

1522607

HEYGATE GRAIN LIMITED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 29TH MARCH, 1997



HEYGATE GRAIN LIMITED

DIRECTORS

P. M. Heygate
A. R. Heygate
Mrs. A.E. Tetley

SECRETARY

A. C. Greene

BANKERS

Midland Bank plc.,
3 Wood Hill,
Northampton.
NN1 2DE

AUDITORS

Towers Rockall,
62a Billing Road,
Northampton.
NN1 5DL

REGISTERED OFFICE

Bugbrooke Mills,
Bugbrooke,
Northampton.
NN7 3QH

COMPANY NUMBER

1522607

HEYGATE GRAIN LIMITED
REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 29th March, 1997.

PRINCIPAL ACTIVITY

The principal activity of the company was grain merchanting and handling. This was extended during the year to include purchasing of most of the merchants' grain for sale to group companies, for processing at the Bugbrooke and Tring Mill sites, and for sale to third parties.

REVIEW OF THE BUSINESS

As a result of the expansion of the company's activities as described above, turnover rose dramatically during the year with profits after taxation up 40% on the previous year.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation amounted to £291,565 (1996 - £156,485).

The directors have recommended and paid the following dividend in respect of the year ended 29th March, 1997:

Ordinary dividend paid (225p per share)	<u>£ 44,876</u>
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The balance of the profit for the year has been added to revenue reserves.

FUTURE DEVELOPMENTS

The directors are hopeful that they will be able to continue to expand the company's marketing of grain products during the next financial year.

FIXED ASSETS

There were no changes in fixed assets during the year.

DIRECTORS AND THEIR INTERESTS

The directors in office at the end of the year are listed below:-

P.M. Heygate
A.R. Heygate
Mrs. A.E. Tetley

All served on the board throughout the year.

The directors held no shares in the company during the year and there is no requirement for them to do so under the Memorandum and Articles of Association. However, some directors held shares in the parent company and in fellow subsidiaries at 29th March, 1997 and 31st March, 1996 as follows:

At 29th March, 1997

	Heygate and Sons Limited					County Pride Products Limited	Trolave Limited	Heygate Farms Swaffham Limited
	Preference Shares	Ordinary Shares				Ordinary Shares		
	No.	A	B	C	D	No.	No.	No.
A.R. Heygate	7,872	13,208	114,616	327,716	7,568	666	232	8,716
P.M. Heygate	7,872	13,208	71,654	327,716	10,234	666	232	8,716
Mrs. A.E. Tetley	-	105,670	-	156,678	-	2	-	2

At 31st March, 1996

	Heygate and Sons Limited					County Pride Products Limited	Trolave Limited	Heygate Farms Swaffham Limited
	Preference Shares	Ordinary Shares				Ordinary Shares		
	No.	A	B	C	D	No.	No.	No.
A.R. Heygate	7,872	13,208	95,704	327,716	7,568	333	232	4,358
P.M. Heygate	7,872	13,208	71,654	327,716	10,234	333	232	4,358
Mrs. A.E. Tetley	-	105,670	-	156,678	-	1	-	1

HEYGATE GRAIN LIMITED**REPORT OF THE DIRECTORS (CONTINUED)****DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of each financial year and of the results of the company for that period. In preparing those financial statements, the directors are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ follow applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

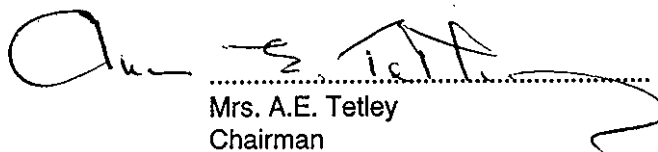
POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year or the previous year.

AUDITORS

A resolution in accordance with Section 385 of the Companies Act 1985 to re-appoint Towers Rockall as auditors will be put to the members at the Annual General Meeting.

This report was approved by the Board
on 15th October, 1997
and signed on its behalf by:


.....
Mrs. A.E. Tetley
Chairman

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
HEYGATE GRAIN LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 as at 29th March, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TOWERS ROCKALL
Chartered Accountants and
Registered Auditors
15th October, 1997

62a Billing Road,
NORTHAMPTON.
NN1 5DL

HEYGATE GRAIN LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29TH MARCH, 1997**

	Note	1997 £	1996 £
Turnover	2	32,534,567	13,620,461
Cost of sales		<u>(31,805,046)</u>	<u>(13,210,101)</u>
Gross profit		729,521	410,360
Distribution costs		272,293	168,996
Administrative expenses		<u>41,534</u>	<u>22,610</u>
		<u>(313,827)</u>	<u>(191,606)</u>
Profit on ordinary activities before taxation	4	415,694	218,754
Tax on profit on ordinary activities	5	<u>(124,129)</u>	<u>(62,269)</u>
Profit on ordinary activities after taxation		291,565	156,485
Dividends on equity shares	6	<u>(44,876)</u>	<u>(39,890)</u>
Retained profit for the financial year		<u>£ 246,689</u>	<u>£ 116,595</u>

Statement of retained profits

Retained profits brought forward	359,450	242,855
Profit retained for the year	<u>246,689</u>	<u>116,595</u>
Retained profits carried forward	<u>£ 606,139</u>	<u>£ 359,450</u>

Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total Recognised Gains and Losses

The company has no recognised gains or losses other than the profit for the above two financial years.

HEYGATE GRAIN LIMITED**BALANCE SHEET AT 29TH MARCH, 1997**

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	7	148,859	174,299
Current assets			
Stocks	8	139,084	-
Debtors	9	4,287,227	2,610,638
Cash at bank		<u>545,985</u>	<u>55,444</u>
		4,972,296	2,666,082
Creditors: amounts falling due within one year	10	<u>(4,392,066)</u>	<u>(2,325,248)</u>
Net current assets		<u>580,230</u>	<u>340,834</u>
Total assets less current liabilities		729,089	515,133
Creditors: amounts falling due after more than one year			
Accruals and deferred income	11	-	(23,733)
Provision for liabilities and charges			
Deferred taxation	12	<u>(27,000)</u>	<u>(36,000)</u>
Net assets		<u>£ 702,089</u>	<u>£ 455,400</u>
Capital and reserves			
Called up share capital	13	19,945	19,945
Share premium account		76,005	76,005
Profit and loss account		<u>606,139</u>	<u>359,450</u>
Shareholders' funds	14	<u>£ 702,089</u>	<u>£ 455,400</u>

These financial statements were approved by the Board on 15th October, 1997 and were signed on its behalf by:


.....A.R. Heygate)
))
) Directors)
))

.....P. M. Heygate)

HEYGATE GRAIN LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 29TH MARCH, 1997**

	Cash flow note	1997 £	1996 £
Net cash inflow from operating activities	1	607,687	136,743
Taxation		(72,270)	(40,249)
		535,417	96,494
Equity dividends paid		(44,876)	(67,813)
Increase in cash		£ 490,541	£ 28,681

Reconciliation of net cash flow to movement in net funds

		£	£
Increase in cash in the period	2	490,541	28,681
Net funds at 31st March, 1996		55,444	26,763
Net funds at 29th March, 1997		£ 545,985	£ 55,444

The notes on page 7 form part of this cash flow statement

HEYGATE GRAIN LIMITED**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 29TH MARCH, 1997****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES:**

	1997	1996
	£	£
Operating profit	415,694	218,754
Grant credited to profit and loss account	(33,184)	(33,184)
Depreciation	25,440	59,112
(Increase) in stocks	(139,084)	-
(Increase) in debtors	(1,676,589)	(1,284,881)
Increase in creditors	<u>2,015,410</u>	<u>1,176,942</u>
Net cash inflow from operating activities	<u>£ 607,687</u>	<u>£ 136,743</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At	Cash	At
	31.3.96	flows	29.3.97
	£	£	£
Cash at bank and in hand	55,444	490,541	545,985

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 1997****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Silo buildings	:	3% per annum
Plant and machinery	:	10% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value and comprise purchases for resale. Purchases for resale are valued at cost price, calculated on a first in first out basis. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and has been provided for, on the liability basis, in full. Transfers to and from deferred taxation are calculated at the rate of corporation tax that it is estimated will be in force when the timing differences reverse.

Government grant received - FEOGA Grant

The grant received is being amortised over the total remaining useful life of the assets to which it relates, as follows:

Silo buildings	:	over 27 years
Plant and machinery	:	over 4 years

The expenditure on these assets was incurred in 1986/87 but, due to the uncertainty over the receipt of the grant, its recognition and amortisation in the accounts was delayed until its actual receipt in the year ended 27th March, 1993.

Pension contributions

The employees of the company, with the exception of the directors, are members of the Heygate Group Pension and Life Assurance Scheme which provides benefits based upon final pensionable pay. The assets of the scheme are held in a separate trustee administered fund, being invested with insurance companies and managed funds.

Pension fund liabilities are assessed by an independent professionally qualified actuary on the basis of triennial valuations using the discounted cash flow forward method.

In accordance with Statement of Standard Accounting Practice No 24, pension costs are charged against profits using actuarial valuation methods intended to spread the pension cost evenly over the average service periods of the current employees in the scheme.

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 1997****2. TURNOVER**

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

The turnover and pretax profit is wholly attributable to the merchanting and handling of grain. An analysis of turnover by geographical market is given below:

	1997	1996
	£	£
United Kingdom	32,263,674	13,502,580
Rest of Europe	270,893	117,881
	<u>£ 32,534,567</u>	<u>£ 13,620,461</u>

3. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	43,017	24,306
Social security costs	3,279	2,479
Other pension costs	688	-
	<u>£ 46,984</u>	<u>£ 26,785</u>

The average number of employees during the year was made up as follows:

	No.	No.
Handling and storage	<u>2</u>	<u>1</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997	1996
	£	£
a. This is stated after charging:		
Auditors' remuneration	5,100	5,100
Depreciation	<u>25,440</u>	<u>59,112</u>
b. After crediting:		
Release of FEOGA grant	<u>33,184</u>	<u>33,184</u>

This grant has been received from the Ministry of Agriculture, Fisheries and Food in respect of a silo built for grain storage purposes, and has been credited against cost of sales in accordance with the accounting policy disclosed above.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
Based on the profit for the year:		
Corporation tax @ 33%	133,147	79,269
Deferred taxation	(9,000)	(17,000)
Interest on corporation tax repayment	(18)	-
	<u>£ 124,129</u>	<u>£ 62,269</u>

6. DIVIDENDS

	1997	1996
	£	£
Ordinary - dividend paid of 225p per share (1996 - proposed 200p per share)	<u>£ 44,876</u>	<u>£ 39,890</u>

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 1997****7. TANGIBLE FIXED ASSETS**

	Silo buildings	Plant and machinery	Total
	£	£	£
Cost:			
At 31st March, 1996 and 29th March, 1997	<u>£ 202,489</u>	<u>£ 528,806</u>	<u>£ 731,295</u>
Depreciation:			
At 31st March, 1996	60,976	496,020	556,996
Provided in the year	6,120	19,320	25,440
At 29th March, 1997	<u>£ 67,096</u>	<u>£ 515,340</u>	<u>£ 582,436</u>
Net book amount:			
At 29th March, 1997	<u>£ 135,393</u>	<u>£ 13,466</u>	<u>£ 148,859</u>
At 30th March, 1996	<u>£ 141,513</u>	<u>£ 32,786</u>	<u>£ 174,299</u>

8. STOCKS

	1997 £	1996 £
Purchases for resale	<u>139,084</u>	<u>-</u>

9. DEBTORS**Amounts falling due within one year:**

	1997 £	1996 £
Trade debtors	442,004	444,737
Amounts due from group companies: Fellow subsidiaries	<u>3,845,223</u>	<u>2,165,901</u>
	<u>£4,287,227</u>	<u>£ 2,610,638</u>

10. CREDITORS**Amounts falling due within one year:**

	1997 £	1996 £
Trade creditors	1,541,885	790,870
Amounts due to group companies: Holding company and fellow subsidiaries	2,693,301	1,428,906
Advance corporation tax	11,219	9,972
Corporation tax	121,928	62,316
Deferred income - FEOGA Grant	<u>23,733</u>	<u>33,184</u>
	<u>£ 4,392,066</u>	<u>£ 2,325,248</u>

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 1997****11. CREDITORS**

Amounts falling due after more than one year:

	£	£
Deferred income:		
FEOGA Grant	<u>£ -</u>	<u>£ 23,733</u>

12. DEFERRED TAXATION

	1997 £	1996 £
Accelerated capital allowances		
Balance at 31st March, 1996	36,000	53,000
Transfer to profit and loss account	<u>(9,000)</u>	<u>(17,000)</u>
Balance at 29th March, 1997	<u>£ 27,000</u>	<u>£ 36,000</u>

13. SHARE CAPITAL

	Authorised 1997 and 1996 £	Allotted, called up and fully paid 1997 and 1996 £
Equity shares		
Ordinary shares of £1 each	<u>20,000</u>	<u>19,945</u>

14. SHAREHOLDERS' FUNDS

Reconciliation of movements in shareholders' funds:

	1997 £	1996 £
Profit on ordinary activities after taxation	291,565	156,485
Dividends paid	<u>(44,876)</u>	<u>(39,890)</u>
Net addition to shareholders' funds	246,689	116,595
Opening shareholders' funds at 31st March, 1996	<u>455,400</u>	<u>338,805</u>
Closing shareholders' funds at 29th March, 1997	<u>£ 702,089</u>	<u>£ 455,400</u>

15. CAPITAL COMMITMENTS

There were no capital commitments at the 29th March, 1997 or 30th March, 1996.

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 1997****16. OTHER FINANCIAL COMMITMENTS**

At 29th March, 1997 the company had minimum annual commitments under non-cancellable operating leases as follows:-

	1997 £	1996 £
Leases in respect of land and buildings which expire: After more than five years	<u>3,500</u>	<u>3,500</u>

17. CONTINGENT LIABILITIES

There is a contingent liability in respect of a multilateral guarantee dated 7th June, 1995 covering the bank balances of the company, Heygate and Sons Limited and its subsidiaries, as follows:

The Heygate Engineering Company Limited
 Fine Lady Bakeries Limited
 County Pride Products Limited
 Heygate Farms Swaffham Limited
 Heygates Limited
 Millstream Investments Limited
 Trolave Limited

18. ULTIMATE HOLDING COMPANY

The directors consider that the ultimate holding company of this company is its parent, Heygate and Sons Limited, which is registered in England.

19. PENSION ARRANGEMENTS

The employees of the company, with the exception of the directors, are members of The Heygate Group Pension and Life Assurance Scheme which provides defined pension and lump sum benefits payable to members on their retirement from the Heygate group or to their dependants on death before or after retirement. The scheme is of the defined benefit type and has its assets held in a separate trustee administered fund. Pension contributions are based upon pension costs across the group as a whole. As described in note 1, two of the directors are members of a small self-administered money purchase scheme.

The total pension cost of the company for the year was £688, including the two directors' money purchase scheme.

Details of the actuarial valuation of the scheme and the main assumptions used in that valuation are contained within the financial statements of Heygate and Sons Limited.

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 1997****19. RELATED PARTY DISCLOSURES****Ultimate controlling party**

The directors consider that the ultimate controlling party of the company is its parent company, Heygate and Sons Limited, which owns 52.07% of its issued ordinary share capital. Heygate and Sons Limited has a controlling nucleus of directors: Mr. A.R. Heygate, Mr. P.M. Heygate and Mrs. A.E. Tetley, who together own 84% of the voting issued ordinary share capital. Mrs. D. Haines, sister of Mr. P.M. Heygate, cousin of Mr. A.R. Heygate and niece of Mrs. A.E. Tetley, although not a director of Heygate and Sons Limited, owns 15.97% of the remaining voting issued ordinary share capital.

Subsequent to the year end most of the shares owned by the directors in the holding company were placed into trusts for the benefit of their immediate family and whose trustees included themselves and other close family members.

Related party transactions

During the year the company paid rents for land and buildings to Heygate and Sons (Estates), a related entity in which Mr. A.R. Heygate, Mr. P.M. Heygate, Mrs. A.E. Tetley and Mrs. D. Haines are among the participators, in the sum of £3,500. All rentals charged to the company were on an arm's length commercial basis.

The company was recharged for insurances effected through a wholly owned subsidiary of Heygate and Sons Limited in the sum of £4,024. The total premium for the group is recharged on the basis of cost to each group company. No profit or loss is involved in these transactions.

During the year the company sold grain to a wholly owned subsidiary of Heygate and Sons Limited in the sum of £26,241,164. The company also purchased grain from a wholly owned subsidiary in the sum of £191,700. In addition the company purchased grain from Heygate and Sons (Farmers), a partnership in which Mr. A.R. Heygate, Mr. P.M. Heygate, Mrs. A.E. Tetley and Mrs. D. Haines are the partners, in the sum of £492,170. The company also purchased administration services from a wholly owned subsidiary in the sum of £17,960. These transactions were undertaken at arm's length on normal commercial terms.

Balances due to/from related parties

At 29th March, 1997 there were the following balances outstanding with other group companies and other related entities:

Included in debtors: amounts falling due within one year:

	£
Due from fellow subsidiaries	<u>3,845,223</u>

At 29th March, 1997 there were the following balances owing to group companies and other related entities:

Included in creditors: amounts falling due within one year:

	£
Due to holding company	2,693,201
Due to fellow subsidiary	100
Due to other related entities	<u>280</u>