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MARFLEET REFINING COMPANY LIMITED
DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS
For the year ended 31st October, 1980



MARFLEET REFINING COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1980

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 and extraordinary items, amounts to £956,070 of which £750,000 will be distributed as dividend to the holding company, the balance of £206,070 is added to reserves. Exports from the United Kingdom amounted to £2,666,577 (1979 £2,289,659).

4. DIRECTORS

The directors of the company at 31st October 1980 were:

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

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 1979 and 31st October 1980, 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 1980
(continued)

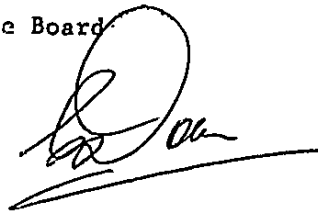
5. AUDITORS

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

C. O. DIXON

Secretary.



Hull
16th December, 1980.

REPORT OF THE AUDITORS TO THE MEMBERS OF

MARFLEET REFINING COMPANY LIMITED

We have audited the accounts on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 4, give a true and fair view of the state of the company's affairs at 31st October 1980 and of its profit and source and application of funds for the year to that date and comply with the Companies Acts 1948 and 1967.

Peat. Marwick Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.,

Chartered Accountants.

2/2a Low Ousegate, York.
7/December, 1980.

MARFLEET REFINING COMPANY LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST OCTOBER 1980

SALES

Sales represents the amounts invoiced to customers, including fellow subsidiaries, for goods and services supplied. They are stated net of value added tax.

STOCK (note 4)

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 8)

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 1980

	Note	1980 £	1979 £
SALES		20,432,581	19,162,298
TRADING PROFIT BEFORE TAXATION	1	1,233,114	1,397,569
TAXATION BASED THEREON	2	326,606	308,914
PROFIT AFTER TAXATION		906,508	1,088,655
EXTRAORDINARY ITEM	3	49,562	-
		956,070	1,088,655
PROPOSED DIVIDEND		750,000	500,000
PROFIT RETAINED	10	206,070	588,655

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

MARFLEET REFINING COMPANY LIMITED

BALANCE SHEET

AT 31ST OCTOBER 1980

	Note	1980		1979	
		£	£	£	£
CURRENT ASSETS					
Stocks	4	2,818,320		2,609,457	
Debtors		1,365,108		1,530,458	
Amounts due by group companies	5	460,453		862,516	
Bank balance and cash in hand		2,442		12,563	
		<u>4,646,323</u>		<u>5,014,994</u>	
CURRENT LIABILITIES					
Creditors		2,495,098		2,835,575	
Amounts due to group companies		7,123		372	
Corporation Tax		308,964		450,921	
Proposed dividend		750,000		500,000	
		<u>3,561,185</u>		<u>3,786,868</u>	
Current assets less current liabilities		1,085,138		1,228,126	
FIXED ASSETS	6	1,474,191		1,104,122	
SHARES IN SUBSIDIARY AT COST	7	100		100	
		<u>2,559,429</u>		<u>2,332,348</u>	
FINANCED BY:					
Share capital	9	50,000		50,000	
Reserves	10	2,179,454		1,973,384	
		<u>2,229,454</u>		<u>2,023,384</u>	
Future Corporation Tax payable on or before 1st January 1982		329,975		308,964	
		<u>2,559,429</u>		<u>2,332,348</u>	

.....)
) DIRECTORS
)

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

MARFLEET REFINING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST OCTOBER 1980

	1980	1979
	£	£
SOURCE OF FUNDS		
Profit before taxation	1,233,114	1,397,569
Adjustment for items not involving the movement of funds:		
Depreciation net of profits or losses on sale of fixed assets	154,223	133,698
	<u>1,387,337</u>	<u>1,531,267</u>
Proceeds from the disposal of fixed assets	99,395	5,659
	<u>1,486,732</u>	<u>1,536,926</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	574,125	458,489
Dividend paid	500,000	400,000
Tax paid	447,552	152,262
	<u>1,521,677</u>	<u>1,013,751</u>
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>(34,945)</u>	<u>523,175</u>
Increase in stocks	208,863	626,790
(Decrease)/Increase in debtors	(165,350)	267,799
Decrease in amounts due by group companies	(402,063)	(152,021)
Decrease/(Increase) in creditors	340,477	(251,873)
(Increase)/Decrease in amounts due to group companies	(6,751)	1,851
	<u>(24,824)</u>	<u>492,546</u>
(Decrease)/Increase in cash balances	<u>(10,121)</u>	<u>30,629</u>
	<u><u>(34,945)</u></u>	<u><u>523,175</u></u>

MARFLEET REFINING COMPANY LIMITED

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1980

1. TRADING PROFIT	1980	1979
This is stated after charging the following items:	£	£
Depreciation	179,217	133,183
Directors' emoluments as executives (note 12)	nil	nil
Bank and other short-term interest	28,995	23,042
Auditors' remuneration	12,100	10,000
Hire of plant and vehicles	13,730	21,949
	<u> </u>	<u> </u>
2. TAXATION (note 8)		
Provision has been made for corporation tax at 52% (1979 52%) on the profits of the year as follows:		
Corporation tax:		
On the profit for the year	329,975	308,964
Prior year adjustment	(3,369)	(50)
	<u>326,606</u>	<u>308,914</u>
	<u> </u>	<u> </u>
The taxation charge for the period has been reduced by the following timing differences:		
Relief for increases in stock values	51,402	243,119
The excess of available capital allowances over depreciation provided in the accounts and other timing differences	185,354	142,688
	<u>236,756</u>	<u>385,807</u>
	<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. EXTRAORDINARY ITEM		
This represents the excess of proceeds from the sale of buildings over the original cost. No taxation is payable on this excess as the proceeds have been reinvested in other fixed assets.		
4. STOCKS		
Vegetable and marine oils	2,464,853	2,236,719
Consumable stores	353,467	372,738
	<u>2,818,320</u>	<u>2,609,457</u>
	<u> </u>	<u> </u>

MARFLEET REFINING COMPANY LIMITED

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1980

- (continued) -

	1980 £	1979 £			
5. GROUP BALANCES					
Amounts due by group companies:					
Immediate holding company	172,513	627,616			
Fellow subsidiaries	<u>287,940</u>	<u>234,900</u>			
	<u>460,453</u>	<u>862,516</u>			
 Amounts due to group companies:					
Fellow subsidiaries	7,023	272			
Subsidiary company	<u>100</u>	<u>100</u>			
	<u>7,123</u>	<u>372</u>			
 6. 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 1979	1,855,346	153,230	1,439,530	5,854	256,732
Additions-outside suppliers	570,920	28,185	501,477	-	41,258
Additions-group companies	5,911	5,911	-	-	-
Disposals	(64,909)	(19,035)	(5,637)	-	(40,237)
At 31st October 1980	<u>2,367,268</u>	<u>168,291</u>	<u>1,935,370</u>	<u>5,854</u>	<u>257,753</u>
DEPRECIATION					
At 31st October 1979	751,224	98,309	563,693	5,854	83,368
Additions-group companies	2,706	2,706	-	-	-
Charge for the year	179,217	22,740	152,516	-	3,961
Eliminated in respect of disposals	(40,070)	(14,092)	(2,169)	-	(23,809)
At 31st October 1980	<u>893,077</u>	<u>109,663</u>	<u>714,040</u>	<u>5,854</u>	<u>63,520</u>
WRITTEN DOWN VALUE					
At 31st October 1980	1,474,191	58,628	1,221,330	-	194,233
At 31st October 1979	1,104,122	54,921	875,837	-	173,364
At 31st October there were the following commitments for capital expenditure:					
	1980 £	1979 £			
Outstanding contracts	26,050	236,294			
Authorised but not ordered	14,782	172,590			

7. 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 1980 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.

MARFLEET REFINING COMPANY LIMITED

NOTES ON THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1980

(continued)

8. 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 1980 there was a contingent liability for deferred taxation calculated at 52% in respect of the following items:-

	1980 £	1979 £
Accelerated depreciation and other timing differences	665,595	480,241
Stock appreciation relief	656,498	605,096
	<u>1,322,093</u>	<u>1,085,337</u>

9. SHARE CAPITAL

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

At 31st October 1979	1,973,384	1,384,729
Retained profits for the year	206,070	588,655
Retained profits at 31st October 1980	<u>2,179,454</u>	<u>1,973,384</u>

11. 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.

12. 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.