

MARFLEET REFINING COMPANY LIMITEDREPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984

122.

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MARFLEET REFINING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31st October 1984.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

There has been further rationalisation during the year within the edible oil industry, which has also been dominated by high raw material prices, and it is difficult to assess the long term effects. It is however anticipated that the company's position will remain similar to earlier years and the company will continue to trade on that basis.

RESULTS AND DIVIDENDS

The turnover and profit of the company are set out on page 7. The net profit after taxation and extraordinary item amounts to £1,119,000. An amount of £650,000 will be distributed as a dividend to the holding company. The balance of £469,000 is to be taken to reserves.

DIRECTORS

The names of directors of the company as at the date of this report are set out below:

G Powell
S A Reed
C O Dixon
D S Lindsay
D S Sutton
K T Winkle

All the above named served as directors throughout the year with the exception of G Powell who was appointed on the 1st February 1984, and is also a director of Imperial Foods Limited.

N W Alexander, who was a director on the 1st November 1983, ceased to be a director on the 31st January 1984, and was also a director of Imperial Foods Limited during the period he served as a director of the company.

No director had any interest in any shares or debentures of the company or any other subsidiaries of Imperial Group plc at 31st October 1984 or 31st October 1983.

MARFLEET REFINING COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

The interests of the directors of the company in the share capital of the ultimate holding company, Imperial Group plc, according to the register kept by the company for the purposes of the Companies Act 1967 are shown below:-

Ordinary Shares of 25p each

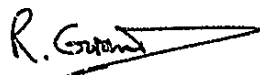
	<u>At 1st Nov 1983 or subsequent appointment</u>	<u>As at 31st October 1984</u>	
		<u>Shares issued</u>	<u>Share options (see note below)</u>
Mr S A Reed	-	-	2327
Mr C O Dixon	200	200	2327
Mr D S Sutton	-	-	2327

Note The share options are options granted on the 24th October 1984 to subscribers for ordinary shares of 25p each of Imperial Group plc under the Imperial Group plc SAYE Share Option Scheme, subject to the rules of the scheme.

AUDITORS

The auditors of the company, Deloitte Haskins & Sells, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting that they be reappointed as auditors for the ensuing year.

BY ORDER OF THE BOARD


R. G. Grant

Secretary

Hull

REPORT OF THE AUDITORS
TO THE MEMBERS OF MARFLEET REFINING COMPANY LIMITED

We have audited the financial statements on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st October 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Deloitte Haskins & Sells

Chartered Accountants

20th December 1984

Nottingham

STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared under the historical cost basis of accounting.

Turnover represents amounts invoiced to customers after deducting trade discounts and excluding value added tax.

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

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

No depreciation is provided on freehold land.

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

Provision is made on the liability method 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 at least three years.

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MARFLEET REFINING COMPANY LIMITED

STATEMENT OF ACCOUNTING POLICIES

CONVERSION OF FOREIGN CURRENCIES

All transactions of a trading nature are converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the year end, exchange gains or losses being included in profit on ordinary activities before taxation.

RESEARCH AND DEVELOPMENT EXPENDITURE

This expenditure is charged against revenue in the year in which it is incurred.

MARFLEET REFINING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER 1984

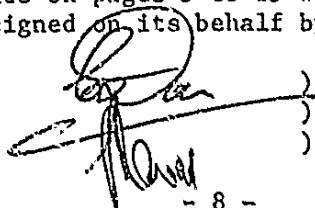
	<u>Notes</u>	<u>1984</u>	<u>1983</u>
		£'000	£'000
TURNOVER	2	35,945	27,541
Cost of sales		(32,793)	(24,736)
GROSS PROFIT		3,152	2,805
Distribution costs		(546)	(496)
Administrative expenses		(389)	(222)
Other income		18	16
Interest payable on bank overdraft		(25)	(24)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,210	2,079
Tax on profit on ordinary activities	4	(899)	(951)
EXTRAORDINARY ITEM		1,311	1,128
Deferred tax provision	10	(192)	-
PROFIT AFTER EXTRAORDINARY ITEM		1,119	1,128
Proposed dividend		(650)	(900)
RETAINED PROFIT FOR THE FINANCIAL YEAR		469	228
Retained profit brought forward		411	183
RETAINED PROFIT CARRIED FORWARD		£ 880	£ 411
		=====	=====

MARFLEET REFINING COMPANY LIMITED

BALANCE SHEET
AT 31ST OCTOBER 1984

	<u>Notes</u>	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	5	2,066	1,682
Investments (at cost)	6	1,487	1,457
		3,553	3,169
CURRENT ASSETS			
Stocks	7	3,406	3,086
Debtors	8	4,809	5,124
Cash at bank and in hand		187	1
		8,402	8,211
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	9	(9,913)	(9,963)
NET CURRENT LIABILITIES		(1,511)	(1,752)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,042	1,417
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:			
Corporation tax payable 1st February 1986		(920)	(956)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	10	(192)	-
		£ 930	£ 461
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	11	50	50
Profit and loss account		880	411
		£ 930	£ 461
		=====	=====

The financial statements on pages 5 to 15 were approved by the board on 20th December 1984 and signed on its behalf by:-

)
) Directors

MARFLEET REFINING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST OCTOBER 1984

	1984 £'000	1983 £'000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	2,210	2,079
Adjustment for items not involving the movement of funds:		
Depreciation	270	250
Profit on sale of tangible fixed assets	(19)	(17)
FUNDS GENERATED FROM OPERATIONS	2,461	2,312
Proceeds from the sale of tangible fixed assets	27	35
TOTAL SOURCES OF FUNDS	2,488	2,347
APPLICATION OF FUNDS		
Purchase of fixed assets	662	317
Dividend paid	900	3,100
Tax paid	759	-
TOTAL APPLICATIONS OF FUNDS	2,321	3,417
NET SOURCE/(APPLICATION) OF FUNDS	£ 167 =====	£(1,070) =====
COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL		
Increase in stocks	320	634
(Decrease)/increase in debtors	(315)	1,718
(Increase) in creditors	(45)	(3,440)
	(40)	(1,088)
Movement in net liquid funds:		
Increase in cash balance	-	1
Increase in bank balance	207	17
	£ 167 =====	£(1,070) =====

MARFLEET REFINING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984

1. ACCOUNTING POLICIES

The accounting policies are as stated on page 5.

2. TURNOVER

The analysis of turnover and profits by class of business and by geographical market is not disclosed.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting)
the following items:

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Depreciation	270	250
Directors' emoluments (note 12a)	-	-
Auditors' remuneration	16	15
Hire of plant and vehicles	-	7
Profit on sale of fixed assets	(19)	(17)
	<u>===</u>	<u>===</u>

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Provision has been made for corporation
tax on the profits of the year as follows:
Composite rate of 47.0833% (1983 - 52%)

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Corporation tax:		
On the profit for the year	920	956
Prior year adjustment	(21)	(5)
	<u>---</u>	<u>---</u>
	£899	£951
	<u>===</u>	<u>===</u>

The taxation charge for the year has
been reduced by the following amounts.

Relief for increases in stock values	44	83
Excess of capital allowances over depreciation and other timing differences.	79	42
	<u>---</u>	<u>---</u>
	£123	£125
	<u>===</u>	<u>===</u>

MAKFLEET REFINING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984 (continued)

5. TANGIBLE FIXED ASSETS

	<u>Total</u> £'000	<u>Plant and machinery</u> £'000	<u>Fixtures fittings tools and equipment</u> £'000	<u>Land and buildings</u> <u>Short</u> <u>leasehold</u> £'000	<u>Freehold</u> £'000
COST					
At 1st November 1983	3,087	2,427	392	6	262
Additions	662	421	100	141	-
Disposals	(127)	(9)	(118)	-	-
At 1st November 1984	3,622	2,839	374	147	262
DEPRECIATION					
At 1st November 1983	1,405	1,135	187	6	77
Charge in year	270	189	77	-	4
Disposals	(119)	(9)	(110)	-	-
At 31st October 1984	1,556	1,315	154	6	81
NET BOOK VALUE					
At 31st October 1984	£2,066	£1,524	£220	£141	£181
	=====	=====	===	===	===
At 31st October 1983	£1,682	£1,292	£205	£ -	£185
	=====	=====	===	===	===

CAPITAL COMMITMENTS

	<u>1984</u> £'000	<u>1983</u> £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	£ 42 ==	£ 33 ==
Capital expenditure that has been authorised by the directors but has not yet been contracted for	£ 19 ==	£ 10 ==

MARFLEET REFINING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984 (continued)

6. INVESTMENTS

The company owns the whole of the share capital, 100 shares of £1 each, of British Cod Liver Oils Limited.

The company also owns the whole of the share capital, 26,663,300 non-cumulative preference shares of 1p each and 266,633 ordinary shares of 1p each, of Seven Seas Health Care Limited.

Neither company has traded during the year. Consolidated financial statements have not been prepared as Marfleet Refining Company Limited is a wholly owned subsidiary of a company incorporated in the United Kingdom.

7. STOCKS

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Raw materials	1,735	1,385
Work in progress	706	735
Finished goods	965	966
	£ 3,406	£ 3,086
	=====	=====

8. DEBTORS

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Due within one year:		
Trade debtors	2,505	2,239
Amounts owed by group companies:		
Holding and fellow subsidiary companies	2,073	2,605
Other debtors	168	233
Prepayments and accrued income	63	47
	£ 4,809	£ 5,124
	=====	=====

MARFLEET REFINING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984 (continued)

9. CREDITORS

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Due within one year:		
Bank overdraft	-	21
Trade creditors	3,755	3,996
Amounts owed to group companies:		
Holding company	2,700	2,700
Subsidiary companies	1,487	1,487
Other creditors including taxation and social security:		
Corporation tax	935	759
Other taxation	129	27
Social security	45	22
Accruals and deferred income	212	51
Proposed dividend	650	900
	<u>£9,913</u> <u>=====</u>	<u>£9,963</u> <u>=====</u>

Creditors include £4,000 (1983 - £21,000) in respect of pension commitments.

10. DEFERRED TAXATION

Following the reduction in future rates of corporation tax and the phased withdrawal of first year allowances contained in the 1984 Finance Act provision of £192,000 has been made for deferred tax.

This has been charged to profit and loss account as an extraordinary item as it is considered that it represents a fundamental change in the basis of taxation.

At 31st October, 1984 there was a potential liability for deferred taxation, not provided, calculated at the rates at which the liability is expected to crystallise, in respect of the following:

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
Accelerated depreciation and other timing differences	£ 437 <u>==</u>	£ 783 <u>==</u>

MARFLEET REFINING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984 (continued)

11. SHARE CAPITAL

	<u>1984</u> £'000	<u>1983</u> £'000
Authorised, allotted, called up and fully paid:		
50,000 ordinary shares at £1 each	50 ==	50 ==

12. DIRECTORS AND EMPLOYEES

- (a) The directors of the company are employed by Imperial Foods Limited, a 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. The chairman did not receive any benefits from the company. Benefits of £3,340 were received by the other directors from the company.

- (b) The average number of persons employed by the company in each of the following categories was:-

	<u>1984</u>	<u>1983</u>
Production	170	177
Sales and marketing	32	31
Distribution	4	4
Administration	36	29
	-----	-----
	242	241
	=====	=====

- (c) The costs incurred in respect of employees were:-

	£'000	£'000
Wages and salaries	1,681	1,487
Social security costs	155	145
Other pension costs	61	74
	-----	-----
	£1,897	£1,706
	=====	=====

MARFLEET REFINING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1984 (continued)

13. PENSION OBLIGATIONS

The Imperial Group Pension Scheme covers the company's obligations to provide pensions to those eligible employees both retired and current. Based on the latest actuarial valuation it is considered that the present funding arrangements are satisfactory and sufficient to meet the future liabilities of the fund.

14. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Imperial Group plc, a company incorporated in England.