

HEYGATE GRAIN LIMITED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST MARCH, 2001



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HEYGATE GRAIN LIMITED

DIRECTORS

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

SECRETARY

A. C. Greene

BANKERS

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

AUDITORS

Clifford Roberts,
Pacioli House,
9 Brookfield,
Duncan Close,
Moulton Park,
Northampton.
NN3 6WL

REGISTERED OFFICE

Bugbrooke Mills,
Bugbrooke,
Northampton.
NN7 3QH

COMPANY NUMBER

1522607

HEYGATE GRAIN LIMITED**DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 31st March, 2001.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be the purchase of U.K. farmers' and merchants' grain for sale to group companies for processing at the Bugbrooke, Tring and Downham Market sites and for sale to third parties.

REVIEW OF THE BUSINESS

Changes in the grain markets resulted in a reduction in the activity levels in respect of the trade of the store at March. The directors, however, remain satisfied with the overall performance of the company.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year amounted to £19,075 (2000 - £366,659).

The directors have recommended and paid the following dividend in respect of the year ended 31st March, 2001.

Ordinary dividend paid £1.00 per share	<u>£ 19,945</u>
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The balance of the profit for the year has been added to revenue reserves.

FUTURE DEVELOPMENTS

The directors do not anticipate any significant changes in the business operations in the future, but continued pressure in the market place will have the effect of permanently reducing margins capable of being earned from this type of business.

THE EURO

The impact of the euro has been considered generally by the company. Although the impact of the changeover to the euro is not currently anticipated to be significant, this issue is being closely monitored.

DIRECTORS AND THEIR INTERESTS

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

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

All served on the board throughout the year.

Mr. A.R. Heygate and Mr. P.M. Heygate each held 4,780 ordinary £1 shares and Mrs. A.E. Tetley 3,200 ordinary £1 shares in Heygate Grain Limited as principal trustees of family trusts at 31st March, 2001 and 2nd April, 2000. The directors also held shares in the parent company and in fellow subsidiaries at 31st March, 2001 and 2nd April, 2000, as follows:

At 31st March, 2001 and 2nd April, 2000

	Heygate and Sons Limited					County Pride Products Limited		Heygate Farms Trolave Swaffham Limited Limited Limited
	Preference Shares	A	B	C	D	Ordinary Shares		
	No.	No.	No.	No.	No.	No.	No.	No.
A.R. Heygate	7,878	6,608	13,528	327,716	-	666	232	8,716
P.M. Heygate	-	6,608	13,528	-	-	666	232	8,716
Mrs. A.E. Tetley	-	-	-	678	-	2	-	2

HEYGATE GRAIN LIMITED**DIRECTORS' REPORT (CONTINUED)****DIRECTORS AND THEIR INTERESTS - CONTINUED**

The directors also held the following shares in the holding company as principal trustees of family trusts at 31st March, 2001 and 2nd April, 2000:-

At 31st March, 2001 and 2nd April, 2000

	Preference Shares	Heygate and Sons Limited			
		Ordinary Shares			
	No.	A No.	B No.	C No.	D No.
A.R. Heygate	-	6,600	120,000	-	7,568
P.M. Heygate	7,872	6,600	58,126	327,716	10,234
Mrs. A.E. Tetley	-	105,670	-	156,000	-

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 judgments 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.

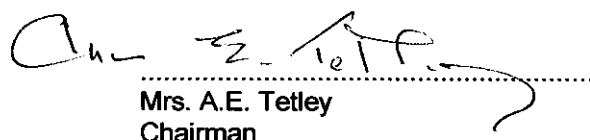
POLITICAL AND CHARITABLE CONTRIBUTIONS

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 Clifford Roberts as auditors will be put to the members at the Annual General Meeting.

This report was approved by the Board
on 18th December, 2001
and signed on its behalf by:


Mrs. A.E. Tetley
Chairman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
HEYGATE GRAIN LIMITED

We have audited the financial statements of Heygate Grain Limited for the year ended 31st March, 2001 which are set out on pages 4 to 8. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

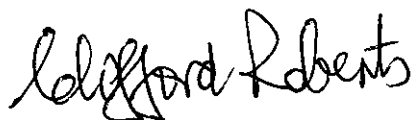
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 31st March, 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CLIFFORD ROBERTS
Chartered Accountants and
Registered Auditors
18th December, 2001

Pacioli House,
9 Brookfield,
Duncan Close,
Moulton Park,
Northampton.
NN3 6WL

HEYGATE GRAIN LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

		2001		2000	
	Note	£	£	£	£
Turnover	2		28,645,745		34,529,470
Cost of sales			(28,068,635)		(33,381,112)
Gross profit			577,110		1,148,358
Distribution costs		363,790		393,532	
Administrative expenses		186,090		233,028	
			(549,880)		(626,560)
Interest receivable			27,230 6		521,798 -
Profit on ordinary activities before taxation	4		27,236		521,798
Tax on profit on ordinary activities	5		(8,161)		(155,139)
Profit on ordinary activities after taxation			19,075		366,659
Dividends on equity shares	6		(19,945)		(89,753)
(Sustained loss)/retained profit for the financial year			£ (870)		£ 276,906

Statement of retained profits

Retained profits brought forward		1,534,213	1,257,307
(Sustained loss)/retained profit for the financial year		(870)	276,906
Retained profits carried forward		£ 1,533,343	£ 1,534,213

Continuing Operations

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

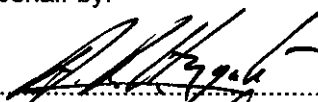
Total Recognised Gains and Losses

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

HEYGATE GRAIN LIMITED**BALANCE SHEET AT 31ST MARCH, 2001**

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	164,809	186,706
Current assets			
Stocks	8	1,951,443	1,454,267
Debtors	9	318,241	1,288,537
Cash at bank		1,997,911	985,400
		4,267,595	3,728,204
Creditors: amounts falling due within one year	10	(2,783,311)	(2,264,947)
Net current assets		1,484,284	1,463,257
Total assets less current liabilities		1,649,093	1,649,963
Provision for liabilities and charges			
Deferred taxation	11	(19,800)	(19,800)
Net assets		£ 1,629,293	£ 1,630,163
Capital and reserves			
Called up share capital	12	19,945	19,945
Share premium account		76,005	76,005
Profit and loss account		1,533,343	1,534,213
Shareholders' funds	13	£ 1,629,293	£ 1,630,163

These financial statements were approved by the Board on 18th December, 2001 and were signed on its behalf by:


 A.R. Heygate)
)
) Directors
)

 P. M. Heygate)

HEYGATE GRAIN LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2001**

	Cash flow note	2001 £	2000 £
Net cash inflow from operating activities	1	1,147,583	970,277
 Tax paid		 (115,127)	 (211,479)
		1,032,456	758,798
Fixed assets purchased		-	(80,929)
Equity dividends paid		(19,945)	(89,753)
Increase in cash		£ 1,012,511	£ 588,116

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	2	1,012,511	588,116
Net funds at 2nd April, 2000		985,400	397,284
Net funds at 31st March, 2001		£1,997,911	£ 985,400

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 31ST MARCH, 2001****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES:**

	2001 £	2000 £
Operating profit	27,236	521,798
Depreciation	21,897	17,392
(Increase)/decrease in stocks	(497,176)	393,142
Decrease in debtors	969,782	530,937
Increase/(decrease) in creditors	625,844	(492,992)
Net cash inflow from operating activities	£ 1,147,583	£ 970,277

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1st April, 2000 £	Cash flows £	At 31st March 2001 £
Cash at bank and in hand	985,400	1,012,511	1,997,911

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2001****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:-

Leasehold buildings	:	10% and 3% per annum
Plant and machinery	:	25% and 10% per annum
Computer and office equipment	:	20% and 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.

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 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 31ST MARCH, 2001****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 within the United Kingdom.

3. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	70,175	98,501
Social security costs	8,939	12,017
Other pension costs	1,883	2,953
	<u>£ 80,997</u>	<u>£ 113,471</u>

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

	No.	No.
Handling and storage	<u>3</u>	<u>4</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001	2000
	£	£
This is stated after charging:		
Auditors' remuneration	15,000	8,500
Depreciation	21,897	17,392
Rent of buildings	3,500	8,000
	<u>3,500</u>	<u>8,000</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Based on the profit for the year:		
Corporation tax @ 30%	8,161	156,145
Deferred taxation	-	(1,000)
Interest on tax repaid	-	(6)
	<u>£ 8,161</u>	<u>£ 155,139</u>

6. DIVIDENDS

	2001	2000
	£	£
Ordinary dividend paid of 100p per share (2000 - 450p per share)	<u>19,945</u>	<u>89,753</u>

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2001****7. TANGIBLE FIXED ASSETS**

	Short leasehold buildings	Plant and machinery	Computer and office equipment	Total
	£	£	£	£
Cost:				
At 31st March, 2001 and 2nd April, 2000	<u>£ 226,488</u>	<u>£ 576,260</u>	<u>£ 9,477</u>	<u>£ 812,225</u>
Depreciation:				
At 2nd April, 2000	87,600	535,799	2,120	625,519
Provided in the year	9,208	10,597	2,092	21,897
At 31st March, 2001	<u>£ 96,808</u>	<u>£ 546,396</u>	<u>£ 4,212</u>	<u>£ 647,416</u>
Net book amount:				
At 31st March, 2001	<u>£ 129,680</u>	<u>£ 29,864</u>	<u>£ 5,265</u>	<u>£ 164,809</u>
At 1st April, 2000	<u>£ 138,888</u>	<u>£ 40,461</u>	<u>£ 7,357</u>	<u>£ 186,706</u>

8. STOCKS

	2001 £	2000 £
Purchases for resale	<u>1,951,443</u>	<u>1,454,267</u>

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

	2001 £	2000 £
Trade debtors	314,966	327,030
Amounts due from group companies:		
Fellow subsidiaries	3,275	960,993
Other debtors	-	514
	<u>£ 318,241</u>	<u>£ 1,288,537</u>

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

	2001 £	2000 £
Trade creditors	2,155,684	1,878,330
Amounts due to group companies:		
Holding company and fellow subsidiaries	619,466	270,975
Corporation tax	8,161	115,642
	<u>£ 2,783,311</u>	<u>£ 2,264,947</u>

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2001****11. DEFERRED TAXATION**

	2001 £	2000 £
Accelerated capital allowances		
Balance at 1st April, 2000	19,800	20,800
Transfer to profit and loss account	<u>-</u>	<u>(1,000)</u>
Balance at 31st March, 2001	<u>£ 19,800</u>	<u>£ 19,800</u>

12. SHARE CAPITAL

	Authorised 2001 and 2000 £	Allotted, called up and fully paid 2001 and 2000 £
Equity shares		
Ordinary shares of £1 each	<u>20,000</u>	<u>19,945</u>

13. SHAREHOLDERS' FUNDS**Reconciliation of movements in shareholders' funds:**

	2001 £	2000 £
Profit on ordinary activities after taxation	19,075	366,659
Dividends paid	<u>(19,945)</u>	<u>(89,753)</u>
Net (reduction in)/addition to shareholders' funds	(870)	276,906
Opening shareholders' funds at 2nd April, 2000	<u>1,630,163</u>	<u>1,353,257</u>
Closing shareholders' funds at 31st March, 2001	<u>£ 1,629,293</u>	<u>£ 1,630,163</u>

14. CAPITAL COMMITMENTS

There were no capital commitments at 31st March, 2001 or at 1st April, 2000.

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2001****15. OTHER FINANCIAL COMMITMENTS**

At 31st March, 2001 the company had minimum annual commitments under non-cancellable operating leases as follows:-

	2001 £	2000 £
Leases in respect of land and buildings which expire:		
After more than five years	<u>3,500</u>	<u>9,500</u>

16. CONTINGENT LIABILITIES

There is a contingent liability in respect of a multilateral guarantee dated 4th October, 1991 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

17. ULTIMATE HOLDING COMPANY

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

18. 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.

The total pension cost of the company for the year was £1,883 (2000 - £2,953).

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 31ST MARCH, 2001****19. RELATED PARTY DISCLOSURES****Ultimate controlling party**

The directors consider the ultimate controlling party of the company is its parent company, Heygate and Sons Limited, which owns 52.07% of its issued 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 10% of the voting issued ordinary share capital personally and 74.43% of the voting issued ordinary share capital as principal trustees of family trusts.

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, is a principal trustee of a family trust which owns 15.45% of the remaining voting issued ordinary share capital.

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 the participators, in the sum of £3,500 (2000 - £8,000). 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 £13,937 (2000 - £12,677). 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 Heygate and Sons Limited and its wholly owned subsidiaries in the sum of £24,788,255 (2000 - £29,824,958). The company also purchased grain from other wholly owned subsidiaries in during the previous year in the sum of £1,988,108. 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 £265,047 (2000 - £363,303). The company also purchased administration services from a wholly owned subsidiary in the sum of £124,860 (2000 - £124,040). These transactions were undertaken at arm's length on normal commercial terms.

The company also leased cars from a fellow subsidiary during the previous year for the sum of £1,896.

Balances due to/from related parties

At 31st March, 2001 there were the following balances outstanding with other group companies:

Included in debtors: amounts falling due within one year:

	2001 £	2000 £
Due from fellow subsidiaries	<u>3,275</u>	<u>960,993</u>

At 31st March, 2001 there were the following balances owing to group companies and other related entities:

Included in creditors: amounts falling due within one year:

	2001 £	2000 £
Due to fellow subsidiary	<u>619,466</u>	<u>270,975</u>