	32,306
Auditors' remuneration	10,000	8,600
Hire of plant and vehicles	21,949	6,998
	<u> </u>	<u> </u>
2. TAXATION (note 7)		
Provision has been made for corporation tax at 52% (1978 52%) on the profits of the year as follows:		
Corporation tax:		
On the profit for the year	308,964	606,233
Prior year adjustment	(50)	-
	<u> </u>	<u> </u>
	308,914	606,233
	<u> </u>	<u> </u>
The taxation charge for the period has been reduced by the following timing differences:		
Relief for increases in stock values	243,119	47,674
The excess of available capital allowances over depreciation provided in the accounts and other timing differences	142,688	48,600
	<u> </u>	<u> </u>
	385,807	96,274
	<u> </u>	<u> </u>
The provisions of the Income and Corporation Taxes Act 1970 relating to close companies do not apply to the Company.		
3. STOCKS		
Vegetable and marine oils	2,236,719	1,752,811
Consumable stores	372,738	229,856
	<u> </u>	<u> </u>
	2,609,457	1,982,667
	<u> </u>	<u> </u>

MANFEST REFINING COMPANY LIMITED

NOTES ON THE ACCOUNTS

For the year ended 31st October 1979
(continued)

4. GROUP BALANCES

Amounts due by group companies:

Immediate holding company

Fellow subsidiaries

Amounts due to group companies:

Fellow subsidiaries

Subsidiary company

1979

£

1978

£

627,616

741,940

234,900

272,597

862,516

1,014,537

272

2,123

100

100

372

2,223

5. FIXED ASSETS

	Total	Motor vehicles and oil boats	Plant and equipment	Short term lease hold land and buildings	Freehold land and buildings
COST	£	£	£	£	£
At 31st October 1978	1,372,723	100,580	1,125,926	5,854	140,363
Additions-outside suppliers	440,560	36,202	328,226	-	76,132
Additions-group companies	54,345	-	14,108	-	40,237
Disposals	(12,282)	(12,182)	(100)	-	-
At 31st October 1979	1,855,346	124,600	1,468,160	5,854	256,732

DEPRECIATION

At 31st October 1978	587,733	56,345	468,780	5,836	56,772
Additions-group companies	36,416	-	12,772	-	23,644
Charge for the year	133,183	19,538	110,675	18	2,952
Eliminated in respect of disposals	(6,108)	(6,008)	(100)	-	-
At 31st October 1979	751,224	69,875	592,127	5,854	83,368

WRITTEN DOWN VALUE

At 31st October 1979	1,104,122	54,725	876,033	-	173,364
At 31st October 1978	784,990	44,235	657,146	18	83,591

At 31st October, there were the following commitments
for capital expenditure:

	1979	1978
	£	£
Outstanding contracts	236,294	45,185
Authorised but not ordered	172,590	200,826

6. SHARES IN SUBSIDIARY

The company owns the whole of the share capital, 100 shares of £1 each, of British Cod Liver Oils Limited. Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of a company incorporated in the United Kingdom. At 31st October 1979 British Cod Liver Oils Limited had no reserves and its net assets of £100 were represented by an amount due from its immediate Parent Company.

MARPLEHET REFINING COMPANY LIMITED
NOTES ON THE ACCOUNTS

For the year ended 31st October 1979
(continued)

7. DEFERRED TAXATION

The directors have adopted the policies set out in Statement of Standard Accounting Practice 15. Having regard to the projected levels of capital expenditure and stock holding, it is considered that no provision for deferred taxation is necessary. At 31st October, 1979 there was a contingent liability for deferred taxation calculated at 52% in respect of the following items:-

	1979 £	1978 £
Accelerated depreciation and other timing differences	480,241	337,552
Stock appreciation relief	605,096	487,585
	<u>1,085,337</u>	<u>825,137</u>

8. SHARE CAPITAL

Authorised, issued and fully paid:
50,000 ordinary shares of £1 each

<u>50,000</u>	<u>50,000</u>
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9. RESERVES

At 31st October 1978
Retained profits for the year

1,384,729	935,143
588,655	449,586

Retained profits at 31st October 1979

<u>1,973,384</u>	<u>1,384,729</u>
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10. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Imperial Group Limited a company incorporated in England. Imperial Foods Limited is the company's immediate holding company.

11. DIRECTORS' EMOLUMENTS

The directors of the company are employed by Imperial Foods Limited a fellow subsidiary of the ultimate holding company, and are remunerated by Imperial Foods Limited for their services to the Group. They did not receive any remuneration for their services as directors of the company and it is not practicable to apportion specifically their emoluments for other services to the company.