

SILVERY TWEED CEREALS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2014

Company Registration Number 03934026



Baker Tilly Tax and Accounting Limited

Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

SILVERY TWEED CEREALS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

CONTENTS	PAGES
Officers and professional advisers	1
Strategic report	2
Directors' report	3 to 4
Independent auditor's report to the members	5 to 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10 to 17

SILVERY TWEED CEREALS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 APRIL 2014

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

Baker Tilly UK Audit LLP
Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

Accountants

Baker Tilly Tax and Accounting Limited
Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

Bankers

Yorkshire Bank Plc
29 Pilgrim Street
Newcastle upon Tyne
NE1 6RL

SILVERY TWEED CEREALS LIMITED

STRATEGIC REPORT

YEAR ENDED 30 APRIL 2014

Principal activities & business review

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

During the year, turnover increased to £19,935,189 (2013: £16,243,738). Gross profit and operating profit have experienced an improvement when considering these indicators before exceptional items of £454,334. This amount relates to the forgiveness of the intercompany balance with Cereal Foods USA LLC during the year.

The directors are pleased with the improvement in performance compared to the previous financial year, which they are confident will continue in to the 2014/15 financial year.

Financial risk management objectives & 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.

Signed on behalf of the directors



R S Gladstone
Director

Approved by the directors on 13 November 2014

SILVERY TWEED CEREALS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2014

The directors present their report and the financial statements of the company for the year ended 30 April 2014.

Results and dividends

The profit for the year, after taxation, amounted to £137,764. The directors have not recommended a dividend.

The profit for the year arose after exceptional expenses of £454,334 were incurred in the year. Further detail on these costs are given in note 3 to the financial statements.

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

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 these 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.

SILVERY TWEED CEREALS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2014

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's 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:

	2014	2013
	£	£
Charitable	<u>2,942</u>	<u>905</u>

Strategic report

Details of the company's principal activities, business review and financial risk management objectives and policies are included within the Strategic Report.

Auditor

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed on behalf of the directors



R S Gladstone

Director

Approved by the directors on 13 November 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVERY TWEED CEREALS LIMITED

We have audited the financial statements of Silvery Tweed Cereals Limited for the year ended 30 April 2014 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 pages 3 to 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

17 November 2014

SILVERY TWEED CEREALS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2014

	Note	2014 £	2013 £
Turnover	2	19,935,189	16,243,738
Cost of sales		(16,531,323)	(13,563,581)
Gross profit		<u>3,403,866</u>	<u>2,680,157</u>
Distribution costs		(1,254,902)	(1,048,637)
Administrative expenses		(1,896,091)	(1,281,534)
Operating profit	3	<u>252,873</u>	<u>349,986</u>
Attributable to:			
Operating profit before exceptional items		707,207	349,986
Exceptional items	3	(454,334)	—
		<u>252,873</u>	<u>349,986</u>
Interest receivable		—	35
Profit on ordinary activities before taxation		<u>252,873</u>	<u>350,021</u>
Tax on profit on ordinary activities	6	(115,109)	26,195
Profit for the financial year		<u><u>137,764</u></u>	<u><u>376,216</u></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 2014

	2014 £	2013 £
Profit for the financial year Attributable to the shareholders	137,764	376,216
Total recognised gains and losses relating to the year	<u>137,764</u>	<u>376,216</u>
Prior year adjustment	<u>–</u>	<u>(145,781)</u>
Total gains and losses recognised since the last annual report	<u><u>137,764</u></u>	<u><u>230,435</u></u>

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

SILVERY TWEED CEREALS LIMITED*Registered Number 03934026***BALANCE SHEET****30 APRIL 2014**

		2014	2013
	Note	£	£
Fixed assets			
Intangible assets	7	330,585	330,585
Current assets			
Stocks	8	1,730,481	1,085,320
Debtors	9	3,199,819	3,969,355
Cash at bank and in hand		176,295	106,202
		<u>5,106,595</u>	<u>5,160,877</u>
Creditors: Amounts falling due within one year	11	<u>(3,739,300)</u>	<u>(3,931,346)</u>
Net current assets		1,367,295	1,229,531
Total assets less current liabilities		<u>1,697,880</u>	<u>1,560,116</u>
Capital and reserves			
Called-up share capital	15	1	1
Profit and loss account	16	1,697,879	1,560,115
Shareholders' funds	17	<u>1,697,880</u>	<u>1,560,116</u>

These accounts were approved by the directors and authorised for issue on 13 November 2014, 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 2014

1. Accounting policies

Basis of accounting

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

Going concern

Given the positive trends in trading, the Directors consider the company has adequate resources available to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

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.

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

1. Accounting policies (continued)

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.

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 2014

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:

	2014	2013
	£	£
United Kingdom	18,359,180	15,648,107
Europe	1,552,844	575,735
Rest of world	23,165	19,896
	<u>19,935,189</u>	<u>16,243,738</u>

3. Operating profit

Operating profit is stated after charging:

	2014	2013
	£	£
Auditors remuneration	9,700	9,500
Operating lease costs:		
-Plant and machinery	67,774	60,623
Exceptional administrative expenses	<u>454,334</u>	<u>—</u>

Exceptional costs of £454,334 have arisen as a result of the forgiveness of the intercompany loan to Cereal Foods USA LLC during the year.

4. Particulars of employees

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

	2014	2013
	No	No
Number of production staff	60	54
Number of distribution staff	2	2
Number of administrative staff	8	10
	<u>70</u>	<u>66</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	1,771,533	1,584,342
Social security costs	170,480	151,879
Other pension costs	6,137	6,727
	<u>1,948,150</u>	<u>1,742,948</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	351,592	286,667
Value of company pension contributions to money purchase schemes	<u>2,100</u>	<u>1,988</u>
	<u>353,692</u>	<u>288,655</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Total remuneration (excluding pension contributions)	<u>95,398</u>	<u>75,000</u>

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

	2014	2013
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014		2013	
	£	£	£	£
In respect of the year:				
UK Corporation tax	112,175		8,058	
Over/under provision in prior year	<u>2,738</u>		<u>(34,894)</u>	
	114,913		(26,836)	
Deferred tax:				
Origination and reversal of timing differences	<u>196</u>		<u>641</u>	
Total deferred tax (note 10)		<u>196</u>		<u>641</u>
Tax on profit on ordinary activities		<u>115,109</u>		<u>(26,195)</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

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 higher than the standard rate of corporation tax in the UK of 22.84% (2013 - 20%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>252,873</u>	<u>350,021</u>
Profit on ordinary activities by rate of tax	57,756	70,004
Effects of:		
Expenses not deductible for tax purposes	103,996	341
Capital allowances for period in excess of depreciation	(224)	(240)
Utilisation of tax losses	-	(17,340)
Adjustments to tax charge in respect of previous periods	2,738	(34,894)
Rounding on tax charge	(11)	-
Group relief claimed	(4,746)	-
Deduction for R&D expenditure	(42,817)	(44,707)
Marginal rate relief	(1,779)	-
Total current tax (note 6(a))	<u>114,913</u>	<u>(26,836)</u>

7. Intangible fixed assets

	Development expenditure
	£
Cost	
At 1 May 2013 and 30 April 2014	<u>330,585</u>
Amortisation	
At 1 May 2013 and 30 April 2014	<u>-</u>
Net book value	
At 30 April 2014	<u>330,585</u>
At 30 April 2013	<u>330,585</u>

8. Stocks

	2014	2013
	£	£
Raw materials	1,002,088	770,662
Finished goods	728,393	314,658
	<u>1,730,481</u>	<u>1,085,320</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

9. Debtors

	2014	2013
	£	£
Trade debtors	2,205,766	2,484,962
Amounts owed by group undertakings	612,037	1,025,655
Corporation tax repayable	–	23,224
VAT recoverable	87,095	53,774
Prepayments and accrued income	293,396	380,019
Deferred taxation (note 10)	1,525	1,721
	<u>3,199,819</u>	<u>3,969,355</u>

10. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2014	2013
	£	£
Included in debtors (note 9)	<u>1,525</u>	<u>1,721</u>

The movement in the deferred taxation account during the year was:

	2014	2013
	£	£
At 1 May 2013	1,721	2,362
Profit and loss account movement arising during the year	<u>(196)</u>	<u>(641)</u>
At 30 April 2014	<u>1,525</u>	<u>1,721</u>

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

	2014	2013
	£	£
Excess of depreciation over taxation allowances	895	1,091
Other timing differences	<u>630</u>	<u>630</u>
	<u>1,525</u>	<u>1,721</u>

11. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Overdrafts	1,048,590	1,188,827
Trade creditors	2,116,197	2,232,294
Corporation tax	112,175	–
PAYE and social security	52,889	56,322
Other creditors	35,742	171
Accruals and deferred income	373,707	453,732
	<u>3,739,300</u>	<u>3,931,346</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

11. Creditors: Amounts falling due within one year (continued)

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

	2014	2013
	£	£
Overdrafts	<u>1,048,590</u>	<u>1,188,827</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.

12. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2014	2013
	£	£
Amounts repayable:		
In one year or less or on demand	<u>1,048,590</u>	<u>1,188,827</u>

13. Commitments under operating leases

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Other 2014 £	Other 2013 £
Operating leases which expire:		
Within 1 year	-	30,835
Within 2 to 5 years	31,271	25,852
After more than 5 years	-	5,698
	<u>31,271</u>	<u>62,385</u>

14. 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.

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

15. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

SILVERY TWEED CEREALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2014

16. Profit and loss account

	2014	2013
	£	£
Balance brought forward as previously reported	1,560,115	1,329,680
Prior year adjustment	—	(145,781)
Balance brought forward restated	1,560,115	1,183,899
Profit for the financial year	137,764	376,216
Balance carried forward	<u>1,697,879</u>	<u>1,560,115</u>

17. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	137,764	376,216
Opening shareholders' funds	1,560,116	1,329,681
Prior year adjustment	—	(145,781)
Closing shareholders' funds	<u>1,697,880</u>	<u>1,560,116</u>

18. 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.