

*Companies House*

REGISTERED NUMBER: 01789282 (England and Wales)

**EUROPEAN OAT MILLERS LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2011**

THURSDAY



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19/04/2012

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COMPANIES HOUSE

Gibbons Mannington & Phipps  
Chartered Accountants  
& Statutory Auditor  
82 High Street  
Tenterden  
Kent  
TN30 6JG

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**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

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## **EUROPEAN OAT MILLERS LIMITED**

### **COMPANY INFORMATION FOR THE YEAR ENDED 31 JULY 2011**

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**DIRECTORS:**

Mr M Z Karsan  
Mr M D Walter  
Mr W H Craig  
Mr P Baker  
Mr J Greenhalgh  
Mr W J Jordan  
Mr D Jordan

**SECRETARY:**

Mr R A Payton

**REGISTERED OFFICE:**

Mile Road  
Bedford  
Bedfordshire  
MK42 9TB

**REGISTERED NUMBER:**

01789282 (England and Wales)

**AUDITORS:**

Gibbons Mannington & Phipps  
Chartered Accountants  
& Statutory Auditor  
82 High Street  
Tenterden  
Kent  
TN30 6JG

**SOLICITORS:**

Park Woodfine Heald Mellows LLP  
1 Lurke Street  
Bedford  
Bedfordshire  
MK40 3TN

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## **EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2011**

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The directors present their report with the financial statements of the company for the year ended 31 July 2011

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the manufacture of cereals.

#### **REVIEW OF BUSINESS**

Although sales and volumes were good, market conditions were difficult which led to the business incurring a loss.

The new financial year has started well and the directors expect the business to return to profitability in 2012

The volatility of grain prices remains the biggest risk to the business, though the company manages this through entering into hedging arrangements

The company is committed to encouraging the growing of a sustainable oat crop for human consumption and works with farmers to encourage biodiversity alongside the contracting of commercial crops

#### **DIVIDENDS**

Dividends totalling £200,000 were paid on 10 October 2010.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2010 to the date of this report.

Mr M Z Karsan  
Mr M D Walter  
Mr W H Craig  
Mr P Baker

Other changes in directors holding office are as follows.

Mr J Greenhalgh , Mr W J Jordan and Mr D Jordan were appointed as directors after 31 July 2011 but prior to the date of this report.

Mr G N Chiverton ceased to be a director after 31 July 2011 but prior to the date of this report

#### **CHARITABLE CONTRIBUTIONS**

Charitable contributions made during the year were as follows

Pakistan Flood Appeal	500
Breast Cancer USA	660
Water Aid	100
Red Nose Day	2,000
	<hr/>
	3,260
	<hr/>

## **EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2011**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 period. 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,
- 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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

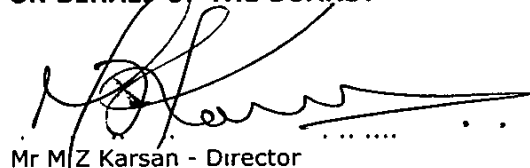
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **AUDITORS**

On 1 April 2012, Phipps & Co changed their name to Gibbons Mannington & Phipps. The Board of Management consented to treating the appointment of Phipps & Co as extending to Gibbons Mannington & Phipps

The auditors, Gibbons Mannington & Phipps, will be proposed for re-appointment at the forthcoming Annual General Meeting

#### **ON BEHALF OF THE BOARD:**



Mr M Z Karsan - Director

Date

16 April 2012

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EUROPEAN OAT MILLERS LIMITED**

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We have audited the financial statements of European Oat Millers Limited for the year ended 31 July 2011 on pages six to twenty. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 financial statements 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 31 July 2011 and of its loss 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 matter prescribed by the Companies Act 2006**

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

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EUROPEAN OAT MILLERS LIMITED

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### 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

Gibbons Mannington & Phipps.

N S Cunliffe (Senior Statutory Auditor)  
for and on behalf of Gibbons Mannington & Phipps  
Chartered Accountants  
& Statutory Auditor  
82 High Street  
Tenterden  
Kent  
TN30 6JG

Date: ... 17 April 2012 .

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £	2010 £
<b>TURNOVER</b>	2	34,635,292	27,119,433
Cost of sales		26,231,486	18,308,586
<b>GROSS PROFIT</b>		8,403,806	8,810,847
Distribution costs		2,512,877	2,241,633
Administrative expenses		6,140,982	5,461,702
		8,653,859	7,703,335
		(250,053)	1,107,512
Other operating income		22,874	20,771
<b>OPERATING (LOSS)/PROFIT</b>	4	(227,179)	1,128,283
Interest payable and similar charges	5	351,112	326,616
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(578,291)	801,667
Tax on (loss)/profit on ordinary activities	6	(157,458)	176,619
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(420,833)	625,048

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements



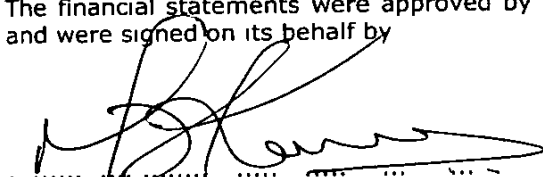
# EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)

## BALANCE SHEET 31 JULY 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Intangible assets	8	34,000	66,667
Tangible assets	9	9,430,239	9,209,189
		<u>9,464,239</u>	<u>9,275,856</u>
<b>CURRENT ASSETS</b>			
Stocks	10	1,202,467	827,281
Debtors	11	7,587,442	5,519,190
Cash at bank and in hand		23,593	16,569
		<u>8,813,502</u>	<u>6,363,040</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	10,212,426	6,983,649
<b>NET CURRENT LIABILITIES</b>		<u>(1,398,924)</u>	<u>(620,609)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,065,315</u>	<u>8,655,247</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(1,944,786)	(1,951,170)
<b>PROVISIONS FOR LIABILITIES</b>	17	(1,146,261)	(1,108,976)
<b>NET ASSETS</b>		<u>4,974,268</u>	<u>5,595,101</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	914	914
Share premium	19	1,399,300	1,399,300
Capital redemption reserve	19	686	686
Profit and loss account	19	3,573,368	4,194,201
<b>SHAREHOLDERS' FUNDS</b>	23	<u>4,974,268</u>	<u>5,595,101</u>

The financial statements were approved by the Board of Directors on  
and were signed on its behalf by

16 April 2012

  
Mr M Z Karsan - Director

The notes form part of these financial statements

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £	2010 £
<b>Net cash (outflow)/inflow from operating activities</b>	1	(456,961)	1,689,771
<b>Returns on investments and servicing of finance</b>	2	(371,036)	(316,759)
<b>Taxation</b>		(185,900)	(308,075)
<b>Capital expenditure</b>	2	(1,217,574)	(941,278)
<b>Equity dividends paid</b>		(200,000)	(500,000)
		<u>(2,431,471)</u>	<u>(376,341)</u>
<b>Financing</b>	2	695,228	(40,589)
<b>Decrease in cash in the period</b>		<u>(1,736,243)</u>	<u>(416,930)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Decrease in cash in the period		(1,736,243)	(416,930)
Cash outflow from decrease in debt and lease financing		<u>458,823</u>	<u>40,589</u>
Change in net debt resulting from cash flows		(1,277,420)	(376,341)
New finance leases		<u>(1,001,898)</u>	<u>(900,000)</u>
<b>Movement in net debt in the period</b>		<u>(2,279,318)</u>	<u>(1,276,341)</u>
<b>Net debt at 1 August</b>		<u>(5,334,972)</u>	<u>(4,058,631)</u>
<b>Net debt at 31 July</b>		<u>(7,614,290)</u>	<u>(5,334,972)</u>

The notes form part of these financial statements

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2011**

**1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating (loss)/profit	(227,179)	1,128,283
Depreciation charges	1,029,191	932,387
Amount set aside for hedges provision	-	(400,000)
(Increase)/Decrease in stocks	(375,186)	680,597
(Increase)/Decrease in debtors	(1,902,499)	1,595,197
Increase/(Decrease) in creditors	1,018,712	(2,246,693)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(456,961)</b>	<b>1,689,771</b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(253,886)	(185,205)
Interest element of hire purchase payments	(117,150)	(131,554)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(371,036)</b>	<b>(316,759)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,217,574)	(945,278)
Sale of tangible fixed assets	-	4,000
<b>Net cash outflow for capital expenditure</b>	<b>(1,217,574)</b>	<b>(941,278)</b>
<b>Financing</b>		
New loans in year	744,531	788,000
Loan repayments in year	(481,542)	(364,241)
Capital repayments in year	(569,659)	(464,348)
Hire purchase advances	1,001,898	-
<b>Net cash inflow/(outflow) from financing</b>	<b>695,228</b>	<b>(40,589)</b>

The notes form part of these financial statements

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**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)****NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2011**

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**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/8/10 £	Cash flow £	Other non-cash changes £	At 31/7/11 £
Net cash				
Cash at bank and in hand	16,569	7,024		23,593
Bank overdrafts	(2,672,668)	(1,743,267)		(4,415,935)
	<u>(2,656,099)</u>	<u>(1,736,243)</u>		<u>(4,392,342)</u>
Debt.				
Hire purchase	(1,006,830)	569,659	(1,001,898)	(1,439,069)
Debts falling due within one year	(338,162)	(358,799)	-	(696,961)
Debts falling due after one year	<u>(1,333,881)</u>	<u>247,963</u>	<u>-</u>	<u>(1,085,918)</u>
	<u>(2,678,873)</u>	<u>458,823</u>	<u>(1,001,898)</u>	<u>(3,221,948)</u>
Total	<u>(5,334,972)</u>	<u>(1,277,420)</u>	<u>(1,001,898)</u>	<u>(7,614,290)</u>

The notes form part of these financial statements

# EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

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### 1. ACCOUNTING POLICIES

#### Accounting convention

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

#### Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

#### Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2009, is being amortised evenly over its estimated useful life of three years.

#### Tangible fixed assets

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life

Leasehold buildings and improvements	- 2%, 7% and 33 3% straight line
Plant and machinery	- 7%, 10% and 33 3% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 33 3% straight line
Assets in the course of construction	No depreciation is provided until the asset is brought into use

#### Stocks

Grains are valued according to the percentage yield which is obtained from the cereal. Finished goods are valued at the cost price of grain plus costs to process, where processing costs cannot be readily identified they are valued at selling price less the expected profit per ton and the cost of the packaging material used. All other stocks are valued at the lower of cost and net realisable value.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### Research and development

Expenditure on research and development is written off in the year in which it is incurred.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

#### Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

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**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2011**

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**1. ACCOUNTING POLICIES - continued****Financial instruments**

Financial instruments held as hedges are matched with their underlying hedge item. Each instrument's gain or loss is brought into the profit and loss account, and its fair value into the balance sheet, at the same time and in the same place as is the matched underlying asset, liability, income or cost. For commodity instruments, this will be in the operating profit matched against the relevant purchase or sale. The profit or loss on an instrument may be deferred if the hedged transaction is expected to take place or would normally be accounted for in the future.

The costs incurred in obtaining the financial instruments are expensed to the profit and loss account when they arise.

**2. TURNOVER**

The turnover and loss (2010 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below.

	2011 £	2010 £
United Kingdom	29,087,985	23,582,937
Europe	1,060,732	335,609
Middle East	354,614	658,495
Africa	3,356,523	2,247,374
Asia	775,438	295,018
	<u>34,635,292</u>	<u>27,119,433</u>

**3. STAFF COSTS**

	2011 £	2010 £
Wages and salaries	3,049,210	2,906,889
Social security costs	294,546	262,217
Other pension costs	123,575	113,528
	<u>3,467,331</u>	<u>3,282,634</u>

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

	2011	2010
Management	3	3
Administration	9	12
Production	89	87
	<u>101</u>	<u>102</u>

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2011**

**4 OPERATING (LOSS)/PROFIT**

The operating loss (2010 - operating profit) is stated after charging:

	2011 £	2010 £
Hire of plant and machinery	1,808	1,931
Other operating leases	356,093	365,792
Depreciation - owned assets	873,277	690,303
Depreciation - assets on hire purchase contracts	123,247	208,751
Goodwill amortisation	32,667	33,333
Auditors' remuneration	19,100	17,325
Auditors' remuneration for non audit work	1,000	1,475
Net losses on foreign currencies	13,128	16,297
Exceptional items	260,395	-
	<u>337,203</u>	<u>317,380</u>
Directors' remuneration	46,387	52,354
Directors' pension contributions to money purchase schemes	<u>46,387</u>	<u>52,354</u>

The number of directors to whom retirement benefits were accruing was as follows.

Money purchase schemes	<u>3</u>	<u>3</u>
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Exceptional items is the net effect of a claim made against the company by one of its customers, offset by a counter-claim against one of its suppliers.

Information regarding the highest paid director is as follows:

	2011 £	2010 £
Emoluments etc	142,373	134,316
Pension contributions to money purchase schemes	<u>12,887</u>	<u>37,608</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £	2010 £
Bank interest	233,962	195,062
Hire purchase	117,150	131,554
	<u>351,112</u>	<u>326,616</u>

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**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2011**

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**6. TAXATION****Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	2011 £	2010 £
Current tax		
UK corporation tax	(159,301)	214,891
(Over) / under provided in earlier years	(35,443)	-
Total current tax	(194,744)	214,891
Deferred tax		
Accelerated capital allowances	37,286	(38,272)
Tax on (loss)/profit on ordinary activities	(157,458)	176,619

**Factors affecting the tax (credit)/charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below.

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(578,291)	801,667
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(150,356)	224,467
Effects of		
Expenses not deductible for tax purposes	5,419	5,607
Capital allowances for the period in excess of depreciation	384	(5,884)
Other short term timing differences	(1,606)	2,766
Marginal relief	-	(12,065)
Over provision in earlier years	(35,443)	-
Utilisation of tax losses in the current year	(5,947)	-
Difference in tax rate on carry back of current year losses	(7,195)	-
Current tax (credit)/charge	(194,744)	214,891

**7 DIVIDENDS**

Dividends totalling £200,000 were paid on 10 October 2010



**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2011**

**8 INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 August 2010	
and 31 July 2011	100,000
<b>AMORTISATION</b>	
At 1 August 2010	33,333
Amortisation for year	32,667
At 31 July 2011	66,000
<b>NET BOOK VALUE</b>	
At 31 July 2011	34,000
At 31 July 2010	66,667

**9 TANGIBLE FIXED ASSETS**

	Short leasehold £	Long leasehold £	Plant and machinery £
<b>COST</b>			
At 1 August 2010	845,882	1,169,630	13,368,319
Additions	-	335,424	550,836
Reclassification/transfer	-	-	184,582
At 31 July 2011	845,882	1,505,054	14,103,737
<b>DEPRECIATION</b>			
At 1 August 2010	429,257	15,375	6,153,877
Charge for year	43,534	72,508	814,608
At 31 July 2011	472,791	87,883	6,968,485
<b>NET BOOK VALUE</b>			
At 31 July 2011	373,091	1,417,171	7,135,252
At 31 July 2010	416,625	1,154,255	7,214,442

# EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2011

### 9 TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
<b>COST</b>				
At 1 August 2010	227,539	168,370	337,469	16,117,209
Additions	32,205	40,406	258,703	1,217,574
Reclassification/transfer	-	-	(184,582)	-
At 31 July 2011	259,744	208,776	411,590	17,334,783
<b>DEPRECIATION</b>				
At 1 August 2010	212,970	96,541	-	6,908,020
Charge for year	28,867	37,007	-	996,524
At 31 July 2011	241,837	133,548	-	7,904,544
<b>NET BOOK VALUE</b>				
At 31 July 2011	17,907	75,228	411,590	9,430,239
At 31 July 2010	14,569	71,829	337,469	9,209,189

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Assets under construction £	Totals £
<b>COST</b>				
At 1 August 2010	2,552,567	47,324	-	2,599,891
Additions	602,717	21,806	324,599	949,122
Transfer to ownership	(1,653,350)	-	-	(1,653,350)
At 31 July 2011	1,501,934	69,130	324,599	1,895,663
<b>DEPRECIATION</b>				
At 1 August 2010	611,399	23,662	-	635,061
Charge for year	105,964	17,283	-	123,247
Transfer to ownership	(502,330)	-	-	(502,330)
At 31 July 2011	215,033	40,945	-	255,978
<b>NET BOOK VALUE</b>				
At 31 July 2011	1,286,901	28,185	324,599	1,639,685
At 31 July 2010	1,941,168	23,662	-	1,964,830

### 10 STOCKS

	2011 £	2010 £
Raw materials	775,684	606,268
Finished goods	426,783	221,013
	1,202,467	827,281

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2011****11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade debtors	6,796,898	4,827,164
Other debtors	217,492	25,785
Futures trading account	30,820	103,421
Tax	165,753	-
VAT	96,760	109,024
Prepayments and accrued income	279,719	453,796
	<u>7,587,442</u>	<u>5,519,190</u>

Included within trade debtors is £5,481,988 (2010 £3,742,868) of debts secured to provide overdraft facilities

During the normal course of business, the company enters into wheat futures and foreign exchange contracts to stabilise the production costs of raw materials and value of overseas sales. The carrying value represents available cash held on account by the hedging agent £37,523 (2010: £103,421). A provision for unrealised losses at the year end has been made of £6,703 (2010: nil). No unrealised profits have been carried forward as deferred income (2010: £107,588).

The open market value of the hedge positions maintained at the year end was £94,515 (2010: £364,655) with unrealised profits and losses at the year end being matched to related purchases and sales in accordance with the accounting policy.

In addition

	2011 £	2010 £
Aggregate gains/(losses) recognised in the year	<u>800,620</u>	<u>(240,000)</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Bank loans and overdrafts (see note 14)	4,666,316	3,010,830
Other loans (see note 14)	446,580	-
Hire purchase contracts (see note 15)	580,201	389,541
Trade creditors	2,052,376	1,635,944
Tax	-	214,891
Social security and other taxes	92,069	76,797
Other creditors	304,150	45,336
Directors' loan accounts	152,153	-
Accruals and deferred income	1,918,581	1,610,310
	<u>10,212,426</u>	<u>6,983,649</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011 £	2010 £
Bank loans (see note 14)	1,085,918	1,333,881
Hire purchase contracts (see note 15)	858,868	617,289
	<u>1,944,786</u>	<u>1,951,170</u>

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2011**

**14. LOANS**

An analysis of the maturity of loans is given below

	2011 £	2010 £
Amounts falling due within one year or on demand.		
Bank overdrafts	4,415,935	2,672,668
Bank loans	250,381	338,162
Other loans	446,580	-
	<u>5,112,896</u>	<u>3,010,830</u>
Amounts falling due between one and two years.		
Bank loans	<u>254,783</u>	<u>250,963</u>
Amounts falling due between two and five years		
Bank loans	<u>354,176</u>	<u>569,167</u>
Amounts falling due in more than five years.		
Repayable by instalments		
Bank loans	<u>476,959</u>	<u>513,751</u>

The two bank loans are repayable by monthly instalments. The first loan has interest being charged at 1.5% on the first £450,000 and 2% thereafter above the bank's base rate, the loan is due for repayment by October 2015. The second loan has an interest rate of 2.5% over LIBOR, the loan is due for repayment by September 2029.

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	2011 £	Hire purchase contracts 2010 £
Net obligations repayable:		
Within one year	580,201	389,541
Between one and five years	858,868	617,289
	<u>1,439,069</u>	<u>1,006,830</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2011 £	2010 £	2011 £	2010 £
Expiring				
Between one and five years	147,500	147,500	65,772	-
In more than five years	206,000	206,000	-	-
	<u>353,500</u>	<u>353,500</u>	<u>65,772</u>	<u>-</u>

# EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2011

### 16. SECURED DEBTS

The following secured debts are included within creditors.

	2011 £	2010 £
Bank overdrafts	4,415,935	2,672,668
Bank loans	1,336,299	1,672,043
	<u>5,752,234</u>	<u>4,344,711</u>

The bank overdraft and loans are secured by a mortgage debenture in respect of all company assets and a first legal charge over all land and buildings. In addition, one of the overdraft facilities is secured on trade debtors as stated within note 10. Additional security has been given by the shareholders by way of personal guarantees totalling £950,000.

### 17. PROVISIONS FOR LIABILITIES

	2011 £	2010 £
Deferred tax	1,146,261	1,108,976
Accelerated capital allowances		
		Deferred tax £
Balance at 1 August 2010		1,108,976
Movement in tax rate		(112,030)
Accelerated capital allowances		149,315
Balance at 31 July 2011		<u>1,146,261</u>

### 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid· Number	Class.	Nominal value £1	2011 £	2010 £
914	Ordinary		<u>914</u>	<u>914</u>

### 19. RESERVES

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 August 2010	4,194,201	1,399,300	686	5,594,187
Deficit for the year	(420,833)			(420,833)
Dividends	(200,000)			(200,000)
At 31 July 2011	<u>3,573,368</u>	<u>1,399,300</u>	<u>686</u>	<u>4,973,354</u>

## EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 JULY 2011

#### 20 PENSION COMMITMENTS

The company operates a defined contribution pension scheme and contributes to a number of personal pension plans. The charge for the year is shown in note 3. The amount of contributions outstanding at the year end was £11,823 (2010 nil).

#### 21 CAPITAL COMMITMENTS

	2011 £	2010 £
Contracted but not provided for in the financial statements	-	-

In addition to any contracted capital commitments the company has £135,541 of authorised expenditure (2010 £472,462)

#### 22 RELATED PARTY DISCLOSURES

During the year, the following dividend payments were paid to directors

Mr M Z Karsan	£100,000
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During the year Mr M Z Karsan advanced the company £200,000, at the year end the balance outstanding was £152,153 which is included in creditors

During the course of the year consultancy fees of £39,631 (2010 £31,239) were paid to M D Walter, a director

Consultancy fees were also paid to Blounce Limited, of which P Baker is a director, totalling £33,000 (2010 nil)

During the year the company traded with Heartland Foods (PTY) Limited. The general manager of Heartland Foods (PTY) Limited is a son of one of the company's directors, he is also a shareholder in Heartland Foods (PTY) Limited. Total sales made to Heartland Foods (PTY) Limited during the period were £2,571,674 (2010 £1,718,927). At the balance sheet date £1,239,985 (2010 £864,965) was outstanding and is included in trade debtors. All transactions were made on a commercial arms length basis

#### 23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
(Loss)/Profit for the financial year	(420,833)	625,048
Dividends	(200,000)	(300,000)
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(620,833)</b>	<b>325,048</b>
Opening shareholders' funds	5,595,101	5,270,053
<b>Closing shareholders' funds</b>	<b>4,974,268</b>	<b>5,595,101</b>

#### 24 CONTROLLING PARTY

In the opinion of the directors, the company is controlled by the Board of Directors