

**EUROPEAN OAT MILLERS LIMITED**  
**STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD**  
**1 AUGUST 2013 TO 31 OCTOBER 2014**

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

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**EUROPEAN OAT MILLERS LIMITED**

**COMPANY INFORMATION  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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**DIRECTORS:**

Mr P Baker  
Mr W J Jordan  
Mr R D Jordan  
Mr A Brand  
Mr C M Smith  
Mr M R Bonyngé

**SECRETARY:**

Mr C M Smith

**REGISTERED OFFICE:**

Mile Road  
Bedford  
Bedfordshire  
MK42 9TB

**REGISTERED NUMBER:**

01789282 (England and Wales)

**AUDITORS:**

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

**SOLICITORS:**

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

**STRATEGIC REPORT  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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The directors present their strategic report for the period 1 August 2013 to 31 October 2014.

**REVIEW OF BUSINESS**

**Principal activities**

The business has continued to be that of the manufacture of cereals.

**Results and performance**

The directors and shareholders are satisfied that the company performed in line with expectations in the financial year.

European Oat Millers Limited (EOM) embarked on a strategy to enter into the retail sector in 2012 with the view of manufacturing private label products. A new division was formed for this retail activity. As part of the business plan for this division the company moved into a further production facility and a large number of staff were recruited to operate this division. This division has been treated like any start up business and was not profitable in the financial year.

The Milling division's financial performance was lower than anticipated mainly due to a substantial reduction in yields generated in the operation because of a challenging crop. Action has now been taken to ensure that tighter specifications are agreed with our merchants. The results were further negatively impacted by a substantial reduction in the price realised for our offal sales (a by-product of the milling process sold into the animal feed market).

The 50% shareholding of Mr MZ Karsan was sold to Mr WJ Jordan and Mr RD Jordan in September 2014. The Karsan family and the Jordan family have been business partners in EOM for 30 years. The Jordan family decided to write off the shareholders' loans of £1.7 million in EOM in this financial year period. Mr P Baker was appointed as the new Chairman of EOM. Mr Baker is an industry expert. Mr MR Bonyng joined the EOM Board. Mr MZ Karsan, Mr MD Walter and Mr WH Craig left the EOM Board in the financial period.

The new EOM Board decided to extend the EOM financial year to the end of October, as such the financial accounts under review are for a 15 month period. The ability to budget and forecast more accurately will in the future be substantially easier as budgeting will now take place after the grain crop information is available every year.

For the period under review the company made a loss of £32,584 before taxation on revenue of £56,404,691. The shareholder funds at 31 October 2014 total £6,073,812.

**Key performance indicators**

The company utilises standard performance indicators to measure and monitor business performance on a daily, weekly, monthly, and yearly basis. The indicators used, but not limited to, measure turnover, gross margin, EBITDA, grain yield and balance sheet strength.

**Future developments**

Substantial attention has been given to improve the standards of all production areas in the Mill and an extensive internally and external renovation project started during the financial year under review and will be completed in 2015. These projects were funded directly by the shareholders of EOM and will not only strengthen the technical ability of the company but will be pleasing to all current and future customers.

The EOM Board has instructed the EOM Management to do a thorough strategic review of the total business in the 2014/15 financial year. This review will consider every aspect of the business to ensure that focus is only on core business and to enhance stakeholder value on the longer term. The EOM Board, its management and its stakeholders are convinced that renewed focus, after the shareholder change, will enable EOM to reach these specific objectives.

**STRATEGIC REPORT  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The biggest single risk in the business remains the volatility in raw material pricing. It remains important to incentivise farmers to grow oats. The oats crop in the UK remains a minority crop and fluctuations of a small percentage in oat supply can affect the price strongly. Grain prices in the UK can also not be seen in isolation and will continue to be greatly affected by worldwide commodity pricing and international macro-economic conditions. The objective of the EOM Board will continue to minimise all these risks by working closely with the entire supply chain. All other risks are managed diligently by the Senior Management team and are reported to the EOM Board during monthly Board Meetings.

**ON BEHALF OF THE BOARD:**

Mr C M Smith - Director

31 July 2015

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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The directors present their report with the financial statements of the company for the period 1 August 2013 to 31 October 2014.

**DIVIDENDS**

No dividends will be distributed for the period ended 31 October 2014.

**FUTURE DEVELOPMENTS**

Information can be found in the strategic report.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2013 to the date of this report.

Mr P Baker  
Mr W J Jordan  
Mr R D Jordan  
Mr A Brand  
Mr C M Smith

Other changes in directors holding office are as follows:

Mr M Z Karsan - resigned 9 September 2014  
Mr M D Walter - resigned 9 September 2014  
Mr W H Craig - resigned 15 October 2013  
Mr M R Bonyng - appointed 9 September 2014

**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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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**AUDITORS**

On 1 April 2015, Gibbons Mannington & Phipps transferred their business to Gibbons Mannington & Phipps LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Board of Directors consented to treating the appointment of Gibbons Mannington & Phipps as extending to Gibbons Mannington & Phipps LLP.

**ON BEHALF OF THE BOARD:**

Mr C M Smith - Director

31 July 2015

## **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 period ended 31 October 2014 on pages eight to twenty five. 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 four, 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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 October 2014 and of its loss for the period 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 Strategic Report and 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.

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

31 July 2015

**EUROPEAN OAT MILLERS LIMITED (REGISTERED NUMBER: 01789282)****PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

	Notes	Period 1/8/13 to 31/10/14		Year Ended 31/7/13	
		£	£	£	£
<b>TURNOVER</b>	2		<b>56,404,691</b>		46,147,839
Cost of sales			<b>53,362,234</b>		42,438,606
<b>GROSS PROFIT</b>			<b>3,042,457</b>		3,709,233
Distribution costs		<b>507,983</b>		267,581	
Administrative expenses		<b>1,915,559</b>		2,653,444	
			<b>2,423,542</b>		2,921,025
			<b>618,915</b>		788,208
Other operating income			<b>24,328</b>		35,099
<b>OPERATING PROFIT</b>	4		<b>643,243</b>		823,307
Interest receivable and similar income			-		1,153
			<b>643,243</b>		824,460
Interest payable and similar charges	6		<b>675,827</b>		467,506
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<b>(32,584)</b>		356,954
Tax on (loss)/profit on ordinary activities	7		<b>(20,735)</b>		132,279
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>			<b>(11,849)</b>		224,675

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

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

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

**BALANCE SHEET  
31 OCTOBER 2014**

	Notes	2014 £	£	2013 £	£
<b>FIXED ASSETS</b>					
Intangible assets	8		-		-
Tangible assets	9	<b>11,447,707</b>		<b>9,778,623</b>	
		<b>11,447,707</b>		<b>9,778,623</b>	
<b>CURRENT ASSETS</b>					
Stocks	10	<b>1,819,691</b>		<b>1,997,549</b>	
Debtors	11	<b>9,285,516</b>		<b>10,154,013</b>	
Cash at bank and in hand		<b>253,404</b>		<b>71,633</b>	
		<b>11,358,611</b>		<b>12,223,195</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<b>14,419,038</b>		<b>11,683,490</b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b>(3,060,427)</b>		<b>539,705</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>8,387,280</b>		<b>10,318,328</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<b>(1,173,528)</b>		<b>(3,165,833)</b>
<b>PROVISIONS FOR LIABILITIES</b>	17		<b>(1,139,940)</b>		<b>(1,066,834)</b>
<b>NET ASSETS</b>			<b>6,073,812</b>		<b>6,085,661</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		<b>914</b>		<b>914</b>
Share premium	19		<b>1,399,300</b>		<b>1,399,300</b>
Capital redemption reserve	19		<b>686</b>		<b>686</b>
Profit and loss account	19		<b>4,672,912</b>		<b>4,684,761</b>
<b>SHAREHOLDERS' FUNDS</b>	23		<b>6,073,812</b>		<b>6,085,661</b>

The financial statements were approved by the Board of Directors on 31 July 2015 and were signed on its behalf by:

Mr C M Smith - Director

**CASH FLOW STATEMENT  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

		<b>Period</b> <b>1/8/13 to 31/10/14</b>		<b>Year Ended</b> <b>31/7/13</b>	
	Notes	£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	1		<b>2,150,878</b>		<b>(897,954)</b>
<b>Returns on investments and servicing of finance</b>	2		<b>(598,739)</b>		<b>(392,393)</b>
<b>Taxation</b>	2		<b>(101,816)</b>		<b>(215,978)</b>
<b>Capital expenditure</b>	2		<b>(2,381,148)</b>		<b>(1,730,614)</b>
			<b>(930,825)</b>		<b>(3,236,939)</b>
<b>Financing</b>	2		<b>(187,631)</b>		<b>387,625</b>
<b>Decrease in cash in the period</b>			<b>(1,118,456)</b>		<b>(2,849,314)</b>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Decrease in cash in the period		<b>(1,118,456)</b>		<b>(2,849,314)</b>	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<b>187,631</b>		<b>(387,625)</b>	
Change in net debt resulting from cash flows			<b>(930,825)</b>		<b>(3,236,939)</b>
New finance leases			<b>(751,778)</b>		<b>(412,720)</b>
Loan write off			<b>1,000,000</b>		<b>-</b>
<b>Movement in net debt in the period</b>			<b>(682,603)</b>		<b>(3,649,659)</b>
<b>Net debt at 1 August</b>			<b>(7,659,356)</b>		<b>(4,009,697)</b>
<b>Net debt at 31 October</b>			<b>(8,341,959)</b>		<b>(7,659,356)</b>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
Operating profit	643,243	823,307
Depreciation charges	1,463,842	1,157,211
Profit on disposal of fixed assets	-	(2,350)
Extraordinary items	(1,724,694)	-
Written off supplier claim accrual	(200,000)	-
Decrease/(increase) in stocks	177,858	(474,657)
Decrease/(increase) in debtors	962,338	(3,651,202)
Increase in creditors	828,291	1,249,737
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,150,878</b>	<b>(897,954)</b>

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

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	1,153
Interest paid	(496,895)	(309,784)
Interest element of hire purchase payments	(101,844)	(83,762)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(598,739)</b>	<b>(392,393)</b>
<b>Taxation</b>		
Taxation paid	(101,816)	(375,279)
Taxation refund	-	159,301
<b>Net cash outflow for taxation</b>	<b>(101,816)</b>	<b>(215,978)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(2,382,248)	(1,748,714)
Sale of tangible fixed assets	1,100	18,100
<b>Net cash outflow for capital expenditure</b>	<b>(2,381,148)</b>	<b>(1,730,614)</b>
<b>Financing</b>		
New loans in year	600,000	1,000,000
Loan repayments in year	(193,673)	(213,814)
Capital repayments in year	(593,958)	(398,561)
<b>Net cash (outflow)/inflow from financing</b>	<b>(187,631)</b>	<b>387,625</b>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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

	At 1/8/13 £	Cash flow £	Other non-cash changes £	At 31/10/14 £
Net cash:				
Cash at bank and in hand	71,633	181,771		253,404
Bank overdrafts	<u>(4,757,319)</u>	<u>(1,300,227)</u>		<u>(6,057,546)</u>
	<u>(4,685,686)</u>	<u>(1,118,456)</u>		<u>(5,804,142)</u>
Debt:				
Hire purchase	(1,099,941)	593,958	(751,778)	(1,257,761)
Debts falling due within one year	(156,386)	(603,725)	-	(760,111)
Debts falling due after one year	<u>(1,717,343)</u>	<u>197,398</u>	<u>1,000,000</u>	<u>(519,945)</u>
	<u>(2,973,670)</u>	<u>187,631</u>	<u>248,222</u>	<u>(2,537,817)</u>
Total	<u>(7,659,356)</u>	<u>(930,825)</u>	<u>248,222</u>	<u>(8,341,959)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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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**

Groats 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**
**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 (2013 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
United Kingdom	49,628,910	39,537,635
Europe	920,784	1,628,334
Middle East	1,516,520	822,392
Africa	3,814,962	3,841,728
Asia	523,515	317,750
	<b>56,404,691</b>	<b>46,147,839</b>

**3. STAFF COSTS**

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
Wages and salaries	6,043,529	3,784,190
Social security costs	592,377	387,824
Other pension costs	231,262	136,526
	<b>6,867,168</b>	<b>4,308,540</b>

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

	Period 1/8/13 to 31/10/14	Year Ended 31/7/13
Management	5	4
Administration, accounts and sales	16	11
Production	116	98
	<b>137</b>	<b>113</b>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
Hire of plant and machinery	5,296	38,348
Depreciation - owned assets	1,335,588	961,622
Depreciation - assets on hire purchase contracts	128,254	195,589
Profit on disposal of fixed assets	-	(2,350)
Auditors' remuneration	27,135	17,300
Auditors' remuneration for non audit work	3,175	1,865
Net losses on foreign currencies	96,108	121,689
Exceptional items	(1,724,694)	-
Operating leases	<u>694,959</u>	<u>351,579</u>
Directors' remuneration	695,752	748,064
Directors' pension contributions to money purchase schemes	76,938	59,289
Compensation to director for loss of office	<u>117,520</u>	<u>-</u>

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

Money purchase schemes	<u>4</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
Emoluments etc	226,731	254,897
Pension contributions to money purchase schemes	<u>40,250</u>	<u>20,914</u>

**5. EXCEPTIONAL ITEMS**

Exceptional items is the net effect of the following:

Directors' loans written off	£ (750,000)
Accrued interest on directors' loan written off	(174,694)
Related party loan written off	(1,000,000)
Release of provision for a counter claim (from 2011) against a supplier	200,000
	<u>(1,724,694)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
Bank interest	409,227	304,183
Other loan interest	87,500	17,500
Interest on directors' loan accounts	77,256	60,251
Hire purchase	<u>101,844</u>	<u>85,572</u>
	<b><u>675,827</u></b>	<b><u>467,506</u></b>

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

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

	Period 1/8/13 to 31/10/14 £	Year Ended 31/7/13 £
Current tax:		
UK corporation tax	(93,841)	101,816
(Over) / under provided in earlier years	-	(22,545)
Total current tax	<b><u>(93,841)</u></b>	<b><u>79,271</u></b>
Deferred tax:		
Accelerated capital allowances	<b><u>73,106</u></b>	<b><u>53,008</u></b>
Tax on (loss)/profit on ordinary activities	<b><u>(20,735)</u></b>	<b><u>132,279</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**7. TAXATION - continued**

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

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

	<b>Period 1/8/13 to 31/10/14 £</b>	<i>Year Ended 31/7/13 £</i>
(Loss)/profit on ordinary activities before tax	<b><u>(32,584)</u></b>	<u>356,954</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 21.660%)	<b>(6,517)</b>	77,316
Effects of:		
Expenses not deductible for tax purposes	<b>7,366</b>	12,137
Capital allowances for the period in excess of depreciation	<b>(59,987)</b>	26,297
Other short term timing differences	<b>(44,953)</b>	11,979
Revenue expenses treated as capital	<b>(25,014)</b>	(25,913)
Over provision in earlier years	<b>-</b>	(22,545)
Loan write off not subject to tax	<b>(200,000)</b>	-
Difference in tax rate on carry back of losses	<b>(7,794)</b>	-
Losses carried forward	<b><u>243,058</u></b>	-
Current tax (credit)/charge	<b><u>(93,841)</u></b>	<u>79,271</u>

**8. INTANGIBLE FIXED ASSETS**

**COST**

At 1 August 2013  
and 31 October 2014

**Goodwill  
£**

**100,000**

**AMORTISATION**

At 1 August 2013  
and 31 October 2014

**100,000**

**NET BOOK VALUE**

At 31 October 2014

-

At 31 July 2013

-

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**9. TANGIBLE FIXED ASSETS**

	Short leasehold £	Long leasehold £	Plant and machinery £
<b>COST</b>			
At 1 August 2013	845,882	1,505,054	15,382,057
Additions	-	-	317
Reclassification/transfer	-	-	4,307,172
At 31 October 2014	845,882	1,505,054	19,689,546
<b>DEPRECIATION</b>			
At 1 August 2013	559,333	453,759	8,766,121
Charge for period	53,740	140,920	1,232,305
At 31 October 2014	613,073	594,679	9,998,426
<b>NET BOOK VALUE</b>			
At 31 October 2014	232,809	910,375	9,691,120
At 31 July 2013	286,549	1,051,295	6,615,936

	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
<b>COST</b>				
At 1 August 2013	273,244	142,956	1,774,487	19,923,680
Additions	-	-	3,133,709	3,134,026
Disposals	-	(1,100)	-	(1,100)
Reclassification/transfer	83,730	-	(4,390,902)	-
At 31 October 2014	356,974	141,856	517,294	23,056,606
<b>DEPRECIATION</b>				
At 1 August 2013	268,570	97,274	-	10,145,057
Charge for period	11,586	25,291	-	1,463,842
At 31 October 2014	280,156	122,565	-	11,608,899
<b>NET BOOK VALUE</b>				
At 31 October 2014	76,818	19,291	517,294	11,447,707
At 31 July 2013	4,674	45,682	1,774,487	9,778,623

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014

9. **TANGIBLE FIXED ASSETS - continued**

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 2013	2,118,374	78,423	173,510	2,370,307
Additions	-	-	751,778	751,778
Reclassification/transfer	925,288	(34,482)	(925,288)	(34,482)
At 31 October 2014	<u>3,043,662</u>	<u>43,941</u>	<u>-</u>	<u>3,087,603</u>
<b>DEPRECIATION</b>				
At 1 August 2013	559,331	42,359	-	601,690
Charge for period	114,523	13,731	-	128,254
Reclassification/transfer	-	(31,374)	-	(31,374)
At 31 October 2014	<u>673,854</u>	<u>24,716</u>	<u>-</u>	<u>698,570</u>
<b>NET BOOK VALUE</b>				
At 31 October 2014	<u>2,369,808</u>	<u>19,225</u>	<u>-</u>	<u>2,389,033</u>
At 31 July 2013	<u>1,559,043</u>	<u>36,064</u>	<u>173,510</u>	<u>1,768,617</u>

10. **STOCKS**

	2014 £	2013 £
Raw materials	1,286,086	1,474,221
Finished goods	<u>533,605</u>	<u>523,328</u>
	<u>1,819,691</u>	<u>1,997,549</u>

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £	2013 £
Trade debtors	7,898,647	9,009,804
Other debtors	71,705	348,430
Futures trading account	434,463	353,381
Tax	93,841	-
VAT	243,129	241,344
Prepayments and accrued income	<u>543,731</u>	<u>201,054</u>
	<u>9,285,516</u>	<u>10,154,013</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Included within trade debtors is £7,478,840 (2013: £6,912,067) 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 £434,463 (2013: £353,381). No provision for unrealised losses at the year end has been made (2013: nil). Unrealised profits of £98,462 have been carried forward as deferred income (2013: £201,704).

The open market value of the hedge positions maintained at the year end was a negative balance of £494,672 (2013: £314,400, positive) with unrealised profits and losses at the year end being matched to related purchases and sales in accordance with the accounting policy.

In addition:

	2013 £	2013 £
Aggregate gains recognised in the year	<u>145,287</u>	<u>1,225,557</u>

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

	2014 £	2013 £
Bank loans and overdrafts (see note 14)	<b>6,217,657</b>	4,913,705
Other loans (see note 14)	<b>600,000</b>	-
Hire purchase contracts (see note 15)	<b>604,178</b>	401,451
Trade creditors	<b>4,991,552</b>	3,714,811
Tax	-	101,816
Social security and other taxes	<b>141,152</b>	112,422
Other creditors	<b>67,250</b>	112,088
Accruals and deferred income	<b>1,797,249</b>	2,327,197
	<u><b>14,419,038</b></u>	<u>11,683,490</u>

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

	2014 £	2013 £
Bank loans (see note 14)	<b>519,945</b>	717,343
Other loans (see note 14)	-	1,000,000
Hire purchase contracts (see note 15)	<b>653,583</b>	698,490
Directors' loan accounts	-	750,000
	<u><b>1,173,528</b></u>	<u>3,165,833</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**14. LOANS**

An analysis of the maturity of loans is given below:

	2014 £	2013 £
Amounts falling due within one year or on demand:		
Bank overdrafts	6,057,546	4,757,319
Bank loans	160,111	156,386
Other loans	600,000	-
	<u>6,817,657</u>	<u>4,913,705</u>
Amounts falling due between one and two years:		
Bank loans	46,872	148,924
Other loans - 1-2 years	-	117,500
	<u>46,872</u>	<u>266,424</u>
Amounts falling due between two and five years:		
Bank loans	110,376	159,198
Other loans - 2-5 years	-	882,500
	<u>110,376</u>	<u>1,041,698</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>362,697</u>	<u>409,221</u>

The two bank loans are repayable by monthly instalments. The first loan has interest being charged at 2% 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**

	2014 £	2013 £
Net obligations repayable:		
Within one year	604,178	401,451
Between one and five years	653,583	698,490
	<u>1,257,761</u>	<u>1,099,941</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

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

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

	<b>Land and buildings</b>		<b>Other operating leases</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring:				
Within one year	<b>150,000</b>	147,500	-	-
Between one and five years	<b>200,000</b>	200,000	<b>27,510</b>	12,116
In more than five years	<b>306,000</b>	306,000	-	-
	<b><u>656,000</u></b>	<u>653,500</u>	<b><u>27,510</u></b>	<u>12,116</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>6,057,546</b>	4,757,319
Bank loans	<b>680,056</b>	873,729
	<b><u>6,737,602</u></b>	<u>5,631,048</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 11. Additional security has been given by the shareholders by way of personal guarantees totalling £1,500,000.

**17. PROVISIONS FOR LIABILITIES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	<b><u>1,139,940</u></b>	<u>1,066,834</u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 August 2013		<b>1,066,834</b>
Movement in tax rate		<b>(139,152)</b>
Accelerated capital allowances		<b>212,258</b>
Balance at 31 October 2014		<b><u>1,139,940</u></b>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	<b>2014</b>	<b>2013</b>
			<b>£</b>	<b>£</b>
914	Ordinary	£1	<b><u>914</u></b>	<u>914</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**19. RESERVES**

	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Totals £</b>
At 1 August 2013	<b>4,684,761</b>	<b>1,399,300</b>	<b>686</b>	<b>6,084,747</b>
Deficit for the period	<b>(11,849)</b>	<b>-</b>	<b>-</b>	<b>(11,849)</b>
At 31 October 2014	<b><u>4,672,912</u></b>	<b><u>1,399,300</u></b>	<b><u>686</u></b>	<b><u>6,072,898</u></b>

**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 £16,703 (2013: £7,725).

**21. CAPITAL COMMITMENTS**

	<b>2014 £</b>	<b>2013 £</b>
Contracted but not provided for in the financial statements	<b><u>-</u></b>	<b><u>-</u></b>

In addition to the contracted capital commitments the company had authorised expenditure of £165,000 (2013: £1,000,000).

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 AUGUST 2013 TO 31 OCTOBER 2014**

**22. RELATED PARTY DISCLOSURES**

Mr W J Jordan (director) and Mr R D Jordan (director) each advanced the company £375,000 in November 2011. Interest is being accrued at a rate of 7% and the loans were due for repayment on 31 October 2014. At this date the directors agreed to write off the loan and the accrued interest, £174,694, this is shown within exceptional items in note 5.

During the course of the year consultancy fees of £25,000 (2013: £25,000) were paid to M D Walter , a director.

Consultancy fees were also paid to Blounce Limited, of which P Baker is a director, totalling £22,500 (2013: £27,000).

Consultancy fee of £2,500 were paid to Prosperity Wealth Management Limited, a company of which M Bonyng is a director.

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 . Upon retirement of the director the related party relationship no longer exists. Total sales made to Heartland Foods (PTY) Limited, during the period to the date of the director's retirement, were £3,335,780 (2013: £3,323,089). At the date to retirement the balance outstanding was £770,634 (2013: £1,322,289). All transactions were made on a commercial arms length basis.

Consultancy fees totalling £40,000 (2013: £38,156) were paid to Mrs Y Mangalji, daughter of one of the company's directors.

W Jordan & Son (Holdings) Limited is a company in which Mr W J Jordan and Mr R D Jordan are directors and sole shareholders. During the course of the year the following transactions took place:

	2014	2013
£		
Rent paid to W Jordan & Son (Holdings) Limited	625,000	200,000
Expenses recharged to W Jordan & Son (Holdings) Limited	437,810	499,568
Loan advance by W Jordan & Son (Holdings) Limited	600,000	1,000,000
Loan written off	(1,000,000)	
Interest paid to W Jordan & Son (Holdings) Limited	87,500	17,500

As at the balance sheet date the following amounts we due to or by W Jordan & Son (Holdings) Limited:

	2014	2013
£		
Trade debtors	108,868	183,194
Other debtors	-	346,907
Trade creditors	50,000	100,000
Other loans	600,000	1,000,000

The loan is interest free and is due for repayment in June 2015.

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014	2013
	£	£
(Loss)/profit for the financial period	(11,849)	224,675
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(11,849)</b>	<b>224,675</b>
Opening shareholders' funds	<b>6,085,661</b>	<b>5,860,986</b>
<b>Closing shareholders' funds</b>	<b>6,073,812</b>	<b>6,085,661</b>

**24. CONTROLLING PARTY**

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.