

1522607

HEYGATE GRAIN LIMITED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 29TH MARCH, 2003



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,
Chartered Accountants,
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 29th March, 2003.

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

Despite the continuing pressure on margins the directors remain satisfied with the overall performance of the company.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year amounted to £1,399 (2002 - £36,875).
The directors have not recommended a dividend in respect of the year ended 29th March, 2003.

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 29th March, 2003 and 30th March, 2002. The directors also held shares in the parent company and in fellow subsidiaries at 29th March, 2003 and 30th March, 2002, as follows:

At 29th March, 2003 and 30th March, 2002

	Heygate and Sons Limited					County	Heygate	
	Preference Shares	A	B	C	D	Pride Products Limited	Trolave Limited	Farms Swaffham Limited
	No.	No.	No.	No.	No.	Ordinary Shares	Ordinary Shares	Ordinary Shares
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 29th March, 2003 and 30th March, 2002:-

29th March, 2003 and 30th March, 2002

	Heygate and Sons Limited				
	Preference	Ordinary Shares			
	Shares	A	B	C	D
	No.	No.	No.	No.	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.

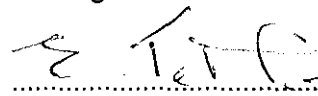
POLITICAL AND CHARITABLE CONTRIBUTIONS

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 **11 DEC 2003**
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 29th March, 2003 which are set out on pages 4 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act, 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

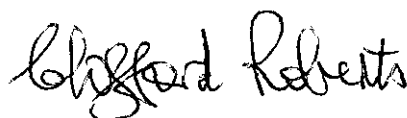
Basis of audit opinion

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 29th March, 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CLIFFORD ROBERTS
Chartered Accountants and
Registered Auditors

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

11 DEC 2003

HEYGATE GRAIN LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29TH MARCH, 2003**

		2003		2002	
	Note	£	£	£	£
Turnover	2		28,757,627		32,028,282
Cost of sales			(28,245,142)		(31,428,390)
Gross profit			512,485		599,892
Distribution costs		278,895		334,444	
Administrative expenses		238,223		207,601	
			(517,118)		(542,045)
(Loss)/profit on ordinary activities before taxation	4		(4,633)		57,847
Tax on (loss)/profit on ordinary activities	5		6,032		(20,972)
Profit on ordinary activities after taxation			1,399		36,875
Dividends on equity shares	6		-		(19,945)
Retained profit for the financial year			£ 1,399		£ 16,930
Statement of retained profits					
Retained profits brought forward			1,550,273		1,533,343
Retained profit for the financial year			1,399		16,930
Retained profits carried forward			£ 1,551,672		£ 1,550,273

Continuing Operations

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

Total Recognised Gains and Losses

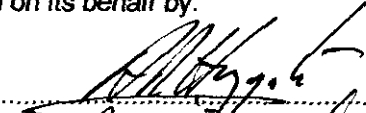
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 13 form part of these financial statements

HEYGATE GRAIN LIMITED**BALANCE SHEET AT 29TH MARCH, 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	7	125,341	145,531
Current assets			
Stocks	8	1,119,685	1,888,304
Debtors	9	274,263	1,605,145
Cash at bank		4,602,445	267,668
		5,996,393	3,761,117
Creditors: amounts falling due within one year	10	(4,454,312)	(2,240,625)
Net current assets		1,542,081	1,520,492
Total assets less current liabilities		1,667,422	1,660,023
Provision for liabilities and charges			
Deferred taxation	11	(19,800)	(19,800)
Net assets		£ 1,647,622	£ 1,646,223
Capital and reserves			
Called up share capital	12	19,945	19,945
Share premium account		76,005	76,005
Profit and loss account		1,551,672	1,550,273
Shareholders' funds	13	£ 1,647,622	£ 1,646,223

These financial statements were approved by the Board on **11 DEC 2003**
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, 2003**

	Cash flow note	2003 £	2002 £
Net cash inflow/(outflow) from operating activities	1	4,346,112	(1,699,497)
Tax paid		(11,335)	(10,801)
		4,334,777	(1,710,298)
Equity dividends paid		-	(19,945)
Increase/(decrease) in cash		£ 4,334,777	£ (1,730,243)

Reconciliation of net cash outflow to movement in net funds

Increase/(decrease) in cash in the period	2	4,334,777	(1,730,243)
Net funds at 30th March, 2002		267,668	1,997,911
Net funds at 29th March, 2003		£ 4,602,445	£ 267,668

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, 2003****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES:**

	2003	2002
	£	£
Operating (loss)/profit	(4,633)	57,847
Depreciation	20,181	19,278
Loss on disposal	9	-
Decrease in stocks	768,619	63,139
Decrease/(increase) in debtors	1,330,882	(1,286,904)
Increase/(decrease) creditors	2,231,054	(552,857)
Net cash inflow/(outflow) from operating activities	£ 4,346,112	£ (1,699,497)

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 30th March, 2002 £	Cash outflows £	At 29th March, 2003 £
Cash at bank and in hand	267,668	4,334,777	4,602,445

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 2003****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention on a basis consistent with prior years and in accordance with applicable Accounting Standards in the United Kingdom.

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 Group continues to account for pensions in accordance with SSAP 24 "Accounting for Pension Costs". The regular cost of providing pensions to current employees is charged to the profit and loss account over the average expected service lives of those employees.

Accumulated differences between the amount charged to the profit and loss account and the payments made to the pension plans are treated as either prepayments or creditors on the balance sheet.

The additional disclosures required by the transitional arrangements of FRS 17 "Retirement Benefits" are given in note 22 to the financial statements.

Two of the directors that are not members of the group scheme are members of a small self administered money purchase scheme. The pension cost for the year is the amount paid into the scheme during the accounting period.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax. Turnover is recognised upon evidence of delivery.

The turnover and pretax profit is wholly attributable to the merchanting and handling of grain within the United Kingdom.

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 2003****3. STAFF COSTS**

	2003	2002
	£	£
Wages and salaries	64,083	65,643
Social security costs	6,921	6,830
Other pension costs	817	270
	<u>£ 71,821</u>	<u>£ 72,743</u>

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

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

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003	2002
	£	£
This is stated after charging:		
Auditors' remuneration	15,500	15,000
Depreciation	20,181	19,278
Rent of buildings	<u>9,500</u>	<u>9,500</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
(a) Analysis of tax charge in the period		
Current tax		
UK corporation tax on profits for the period	964	18,331
Underprovisions in respect of previous periods	<u>(6,996)</u>	<u>2,641</u>
	<u>£ (6,032)</u>	<u>£ 20,972</u>

(b) Factors effecting the tax charge for the period
The tax assessed is greater than the standard rate of corporation tax in the U.K. (30%). The differences are explained below:

	2003	2002
	£	£
(Loss)/profit on ordinary activities before tax	<u>(4,633)</u>	<u>57,847</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in U.K. of 30%	(880)	17,354
Effects of:		
Depreciation in excess of capital allowances	1,844	2,039
Marginal corporation tax relief	-	(1,062)
Adjustments to tax charge in respect of previous periods	<u>(6,996)</u>	<u>2,641</u>
Current tax (credit)/charge for period	<u>£ (6,032)</u>	<u>£ 20,972</u>

6. DIVIDENDS- Equity Shares

	2003	2002
	£	£
Ordinary dividend paid of 100p per share	<u>-</u>	<u>19,945</u>

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 2003****7. TANGIBLE FIXED ASSETS**

	Short leasehold buildings	Plant and machinery	Computer and office equipment	Total
	£	£	£	£
Cost:				
At 31st March, 2002	226,488	576,260	9,477	812,225
Disposals	-	-	(3,680)	(3,680)
At 29th March, 2003	<u>£ 226,488</u>	<u>£ 576,260</u>	<u>£ 5,797</u>	<u>£ 808,545</u>
Depreciation:				
At 31st March, 2002	105,269	555,298	6,127	666,694
Provided in the year	12,729	4,116	3,336	20,181
Adjustment on disposals	-	-	(3,671)	(3,671)
At 29th March, 2003	<u>£ 117,998</u>	<u>£ 559,414</u>	<u>£ 5,792</u>	<u>£ 683,204</u>
Net book amount:				
At 29th March, 2003	<u>£ 108,490</u>	<u>£ 16,846</u>	<u>£ 5</u>	<u>£ 125,341</u>
At 30th March, 2002	<u>£ 121,219</u>	<u>£ 20,962</u>	<u>£ 3,350</u>	<u>£ 145,531</u>

8. STOCKS

	2003 £	2002 £
Goods for resale	<u>1,119,685</u>	<u>1,888,304</u>

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

	2003 £	2002 £
Trade debtors	199,600	396,367
Amounts due from group companies:		
Fellow subsidiaries	<u>74,663</u>	<u>1,208,778</u>
	<u>£ 274,263</u>	<u>£ 1,605,145</u>

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

	2003 £	2002 £
Trade creditors	1,966,775	2,142,072
Amounts due to group companies:		
Holding company and fellow subsidiaries	2,486,573	80,222
Corporation tax	<u>964</u>	<u>18,331</u>
	<u>£4,454,312</u>	<u>£ 2,240,625</u>

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 2003****11. DEFERRED TAXATION**

	2003	2002
	£	£
Accelerated capital allowances		
Balance at 29th March, 2003 and 30th March, 2002	<u>19,800</u>	<u>19,800</u>

12. SHARE CAPITAL

	Authorised 2003 and 2002 £	Allotted, called up and fully paid 2003 and 2002 £
Equity shares		
Ordinary shares of £1 each	<u>20,000</u>	<u>19,945</u>

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

	2003	2002
	£	£
Profit on ordinary activities after taxation	1,399	36,875
Dividends paid	<u>-</u>	<u>(19,945)</u>
Net addition to shareholders' funds	1,399	16,930
Opening shareholders' funds at 30th March, 2002	<u>1,646,223</u>	<u>1,629,293</u>
Closing shareholders' funds at 29th March, 2003	<u>£ 1,647,622</u>	<u>£ 1,646,223</u>

14. CAPITAL COMMITMENTS

There were no capital commitments at 29th March, 2003 or 30th March, 2002.

15. OTHER FINANCIAL COMMITMENTS

At 29th March, 2003 the company had minimum annual commitments under non-cancellable operating leases as follows:-

	2003	2002
	£	£
Leases in respect of land and buildings which expire:		
After more than five years	<u>9,500</u>	<u>9,500</u>

HEYGATE GRAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 2003

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 three 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 scheme for current members, and this scheme is now closed to new members.

For new entrants, the plans will provide defined contribution benefits. The assets of the scheme are held in trustee administered funds separate from the company's assets.

The total pension cost of the company for the year was £817 (2002 - £270).

The level of contributions to the scheme is assessed in accordance with the advice of an independently qualified actuary and is calculated so as to spread the charge to profit and loss account over the average service periods of current employees in the scheme. The scheme is valued using the projected unit method.

The most recent actuarial valuation was carried out on 1st October, 2002.

As the defined benefit scheme is closed to new entrants, the age profile of active members will increase over time. Under the projected unit method, the current service cost will increase as active members of the scheme approach retirement.

The disclosures required under SSAP24 and FRS17 are contained within the financial statements of the sponsoring company of the scheme, Heygates Limited (a wholly owned subsidiary of Heygate and Sons Limited), and in the group financial statements of Heygate and Sons Limited and its subsidiary companies.

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.

HEYGATE GRAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH MARCH, 2003****19. RELATED PARTY DISCLOSURES - continued**

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 participants, in the sum of £9,500 (2002 - £9,500). 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 £38,511 (2002 - £14,210). 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 £26,142,087 (2002 - £28,477,736). 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 £279,816 (2002 - £224,213). The company also purchased administration services from a wholly owned subsidiary in the sum of £143,318 (2002 - £128,600). These transactions were undertaken at arm's length on normal commercial terms.

Balances due to/from related parties

At 29th March, 2003 there were the following balances outstanding with other group companies:

Included in debtors: amounts falling due within one year:

	2003	2002
	£	£
Due from fellow subsidiaries	<u>74,663</u>	<u>1,208,778</u>

At 29th March, 2003 there were the following balances owing to group companies and other related entities:

Included in creditors: amounts falling due within one year:

	2003	2002
	£	£
Due to fellow subsidiary	<u>2,486,573</u>	<u>80,222</u>