W. Jordan (Cereals) Limited

Report and Financial Statements

29 February 2008

Registered No: 1545794

Directors
W J Jordan
R D Jordan
W R Warburton
J W Sutcliffe
R A Hitchings
E C Olphin
P Baker
K Smithson
K Frestle

Secretary
B Weimann

Auditors
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Registered office
Holme Mills
Biggleswade
Bedfordshire
SG18 9JY

Directors' report

The directors present their report and financial statements for the year ended 29 February 2008.

Results and dividends

The profit for the year amounted to £4,396,135 (2007:£3,320,826). The directors recommend an ordinary dividend amounting to £874,000 (2007: £707,000). This dividend will be paid in the 2009 financial year.

Principal activities and review of the business

The principal activity of the company during the year continued to be that of the manufacture of cereal products.

The company's key financial and other performance indicators during the year were as follows:

	2008	**2007**	**%**
	£	**£**	**change**
Turnover	70,856,720	70,515,838	+0.5%
Operating profit before exceptional items	6,620,852	5,224,501	+26.7%
Profit before taxation	6,522,676	4,834,818	+34.9%
Profit after taxation	4,396,135	3,320,826	+32.4%
Average Number of employees	336	335	+0.3%
Days sales in debtors	61.56	63.51	-3.1%
Days sales in stock	34.09	29.46	+15.7%
Days sales in accounts payable	(60.18)	(56.43)	+6.6%
Days sales in working capital	35.48	36.54	-2.9%
Current assets in relation to current liabilities	1.57	1.68	-6.5%

The directors are pleased to report the increase in turnover in the year. The United Kingdom business has declined by almost 1.4% with International markets growing by 7% which is reflective of the competitive nature of the markets operated in. The United Kingdom market continues to be highly competitive with new entrants gaining footholds into categories within which the company operates. Internationally the business in France, Canada and Benelux region have shown good growth. The directors are optimistic about the results for 2009 with growth anticipated to occur.

Profits in the current year have been affected by favourable foreign exchange rates, reduced sales promotion activity (hence reduced costs) and increased focus on overhead cost management. In the later part of the year the company has experienced significant price pressure on certain raw materials (particularly; cereal grains and cooking oil). The directors are optimistic about managing the impact of these price pressures as well as returning the business in the UK to growth. The directors expect the profit for the new financial year to be lower than that achieved in the year under review.

Working capital management continues to improve and has seen a slight reduction from 36.54 days sales to 35.48 days.

The company's "acid test" ratio has remained within target range and continues to be an area of focus for the business.

Directors' report

Review of the business (continued)
On the capital investment aspect of the business the current year saw a return to a medium investment level. Capital expenditure for the year was £2,279,837. The directors anticipate that the 2009 financial year will be a year of substantial investment.

The company has made good use of the cash generated from operations and long-term loan funding has reduced by £2,500,000 more than was scheduled. In addition in March 2008 the company has made a further non-scheduled loan repayment of £913,500 against the revolving credit facility.

Sustainability is fundamental to the company. It underpins the company's brand values and its supply chain and is the key to its continued financial success. One of the company's unique attributes is its intimate connection with the land, the countryside and sustainable farming. This is backed by a deep commitment to high quality natural ingredients, such as Conservation Grade raw materials and is underpinned by a strict policy of only using ingredients with no artificial colourings, flavourings or preservatives. These high standards require the company to continuously review, challenge and alter the way in which it operates, in order to ensure that it minimises its environmental impact and, wherever possible, work within a strongly positive environmental footprint. This is evident in areas such as packaging, where 90% of the carton board we use comes from recycled material; and biodiversity conservation, where the Conservation Grade farming protocol has now been rolled out on over 60,000 acres of British countryside, leading to significant gains in biodiversity.

Principal risks and uncertainties
The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative or regulatory and financial instrument risk.

Competitive Risks
In the UK, particularly, the company is reliant on continued product listings with the major food retailing companies. These listings are reviewed periodically by the retailers and renewal of these listings, which are based on financial and performance criteria determined by the retailer, is uncertain.

Legislative and Regulatory Risks
All products manufactured are subject to UK as well as local, where sold outside of the UK, legislative or regulatory requirements surrounding food production, packaging requirement, and food safety standards. In addition the company is subject to Health & Safety legislation. Compliance with these legislative and or regulatory requirements is reported to senior management and to the board on a regular basis. Compliance imposes costs on the business and failure to comply with these requirements could materially affect the performance of the company.

Financial instrument risk
The company has an established risk and financial management framework. The primary objectives of this framework are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives of the framework are to limit any undue exposure, ensure adequate working capital exists and to monitor the management of risk at the board level.

- Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments or material receipts as may be considered necessary. In order to reduce the exposure to foreign currencies, wherever possible the company makes use of natural hedging by buying and selling products in foreign currency.

- Exposure to price, credit, liquidity and cash flow risk

Price risk arises because of changes in, for example, commodity prices as a result of increased demand for commodities or ingredients (including energy and fuel), crop failure or political intervention in foreign market places. This is managed by the company through the negotiation of contracts in advance of requirements as well as, where possible, making use of alternate suppliers.

Directors' report

Principal risks and uncertainties (continued)
Credit risk is the risk that one party to a financial instrument will cause financial loss for that other party by failing to discharge an obligation. Policies employed by the company seek to reduce this risk and require that credit is only granted to customers who satisfy credit worthiness procedures and or demonstrate an appropriate payment history. Details of the company's debtors are shown in note 11 to the financial statements.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate this risk by managing cash generation by its operations through applying targets around working capital. The company also utilises revolving credit facilities and long term loans to manage liquidity risk.

Cash flow risk is the risk of exposure to short term variability in cash flows that could be attributable to any seasonality of the business, capital expenditure requirements, or loan repayments. This risk is managed through agreed bank overdraft facilities as well as available revolving credit facilities. The aim of the company is that over the course of a financial year the cash generated from operations should cover the capital expenditure, working capital, financing and taxation needs of the business. This continues to be the case.

Future developments
The directors aim to maintain the management policies which have seen the company grow in turnover in recent years. They consider that the business will show growth over the forthcoming financial year.

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

W J Jordan
R D Jordan
W R Warburton
R A Hitchings
E C Olphin
P Baker
K Smithson
K Frestle (appointed 23 May 2007)
J W Sutcliffe (appointed 13 September 2007)

Directors' and officers' indemnity insurance
The company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company and of any subsidiary, associate or joint venture. This cover, together with that taken out by certain subsidiaries, where relevant, indemnifies all employees of the group who serve on the boards of all subsidiaries, associates and joint ventures. These indemnity policies subsisted throughout the year and remain in place at the date of this report.

Disabled employees
It is the company's policy to give full consideration to application for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirement of the job. Training and career development and promotion of disabled persons is as far as possible identical to that of other employees.

The services of existing employees who become disabled are retained wherever practical in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' report

Employee involvement

The company operates its own programme to inform and involve its employees in the company's operations and business objectives. This programme complies with the requirements of the Information and Consultation of Employees Regulation 2004. During the year the policy of providing employees with information about the company has been continued though the quarterly newsletter 'Jordans Serial' and the quarterly 'State of the Nation' addresses by the senior management group. In addition meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's profit sharing schemes.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of the information.

Donations

During the year the company made no political or charitable donations.

Events after the balance sheet date

In March 2008 the company made a further non scheduled loan repayment of £913,500 against the revolving credit facility.

On the 2 June 2008 the company made an announcement that it is planning to merge with The Ryvita Company Limited with effect from 1 September 2008. With effect from that date Associated British Foods PLC will become the ultimate parent undertaking as well as the controlling party.

By order of the board

B Weimann
Company Secretary

11 July 2008

Statement of 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 at the end of the year and of the company's profit or loss for the year then ended. In preparing those 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

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.

Independent auditors' report
to the members of W. Jordan (Cereals) Limited

We have audited the company's financial statements for the year ended 29 February 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of 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 the 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 an 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report

to the members of W. Jordan (Cereals) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 29 February 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton

11 July 2008

Profit and loss account

for the year ended 29 February 2008

	Notes	2008 £	2007 £
Turnover	2	70,856,720	70,515,838
Cost of sales		47,817,179	49,467,505
Gross profit		23,039,541	21,048,333
Distribution costs		12,074,020	11,964,755
Administrative expenses		4,344,669	3,859,077
Operating profit	3	6,620,852	5,224,501
Profit on disposal of fixed assets		79,287	–
Interest receivable	6	113,905	60,928
Interest payable and similar charges	6	(291,368)	(450,611)
Profit on ordinary activities before taxation		6,522,676	4,834,818
Tax on profit on ordinary activities	7	2,126,541	1,513,992
Profit for the financial year		4,396,135	3,320,826

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £4,396,135 attributable to the shareholders for the year ended 29 February 2008 (2007 – profit of £3,320,826).

Balance sheet
at 29 February 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	8	13,157,203	13,576,467
Investments	9	5,345	5,345
		13,162,548	13,581,812
Current assets			
Stocks	10	6,618,322	5,691,303
Debtors:	11		
Amounts falling due after one year		–	43,599
Amounts falling due within one year		13,041,823	13,018,550
Cash at bank and in hand		4,606,558	3,741,975
		24,266,703	22,495,427
Creditors: amounts falling due within one year	12	15,476,584	13,383,483
Net current assets		8,790,119	9,111,944
Total assets less current liabilities		21,952,667	22,693,756
Creditors: amounts falling due after more than one year	13	–	4,413,500
Provision for liabilities : Deferred taxation	7	367,288	384,012
		21,585,379	17,896,244
Capital and reserves			
Called up share capital	19	3,092,784	3,092,784
Share premium	20	849,901	849,901
Profit and loss account	20	17,642,694	13,953,559
Equity shareholders' funds	20	21,585,379	17,896,244

On behalf of the board

W J Jordan
Director

R A Hitchings
Director

11 July 2008

Notes to the financial statements

at 29 February 2008

1. Accounting policies

Basis of preparation

The financial statements of W.Jordan (Cereals) Limited were approved for issue by the Board of Directors on 11 JULY 2008.

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

The accounts present information about the company as an individual undertaking and not about its group as permitted by Section 228 of the Companies Act 1985.

Cash flow statement

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

Related parties transactions

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 8 by not disclosing transactions with entities of the group qualifying as related parties. The ultimate parent undertaking, which is also the parent for the smallest and the largest group of undertakings for which the group financial statements are drawn up and of which the company is a member is W. Jordan and Son (Silo) Limited. Copies of the group financial statements are available from the company's registered office.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property	-	5% on written down value
Plant and machinery	-	20% on written down value
Fixtures and fittings	-	between 20% and 30% on written down value
Motor vehicles	-	25% on written down value

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 29 February 2008

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 will result in an obligation to pay more, or a right to pay less or to receive more, tax, in the future have occurred.

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.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

All differences are taken to the profit and loss account.

Investments

Investments are accounted for at cost less provision for diminution in value.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at fair value of the consideration received, net of trade discounts, VAT and other sales taxes or duty.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company contributes to a company money purchase personal pension plan for the benefit of employees. Contributions are charged in the profit and loss account as they become due in accordance with the rules of the scheme.

Research and development

Research and development expenditure is written off in the financial year in which it is incurred.

Notes to the financial statements
at 29 February 2008

2. Turnover
Turnover is attributable to one continuing activity, the manufacture of cereal products and is stated net of value added tax and trade discounts.

An analysis of turnover by geographical market is given below:

	2008 £	*2007* £
United Kingdom	54,427,063	55,177,926
Europe	14,790,185	13,737,127
Other	1,639,472	1,600,785
	70,856,720	70,515,838

3. Operating profit
This is stated after charging/ (crediting):

		2008 £	*2007* £
Auditors' remuneration	- audit of the financial statements	32,650	38,851
	- taxation services	29,780	15,450
Depreciation and scrapping of owned fixed assets		2,529,997	2,440,277
Foreign exchange gain		(920,639)	(942)
Operating lease rentals	- land and buildings	1,075,103	1,161,182
	- plant and machinery	270,907	358,518

4. Staff costs

	2008 £	*2007* £
Wages and salaries	11,291,717	10,825,437
Social security costs	1,191,528	1,127,672
Staff pension contributions (note 15)	320,204	301,883
	12,803,449	12,254,992

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

	2008 *No.*	*2007* *No.*
Production staff	255	254
Distribution staff	2	2
Administrative staff	79	79
	336	335

Notes to the financial statements
at 29 February 2008

5. Directors' emoluments

	2008 £	*2007* £
Emoluments	1,037,854	661,859
Amounts receivable under Long Term Incentive Plans	413,659	247,210
Total Directors' Emoluments	1,451,513	909,069
Value of company pension contributions to money purchase schemes	128,504	112,920

	2008 *No.*	*2007* *No.*
Members of money purchase pension schemes	6	5

The amounts in respect of the highest paid director are as follows:

	2008 £	*2007* £
Emoluments	230,247	157,858
Amounts receivable by directors under Long Term Incentive Plans	206,830	123,605
Emoluments	437,077	281,463
Value of company pension contributions to money purchase schemes	28,980	33,110

6. Interest (payable)/ receivable

	2008 £	*2007* £
Bank interest receivable	111,935	55,369
Other interest receivable	1,970	5,559
Interest receivable	113,905	60,928
Bank interest payable and similar charges	(291,368)	(450,611)

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities
The tax charge is made up as follows:

	2008 £	*2007* £
Current tax:		
UK corporation tax	2,109,017	1,687,585
Tax underprovided in previous years	34,248	14,493
Total current tax (note7(b))	2,143,265	1,702,078
Deferred tax:		
Origination and reversal of timing differences (note 7(c))	(16,724)	(188,086)
Tax on profit on ordinary activities	2,126,541	1,513,992

Notes to the financial statements

at 29 February 2008

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of Corporation tax in the UK of 30% (2007: 30%). The differences are reconciled below:

	2008 £	*2007* £
Profit on ordinary activities before tax	6,522,676	4,834,818
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2007 - 30%)	1,956,803	1,450,445
Disallowed expenses and non-taxable income	25,742	85,184
Capital allowances in excess of depreciation	4,421	(16,808)
Other timing differences	122,051	168,764
Tax under provided in previous years	34,248	14,493
Total current tax (note 7(a))	2,143,265	1,702,078

(c) Deferred tax

The deferred tax liability included in the balance sheet is as follows:

	2008 £	*2007* £
Capital allowances in advance of depreciation	769,456	695,793
Other timing differences	(402,168)	(311,781)
Deferred tax liability	367,288	384,012

The movement in deferred tax liability during the year is as follows:

	£
At 1 March 2007	384,012
Deferred tax credit in the profit and loss account (note7(a))	(16,724)
At 29 February 2008	367,288

There are no material unprovided deferred tax assets or liabilities.

Notes to the financial statements
at 29 February 2008

8. Tangible fixed assets

	Freehold properties £	*Plant and machinery* £	*Fixtures and fittings* £	*Motor vehicles* £	*Total* £
Cost:					
At 1 March 2007	8,073,646	26,248,182	1,945,135	90,550	36,357,513
Additions	67,921	2,025,576	178,932	7,408	2,279,837
Assets scrapped	(14,568)	(2,623,490)	–	–	(2,638,058)
Disposals	(135,543)	(640,217)	–	(8,487)	(784,247)
Reclassify	–	(9,000)	9,000	–	–
At 29 February 2008	7,991,456	25,001,051	2,133,067	89,471	35,215,045
Depreciation:					
At 1 March 2007	2,593,839	19,018,196	1,116,691	52,320	22,781,046
Provided during the year	180,714	1,908,403	261,470	11,410	2,361,997
Assets scrapped	(9,263)	(2,460,796)	–	–	(2,470,059)
Disposals	(24,130)	(584,035)	–	(6,977)	(615,142)
Reclassify	–	(1,800)	1,800	–	–
At 29 February 2008	2,741,160	17,879,968	1,379,961	56,753	22,057,842
Net book value:					
At 29 February 2008	5,250,296	7,121,083	753,106	32,718	13,157,203
At 1 March 2007	5,479,807	7,229,986	828,444	38,230	13,576,467

Included in Freehold Properties is land at £1,851,475 (2007: £1,943,877) which is not depreciated.

Notes to the financial statements
at 29 February 2008

9. Investments

	Shares in subsidiary undertakings £	*Loans to subsidiary undertaking* £	*Other fixed asset investments* £	*Total* £
Cost:				
At 1 March 2007	20,116	3,485,714	269	3,506,099
Movement in the year	–	(6,627)	–	(6,627)
At 29 February 2008	20,116	3,479,087	269	3,499,472
Amounts provided:				
At 1 March 2007	15,040	3,485,714	–	3,500,754
Movement in the year	–	(6,627)	–	(6,627)
At 29 February 2008	15,040	3,479,087	–	3,494,127
Net book value:				
At 1 March 2007 and at 29 February 2008	5,076	–	269	5,345

Shares in, and loans to, subsidiary undertakings

a) Jordan's France SARL was incorporated on 5 November 1991 in France. The company's principal activity is the marketing and distribution of cereal products within France. W. Jordan (Cereals) Limited acquired 100% of the above company's issued share capital upon its incorporation.

b) Organic & Natural Food Company Limited, a company incorporated in the UK is 80% owned by the company. This company's principle activity was the provision of retailing solutions for healthy and natural food and drink. In February 2007 the company implemented a plan to close the business of the Organic & Natural Food Company Limited. Loans provided to and shares in the Organic & Natural Food Company Limited have been written off. In the 2006 financial year the company provided guarantees to Organic & Natural Food Company Limited. These guarantees required the company to advance a further £681,477 during that year, which was fully provided for in 2006.

Other investments represent a 49% interest in the issued ordinary share in Conservation Grade Producers Limited.

10. Stocks

	2008 £	*2007* £
Raw materials	2,916,501	2,319,157
Finished goods	3,701,821	3,372,146
	6,618,322	5,691,303

Notes to the financial statements
at 29 February 2008

11. Debtors

	2008 £	*2007* £
Trade debtors	9,036,080	9,917,532
Amounts owed by group undertakings	2,915,661	2,353,233
Other debtors	513,434	314,969
Prepayments and accrued income	576,648	476,415
	13,041,823	13,062,149
Amounts falling due after more than one year included above are:		
Other debtors	-	43,599

12. Creditors: amounts falling due within one year

	2008 £	*2007* £
Current instalment due on bank loan (note 14)	1,913,500	1,000,000
Trade creditors	5,625,181	5,547,843
Corporation tax	1,326,944	883,679
Other taxation and social security	272,721	258,691
Other creditors	280,519	339,523
Accruals and deferred income	6,057,719	5,353,747
	15,476,584	13,383,483

13. Creditors: amounts falling due after more than one year

	2008 £	*2007* £
Bank loans (note 14)	–	4,413,500

14. Loans

	2008 £	*2007* £
Creditors include finance capital which is due for repayment as follows:		
In one year or less or on demand	1,913,500	1,000,000
In more than one year but not more than two years	–	4,413,500
	1,913,500	5,413,500

The bank loans and overdrafts are secured by a legal mortgage dated 14 October 1997 over land at Stratton Park, Biggleswade and by debenture dated 13 October 1997 in respect of a fixed and floating charge over all of the company's assets.

A bank loan totalling £1,000,000 is repayable on a quarterly basis with the final payment in December 2008. A Bank loan (a revolving credit facility) of £913,500 does not have any fixed instalment terms, however is repayable in full by 31 December 2008. The loans have interest at a rate linked to LIBOR plus a margin element of 0.8%.

Notes to the financial statements
at 29 February 2008

15. Pensions
The company contributes to a company personal pension plan for the benefit of the employees and directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total contributions expensed in the year amounted to £320,204 (2007: £301,883). There were outstanding contributions of £48,414 at the year end (2007 - £41,463).

16. Commitments under operating leases
At 29 February 2008 the company had annual commitments under non-cancellable operating leases as set out below:

		2008		*2007*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within one year	–	41,433	–	21,829
In two to five years	1,075,233	180,201	894,720	220,492
In over five years	–	–	147,630	–
	1,075,233	221,634	1,042,350	242,321

17. Contingent liability

The company has given an unlimited guarantee to the bankers of its parent company, W. Jordan and Son (Silo) Limited, in respect of amounts due by the parent company to its bankers. At 29 February 2008 the balance outstanding to the bankers was £nil.

18. Events after the balance sheet date

In March 2008 the company has made a further non scheduled loan repayment of £913,500 against the revolving credit facility.

On 2 June 2008 the company made an announcement that it is planning to merge with The Ryvita Company Limited with effect from 1 September 2008. With effect from that date Associated British Foods PLC will become the ultimate parent undertaking as well as the controlling party.

Notes to the financial statements
at 29 February 2008

19. Share capital

		Authorised
	2008	*2007*
	£	*£*
Ordinary shares of £1 each	4,000,000	4,000,000

		Allotted, called up and fully paid		
		2008		*2007*
	No.	*£*	*No.*	*£*
Ordinary shares of £1 each	3,092,784	3,092,784	3,092,784	3,092,784

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Share premium*	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*	*£*
At 1 March 2006	3,000,000	–	10,937,733	13,937,733
Issue of shares	92,784	849,901	–	942,685
Profit for the year	–	–	3,320,826	3,320,826
Dividends paid	–	–	(305,000)	(305,000)
At 1 March 2007	3,092,784	849,901	13,953,559	17,896,244
Profit for the year	–	–	4,396,135	4,396,135
Dividends paid	–	–	(707,000)	(707,000)
At 29 February 2008	3,092,784	849,901	17,642,694	21,585,379

The directors propose a final dividend for the year of £874,000 (2007: £707,000).

21. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £746,000 (2007: £699,000).

22. Derivatives

The company enters into forward exchange contracts to manage exposure to exchange rate volatility on future commitments. The fair value of the derivatives held at the balance sheet date, determined by reference to the market value is as follows:

	2008	*2007*
	£	*£*
Forward foreign currency contracts	(71,478)	4,524

Notes to the financial statements
at 29 February 2008

23. Related parties

During the year the company purchased goods in the normal course of business from European Oat Millers Limited, a company in which WJ Jordan MBE and RD Jordan have an interest, for £6,015,849 (2007: £5,533,458). The price charged was the normal market price in the case of each purchase. In addition the company provided management services to the value of £6,500 (2007: £6,000), marketing support of £4,539 (2007: nil) and charged rent to the value of £80,380 (2007: £161,200) to European Oat Millers Limited. At the balance sheet date the amount due to European Oat Millers Limited was £797,440 (2007: £738,450).

During the year the company incurred marketing costs to Porter & Makins Limited and its subsidiaries, a group in which WJ Jordan has an interest, for £83,733 (2007: £71,813). The price charged was the normal market price in the case of each purchase. At the balance sheet date no amount was due or payable to this related party (2007: £nil).

During the year Warburtons Limited, a company in which WR Warburton has an interest charged the company £39,600 (2007: £39,600) for the provision of Non Executive Director services.

During the year Templeco 636 Limited, a company in which P Baker has an interest charged the company £16,525 (2007: £nil) for the provision of NON Executive Director Services.

During the year the company sold land and buildings with a book value of £111,413 for consideration of £130,000 to WJ Jordan and RD Jordan. The consideration was in the directors opinion, the market value at the time of the disposal.

24. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking, which is also the parent for the smallest and the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is W. Jordan and Son (Silo) Limited. Copies of the group financial statements are available from the registered office at Holme Mills, Biggleswade, Bedfordshire, SG18 9JY. In the opinion of the directors the company's ultimate controlling party at 29 February 2008 were W J Jordan and R D Jordan.