

SILVERY TWEED CEREALS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2007

Company Registration Number 3934026

THURSDAY



A4Z0WX7D

A46

14/02/2008

174

COMPANIES HOUSE

Tenon Limited

Accountants and Business Advisers
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

SILVERY TWEED CEREALS LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

CONTENTS	PAGES
The directors' report	1 to 3
Independent auditor's report to the company	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
Notes to the abbreviated accounts	8 to 13

SILVERY TWEED CEREALS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2007

The directors present their report and the financial statements of the company for the year ended 30 April 2007

Principal activities and business review

The principal activity of the company during the year was milling, blending and coating ingredients

Trading in contracted blending and milling ingredients was at a high level with output at Tweedside Mill and Henry Ogle Mill exceeding last year. The replacement of the Coating division was completed during the year. Silvery Tweed Cereals Limited paid H O Short & Son Ltd a management Charge for use of the assets and management and control of the finances. This year the company earned a profit after tax of £442,767. The aggregate capital and reserves of the Company at the end of the financial period were £844,442.

Each separate division of the company is set a profit target and these are continually monitored to ensure that they are being met.

Results and dividends

The profit for the year, after taxation, amounted to £442,767. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund its operating cash requirements, through use of a bank overdraft. The management's objectives are to

a) retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due whilst maximising returns on surplus funds, and

b) minimise the company's exposure to fluctuating interest rates when seeking borrowings,

All of the company's surplus funds are invested in sterling bank accounts and all of its borrowings are obtained from standard bank overdrafts so there is no price risk. All banking arrangements are with Bank of Scotland and the directors believe their choice of bank minimises any credit risk.

Research and development

On going New Product Development across all product ranges of the business continued especially in the coating of the cereal flakes and clusters.

Directors

The directors who served the company during the year were as follows

Mr R C Dickinson
Mr N J Davidson
Mr R S Gladstone
Mrs N Muldoon
Mr M Topley
Mr S Van Dalsem

SILVERY TWEED CEREALS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2007

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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
- 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 keeping 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

During the year the company made the following contributions

	2007	2006
	£	£
Charitable	<u>946</u>	<u>-</u>

SILVERY TWEED CEREALS LIMITED

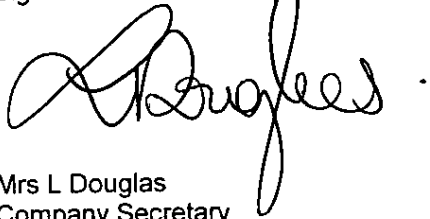
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2007

Auditor

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'L Douglas', with a small dot at the end.

Mrs L Douglas
Company Secretary

Approved by the directors on 21 December 2007

SILVERY TWEED CEREALS LIMITED
INDEPENDENT AUDITOR'S REPORT TO SILVERY TWEED CEREALS
LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 13, together with the financial statements of Silvery Tweed Cereals Limited for the year ended 30 April 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

2 January 2008

SILVERY TWEED CEREALS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 APRIL 2007

	Note	2007 £	2006 £
Gross profit		2,565,166	2,292,851
Distribution costs		(1,018,818)	(984,067)
Administrative expenses		(1,100,773)	(907,110)
Profit on ordinary activities before taxation		<u>445,575</u>	<u>401,674</u>
Tax on profit on ordinary activities	5	(2,808)	—
Profit for the financial year		<u><u>442,767</u></u>	<u><u>401,674</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 13 form part of these abbreviated accounts

SILVERY TWEED CEREALS LIMITED

ABBREVIATED BALANCE SHEET

30 APRIL 2007

	Note	2007 £	£	2006 £	£
Current assets					
Stocks	6	1,245,123		936,358	
Debtors	7	1,926,540		2,398,351	
Cash in hand		455		427	
		<u>3,172,118</u>		<u>3,335,136</u>	
Creditors: Amounts falling due within one year	9	<u>(2,327,676)</u>		<u>(2,933,461)</u>	
Net current assets			<u>844,442</u>		<u>401,675</u>
Capital and reserves					
Called-up share capital	11		1		1
Profit and loss account	12		844,441		401,674
Shareholders' funds	13		<u>844,442</u>		<u>401,675</u>

These abbreviated accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on 21 December 2007, and are signed on their behalf by



Mr R C Dickinson
Director

The notes on pages 8 to 13 form part of these abbreviated accounts

SILVERY TWEED CEREALS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities		28	427
Increase in cash	14	<u>28</u>	<u>427</u>
Reconciliation of operating profit to net cash inflow from operating activities			
		2007 £	2006 £
Operating profit		445,575	401,674
Increase in stocks		(308,765)	(936,358)
Decrease/(increase) in debtors		473,873	(2,398,350)
(Decrease)/increase in creditors		(610,655)	2,933,461
Net cash inflow from operating activities		<u>28</u>	<u>427</u>

The notes on pages 8 to 13 form part of these abbreviated accounts

SILVERY TWEED CEREALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Turnover

Turnover shown within the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Stocks stocks of raw materials and consumables

Stocks of raw materials and consumables are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is purchase cost on a first-in, first-out basis. Net realisable value is the estimated proceeds from the sale of items of stock less all further costs to completion

Stocks of finished goods

Stocks of finished goods are valued at net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is cost of direct materials plus attributable labour based on a normal level of activity, plus an agreed fixed charge mark up

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

SILVERY TWEED CEREALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

2. Operating profit

Operating profit is stated after charging

	2007	2006
	£	£
Auditors remuneration	<u>6,700</u>	<u>6,400</u>

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Number of production staff	64	58
Number of distribution staff	2	2
Number of administrative staff	<u>13</u>	<u>12</u>
	<u>79</u>	<u>72</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	1,315,389	1,146,217
Social security costs	122,201	105,034
Other pension costs	15,595	5,358
	<u>1,453,185</u>	<u>1,256,609</u>

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Emoluments receivable	214,574	146,009
Value of company pension contributions to money purchase schemes	<u>10,810</u>	<u>1,149</u>
	<u>225,384</u>	<u>147,158</u>

Emoluments of highest paid director.

	2007	2006
	£	£
Total emoluments (excluding pension contributions)	37,000	—
Value of company pension contributions to money purchase schemes	<u>10,000</u>	<u>—</u>
	<u>47,000</u>	<u>—</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

4. Directors' emoluments (continued)

The number of directors on whose behalf the company made pension contributions was as follows

	2007 No	2006 No
Money purchase schemes	<u>2</u>	<u>2</u>

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
UK Corporation tax	4,870	-
Deferred tax		
Origination and reversal of timing differences	(2,062)	-
Tax on profit on ordinary activities	<u>2,808</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>445,575</u>	<u>401,674</u>
Profit on ordinary activities by rate of tax	84,659	120,502
Effects of		
Capital allowances for period in excess of depreciation	(1,198)	4,977
Utilisation of tax losses	(26,760)	-
Unrelieved tax losses	-	85,846
Income not taxable	-	(211,325)
Group relief claimed	(51,831)	-
Total current tax (note 5(a))	<u>4,870</u>	<u>-</u>

6. Stocks

	2007 £	2006 £
Stock	<u>1,245,123</u>	<u>936,358</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

7. Debtors

	2007 £	2006 £
Trade debtors	1,590,744	1,504,480
Amounts owed by group undertakings	211,324	1
Amounts due from participating interests	218	-
VAT recoverable	84,456	153,662
Other debtors	3,269	711,383
Prepayments and accrued income	34,467	28,825
Deferred taxation (note 8)	2,062	-
	<u>1,926,540</u>	<u>2,398,351</u>

8. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 7)	<u>2,062</u>	<u>-</u>

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Profit and loss account movement arising during the year	<u>2,062</u>	<u>-</u>
At 30 April 2007	<u>2,062</u>	<u>-</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of depreciation over taxation allowances	<u>2,062</u>	<u>-</u>
	<u>2,062</u>	<u>-</u>

9. Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	2,062,224	2,604,221
Amounts owed to group undertakings	-	230,111
Corporation tax	4,870	-
PAYE and social security	33,336	28,483
Accruals and deferred income	227,246	70,646
	<u>2,327,676</u>	<u>2,933,461</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2007 £	2006 £
	<u>-</u>	<u>154,712</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

10. Related party transactions

During the year, the company paid management charges of £571,000 (2006 - £444,000) to H O Short & Son Limited. At the balance sheet date, the company was owed £211,324 by H O Short & Son Limited (2006 - the company owed H O Short & Son Limited £230,111).

During the year, the company made sales of £23,870 to its fellow group company, Cereal Foods (USA) LLC, there were no balances outstanding as at the year end.

During the year, the company made sales of £13,854 to its fellow group company, Hi-Sol Limited. At the balance sheet date, the company was owed £218 by Hi-Sol Limited.

11. Share capital

Authorised share capital:

	2007 £	2006 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

12. Profit and loss account

	2007 £	2006 £
Balance brought forward	401,674	—
Profit for the financial year	442,767	401,674
Balance carried forward	<u>844,441</u>	<u>401,674</u>

13. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	442,767	401,674
Opening shareholders' funds	401,675	1
Closing shareholders' funds	<u>844,442</u>	<u>401,675</u>

14. Notes to the statement of cash flows

Reconciliation of net cash flow to movement in net funds

	2007 £	2006 £
Increase in cash in the period	<u>28</u>	<u>427</u>
Movement in net funds in the period	<u>28</u>	<u>427</u>
Net funds at 1 May 2006	427	—
Net funds at 30 April 2007	<u>455</u>	<u>427</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 APRIL 2007

14 Notes to the statement of cash flows *(continued)*

Analysis of changes in net funds

	At 1 May 2006 £	Cash flows £	At 30 April 2007 £
Net cash			
Cash in hand and at bank	427	28	455
Net funds	<u>427</u>	<u>28</u>	<u>455</u>

15. Ultimate parent company

The ultimate parent company, and ultimate controlling party, is H O Short & Son Limited, a company incorporated in the United Kingdom