

SILVERY TWEED CEREALS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2013

Company Registration Number 3934026

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COMPANIES HOUSE

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

SILVERY TWEED CEREALS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

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SILVERY TWEED CEREALS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 APRIL 2013

The board of directors	Mr R S Gladstone Mr M Topley Mr A J Tullis Mr M A Mole
Company secretary	Mrs L Douglas
Business address	Tweedside Trading Estate Tweedmouth Berwick-upon-Tweed TD15 2XF
Registered office	Tweedside Trading Estate Tweedmouth Berwick-upon-Tweed TD15 2XF
Auditor	RSM Tenon Audit Limited Tenon House Ferryboat Lane Sunderland SR5 3JN
Accountants	RSM Tenon Limited Accountants and Business Advisers Tenon House Ferryboat Lane Sunderland SR5 3JN
Bankers	Yorkshire Bank Plc 29 Pilgrim Street Newcastle upon Tyne NE1 6RL

SILVERY TWEED CEREALS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2013

The directors present their report and the financial statements of the company for the year ended 30 April 2013

Principal activities and business review

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

During the year, turnover increased to £16,243,738 (2012 £15,109,712) Gross profit and operating profit remain consistent

The directors are pleased with the improvement in performance compared to the previous financial year, which they are confident will continue in to the 2013/14 financial year

Results and dividends

The profit for the year amounted to £376,216 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,

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

Research and development

New product development increased during the year and directly contributed to the increase in sales Silvery Tweed's New Product Development programme is concentrated on the cereal, seed, blending and coating markets and working closely with our customers we will continue to develop world class ingredients

Further investment in NPD will ensure that we increase our ability to bring commercial and innovative new products to our customers

Directors

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

Mr R S Gladstone
Mr M Topley
Mr A J Tullis
Mr M A Mole

SILVERY TWEED CEREALS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2013

Directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

During the year the company made the following contributions

	2013	2012
	£	£
Charitable	905	1,073

SILVERY TWEED CEREALS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2013

Signed on behalf of the directors



R S Gladstone

Director

Approved by the directors on 30 September 2013

SILVERY TWEED CEREALS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVERY
TWEED CEREALS LIMITED
YEAR ENDED 30 APRIL 2013

We have audited the financial statements of Silvery Tweed Cereals Limited for the year ended 30 April 2013 on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 an 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SILVERY TWEED CEREALS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVERY
TWEED CEREALS LIMITED *(continued)*

YEAR ENDED 30 APRIL 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Kevin Rooney, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

30 September 2013

SILVERY TWEED CEREALS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 APRIL 2013

	Note	2013 £	2012 (restated) £
Turnover	2	16,243,738	15,109,712
Cost of sales		(13,563,581)	(12,692,276)
Gross profit		<u>2,680,157</u>	<u>2,417,436</u>
Distribution costs		(1,048,637)	(1,235,058)
Administrative expenses		(1,281,534)	(1,173,236)
Operating profit	3	<u>349,986</u>	<u>9,142</u>
Interest receivable		35	—
Profit on ordinary activities before taxation		<u>350,021</u>	<u>9,142</u>
Tax on profit on ordinary activities	6	26,195	(34,372)
Profit/(loss) for the financial year		<u>376,216</u>	<u>(25,230)</u>

All of the activities of the company are classed as continuing

The notes on pages 10 to 17 form part of these financial statements

SILVERY TWEED CEREALS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 APRIL 2013

	2013	<i>2012</i> <i>(restated)</i>
	£	£
Profit/(loss) for the financial year Attributable to the shareholders	376,216	(25,230)
Total recognised gains and losses relating to the year	<u>376,216</u>	<u>(25,230)</u>
Prior year adjustment (see note 7)	(145,781)	—
Total gains and losses recognised since the last annual report	<u>230,435</u>	<u>(25,230)</u>

The notes on pages 10 to 17 form part of these financial statements

SILVERY TWEED CEREALS LIMITED

Registered Number 3934026

BALANCE SHEET**30 APRIL 2013**

		2013		2012 (restated)	
	Note	£	£	£	£
Fixed assets					
Intangible assets	8		330,585		330,585
Current assets					
Stocks	9	1,085,320		784,828	
Debtors	10	3,969,355		2,907,977	
Cash at bank and in hand		106,202		8,867	
		5,160,877		3,701,672	
Creditors: Amounts falling due within one year	12	(3,931,346)		(2,848,357)	
Net current assets			1,229,531		853,315
Total assets less current liabilities			<u>1,560,116</u>		<u>1,183,900</u>
Capital and reserves					
Called-up share capital	16		1		1
Profit and loss account	17		1,560,115		1,183,899
Shareholders' funds	18		<u>1,560,116</u>		<u>1,183,900</u>

These financial statements were approved by the directors and authorised for issue on 30 September 2013, and are signed on their behalf by



R S Gladstone
Director

The notes on pages 10 to 17 form part of these financial statements

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

1 Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover shown within the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, and is recognised upon despatch of goods

Research and development expenditure

Expenditure on pure and applied research is charged to the profit and loss account during the year in which it is incurred

Development expenditure incurred on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged from commencement of full commercial production over the lesser of the life of the project or three years

Development expenditure is reviewed on a regular basis for impairment, and provisions are made to write down the carrying value to the recoverable amount where performance has not been deemed by the directors to meet expectations

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 selling price less an adjustment for estimated profit, as in the opinion of the directors this is not materially different from a valuation based on the lower of cost and net realisable value, and is the only practical method available to arrive at a figure which approximates the lower of cost and net realisable value

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

1. Accounting policies *(continued)*

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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 as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument.

Non-discretionary dividends payable are disclosed within interest in the company's profit and loss account.

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2013	2012 <i>(restated)</i>
	£	£
United Kingdom	15,648,107	14,971,303
Europe	575,735	127,316
Rest of world	19,896	11,093
	<u>16,243,738</u>	<u>15,109,712</u>

3 Operating profit

Operating profit is stated after charging

	2013	2012 <i>(restated)</i>
	£	£
Auditors remuneration	9,500	9,500
Operating lease costs		
-Plant and machinery	<u>60,623</u>	<u>48,500</u>

4 Particulars of employees

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

	2013	2012 <i>(restated)</i>
	No	No
Number of production staff	54	57
Number of distribution staff	2	2
Number of administrative staff	10	9
	<u>66</u>	<u>68</u>

The aggregate payroll costs of the above were

	2013	2012 <i>(restated)</i>
	£	£
Wages and salaries	1,584,342	1,519,740
Social security costs	151,879	147,232
Other pension costs	6,727	7,828
	<u>1,742,948</u>	<u>1,674,800</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

5 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2013	2012 <i>(restated)</i>
	£	£
Remuneration receivable	286,667	240,197
Value of company pension contributions to money purchase schemes	<u>1,988</u>	<u>1,950</u>
	<u>288,655</u>	<u>242,147</u>

Remuneration of highest paid director:

	2013	2012 <i>(restated)</i>
	£	£
Total remuneration (excluding pension contributions)	<u>75,000</u>	<u>70,000</u>

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

	2013	2012 <i>(restated)</i>
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013	2012 <i>(restated)</i>
	£	£
In respect of the year		
UK Corporation tax	8,058	34,894
Over/under provision in prior year	<u>(34,894)</u>	<u>-</u>
	(26,836)	34,894
Deferred tax		
Origination and reversal of timing differences	<u>641</u>	<u>(522)</u>
Total deferred tax (note 11)	641	(522)
Tax on profit on ordinary activities	<u>(26,195)</u>	<u>34,372</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

6 Taxation on ordinary activities (continued)

(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 20% (2012 - 25.84%)

	2013	2012 (restated)
	£	£
Profit on ordinary activities before taxation	<u>350,021</u>	<u>9,142</u>
Profit on ordinary activities by rate of tax	70,004	2,362
Effects of		
Expenses not deductible for tax purposes	341	328
Capital allowances for period in excess of depreciation	(240)	(426)
Utilisation of tax losses	(17,340)	-
Tax chargeable at lower rates	-	(5,040)
Adjustments to tax charge in respect of previous periods	(34,894)	37,670
Deduction for R&D expenditure	<u>(44,707)</u>	<u>-</u>
Total current tax (note 6(a))	<u>(26,836)</u>	<u>34,894</u>

7 Prior year adjustment

During the year a significant additional accrual was required in relation to a major contract. This related to both the current year and the previous financial year. In the opinion of the directors the prior period adjustment is required to enable the financial statements to present a true and fair view.

8 Intangible fixed assets

	Development expenditure £
Cost	
At 1 May 2012 and 30 April 2013	<u>330,585</u>
Amortisation	
At 1 May 2012 and 30 April 2013	<u>-</u>
Net book value	
At 30 April 2013	<u>330,585</u>
At 30 April 2012	<u>330,585</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

9. Stocks

	2013	2012 <i>(restated)</i>
	£	£
Raw materials	770,662	351,835
Finished goods	314,658	432,993
	<u>1,085,320</u>	<u>784,828</u>

10 Debtors

	2013	2012 <i>(restated)</i>
	£	£
Trade debtors	2,484,962	1,584,783
Amounts owed by group undertakings	1,025,655	1,091,878
Corporation tax repayable	23,224	—
VAT recoverable	53,774	52,618
Other debtors	—	7,271
Prepayments and accrued income	380,019	169,065
Deferred taxation (note 11)	1,721	2,362
	<u>3,969,355</u>	<u>2,907,977</u>

11. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2013	2012 <i>(restated)</i>
	£	£
Included in debtors (note 10)	<u>1,721</u>	<u>2,362</u>

The movement in the deferred taxation account during the year was

	2013	2012 <i>(restated)</i>
	£	£
At 1 May 2012	2,362	1,840
Profit and loss account movement arising during the year	<u>(641)</u>	<u>522</u>
At 30 April 2013	<u>1,721</u>	<u>2,362</u>

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

	2013	2012 <i>(restated)</i>
	£	£
Excess of depreciation over taxation allowances	1,091	1,597
Other timing differences	<u>630</u>	<u>765</u>
	<u>1,721</u>	<u>2,362</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

12. Creditors Amounts falling due within one year

	2013	2012 <i>(restated)</i>
	£	£
Overdrafts	1,188,827	650,188
Trade creditors	2,232,294	1,789,164
Corporation tax	—	34,894
PAYE and social security	56,322	35,805
Other creditors	171	20,795
Accruals and deferred income	453,732	317,511
	<u>3,931,346</u>	<u>2,848,357</u>

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

	2013	2012 <i>(restated)</i>
	£	£
Overdrafts	<u>1,188,827</u>	<u>650,188</u>

The bank overdraft is secured by way of a fixed and floating debenture charge granted by Silvery Tweed Cereals Limited over all of the assets of the company

13 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows

	2013	2012 <i>(restated)</i>
	£	£
Amounts repayable		
In one year or less or on demand	<u>1,188,827</u>	<u>650,188</u>

14 Commitments under operating leases

At 30 April 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Other 2013	Other 2012 <i>(restated)</i>
	£	£
Operating leases which expire		
Within 1 year	30,835	348
Within 2 to 5 years	25,852	47,487
After more than 5 years	5,698	9,200
	<u>62,385</u>	<u>57,035</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2013

15 Related party transactions

The company is a wholly owned subsidiary of H O Short & Son Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with H O Short & Son Limited and its wholly owned subsidiaries.

At 30 April 2013 the company was owed £454,335 (2012 £454,335) by a 70% owned subsidiary of H O Short & Son Limited, Cereal Foods USA LLC, a Limited Liability Company incorporated in the USA.

There exists a Cross Corporate Guarantee between Silvery Tweed Cereals Limited and H O Short & Son Limited.

16. Share capital

Allotted, called up and fully paid:

	2013		2012 <i>(restated)</i>	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

17. Profit and loss account

	2013	2012 <i>(restated)</i>
	£	£
Balance brought forward as previously reported	1,329,680	1,209,129
Prior year adjustment (see note 7)	(145,781)	—
Balance brought forward restated	1,183,899	1,209,129
Profit/(loss) for the financial year	376,216	(25,230)
Balance carried forward	<u>1,560,115</u>	<u>1,183,899</u>

18 Reconciliation of movements in shareholders' funds

	2013	2012 <i>(restated)</i>
	£	£
Profit/(loss) for the financial year	376,216	(25,230)
Opening shareholders' funds	1,329,681	1,209,130
Prior year adjustment (see note 7)	(145,781)	—
Closing shareholders' funds	<u>1,560,116</u>	<u>1,183,900</u>

19 Ultimate parent company and controlling party

The ultimate parent company is H O Short & Son Limited, a company incorporated in the United Kingdom. The consolidated financial statements of H O Short & Son Limited can be obtained from Companies House.

In the opinion of the directors H O Short & Son Limited is not controlled by any single party.