

Dalgety Group Limited

**Directors' report and consolidated
financial statements**

Registered number 3522941
for the year ended 31 March 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

Principal activities and business review

Over the period of these financial statements, agriculture and related industries continued to face the severest market conditions. The pound continued to be strong, hindering exports, and, following the wettest year on record, the UK harvest in 2001 will be materially down on the previous years. As a consequence, demand for arable farm inputs was significantly reduced and the Group's result reflects this.

Results and dividend

The result for the year is set out in the profit and loss account on page 6. Interim dividends totalling £9.69 per share were paid in April 2000. The directors do not recommend the payment of a final dividend. The retained loss of £3,777,000 (2000: loss of £3,045,000) will be transferred to reserves.

There is every indication, following a strong recovery in farm input sales in autumn 2001, that the UK cereals harvest in 2002 will exceed levels of recent years and a substantial improvement in the operating results before exceptional costs and goodwill amortisation for the Group is expected in 2001/02. In the meantime, the restructuring of the UK arable business has continued and £0.6m of redundancy costs were incurred in the year under review. Payments under the auspices of the Employee Share Ownership Trust amounted to a further £0.5m. Property disposal losses and provisions amounted to £1.2m.

Our Polish business continued to expand and, in 2001/02, is budgeted to generate an operating profit for the first time.

Exceptional items include a £4.2m impairment provision relating to the write down of certain fixed assets in Dalgety Arable Limited to the value ascribed to them in the transfer of the company from Dalgety Group Limited to Dalgety Feed Limited on 3rd April 2000. Negative goodwill amortised is increased by a corresponding amount.

We are confident that the improvement expected in trading conditions and further opportunities to supply new technologies to arable and grassland farmers, together with the actions taken and being taken to reduce costs, leaves the Dalgety Group well placed to take full advantage of the anticipated upswing in British agriculture. The poor cereals harvest in the UK in 2001 will restrict opportunities for crop marketing in 2001/02 but input volumes are increasing to previous levels. A further improvement in the results of the Group is therefore expected in 2002/03 as crop marketing activity increases and, as a result of these and other changes, the Group is forecast to return to profitability in that year.

Research and development

Research is undertaken into the development of the company's products as part of the day to day business activities.

Directors

The directors who held office during the year are shown below.

P Kirk
A J Taylor
A S Barnard
R P Green
K J Compson
P D Hunt
Sir David Naish

Directors' report *(continued)*

Directors' interests

The interests of the directors in office at 31 March 2001 in the share capital of the company were:

	No. of ordinary shares
P Kirk	62,400
A S Barnard	62,400
R P Green	62,400
K J Compson	62,400
P D Hunt	62,400
A J Taylor	114,000

Employment policies

The company consults and discusses with employees, through unions, staff councils, consultative committees, and at conferences, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins, meetings and reports, including information to make employees aware of the financial and economic factors affecting the performance of the company.

The policy of the company for the employment of disabled persons is to provide opportunities equal to other employees to train for and attain any position in the company, having regard to the maintenance of a safe working environment and the constraints of the disability.

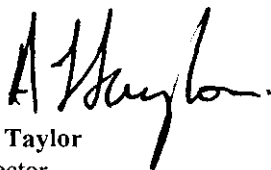
Political and charitable donations

The Group made no political contributions during the year. Donations to UK charities amounted to £ 2,226.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



AJ Taylor
Director

The Mill
Brimscombe Port
Stroud

19 December 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. 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 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 group 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

kpmg

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors report to the members of Dalgety Group Limited.

We have audited the financial statements on pages 5 to 25

Respective responsibilities of members and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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, if the company has not kept proper accounting records, if we have not received all the information and explanations we required for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 March 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
Bristol

19 December 2001

Consolidated profit and loss account
for the year ended 31 March 2001

	<i>Note</i>	2001 £000	2000 £000
Turnover	2		
Continuing operations		474,298	526,247
Discontinued operations		865	24,278
		<u>475,163</u>	<u>550,525</u>
Operating loss			
Continuing operations		(4,910)	(835)
Discontinued operations		(225)	(1,045)
		<u>(5,135)</u>	<u>(1,880)</u>
Operating loss before exceptional costs and goodwill amortisation		(9,679)	(7,728)
Impairment provision	4	(4,227)	-
Amortisation of goodwill	10	8,771	5,848
		<u>(5,135)</u>	<u>(1,880)</u>
Non operating items			
Profit on sale of discontinued operations		292	1,453
Loss on ordinary activities before interest		(4,843)	(427)
Interest payable	7	(934)	(2,618)
Loss on ordinary activities before taxation	4	(5,777)	(3,045)
Tax on loss on ordinary activities	8	2,000	-
Loss on ordinary activities after taxation		(3,777)	(3,045)
Dividends		(5,000)	-
Retained loss for the year		<u>(8,777)</u>	<u>(3,045)</u>

Notes on pages 9 to 25 form part of these accounts.

Balance sheet
At 31 March 2001

	Note	2001 Group £000	Company £000	2000 Group £000	Company £000
Fixed assets					
Intangible assets - Negative goodwill	10	(8,235)	(5,463)	(17,006)	(6,026)
Tangible assets	11	7,582	-	15,623	1,369
Investments	12	120	84	120	-
		<u>(533)</u>	<u>(5,379)</u>	<u>(1,263)</u>	<u>(4,657)</u>
Current assets					
Stocks	13	25,592	-	30,168	586
Debtors	14	52,971	15,584	75,460	43,439
Cash at bank and in hand		-	1,185	4,965	2
		<u>78,563</u>	<u>16,769</u>	<u>110,593</u>	<u>44,027</u>
Creditors: amounts falling due within one year	15	<u>(67,468)</u>	<u>(257)</u>	<u>(84,412)</u>	<u>(35,082)</u>
Net current assets		<u>11,095</u>	<u>16,512</u>	<u>26,181</u>	<u>8,945</u>
Total assets less current liabilities		<u>10,562</u>	<u>11,133</u>	<u>24,918</u>	<u>4,288</u>
Provisions for liabilities and charges	16	<u>(238)</u>	<u>-</u>	<u>(5,507)</u>	<u>(2,998)</u>
Net assets		<u>10,324</u>	<u>11,133</u>	<u>19,411</u>	<u>1,290</u>
Capital and reserves					
Called up share capital	18	6	6	5	5
Share premium account	20	594	594	535	535
Other reserves	20	-	7,120	-	7,120
Profit and loss account	20	9,724	3,413	18,871	(6,370)
Equity shareholders' funds		<u>10,324</u>	<u>11,133</u>	<u>19,411</u>	<u>1,290</u>

Notes on pages 9 to 25 form part of these accounts.

These financial statements were approved by the board of directors on 19 December 2001 and were signed on its behalf by:


 Director

Consolidated cash flow statement
for the year ended 31 March 2001

	<i>Note</i>	2001 £000	2000 £000
Cash flow from operating activities	25	(6,847)	9,681
Returns on investments and servicing of finance	26	(934)	(2,618)
Capital expenditure and financial investment	26	388	(2,094)
Acquisitions and disposals	26	1,000	22,173
Equity dividends paid	23	(5,000)	-
		<hr/>	<hr/>
Cash (outflow)/inflow before management of liquid resources and financing		(11,393)	27,142
Financing	26	(16,307)	(820)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(27,700)	26,322
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(27,700)	26,322
Cash outflow from decrease in debt financing		16,367	-
Exchange differences		(370)	-
		<hr/>	<hr/>
Movement in net debt in the year		(11,703)	26,322
Net funds/(debt) at start of the year		4,965	(21,357)
		<hr/>	<hr/>
Net (debt)/funds at the end of the year	27	(6,738)	4,965
		<hr/>	<hr/>

Consolidated statement of total recognised gains and losses
for the year ended 31 March 2001

	2001 £000	2000 £000
Loss for the financial year	(5,777)	(3,045)
Exchange differences on the retranslation of net investments	(370)	-
	<u>(6,147)</u>	<u>(3,045)</u>

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2001

	Group 2001 £000	Company 2001 £000
At the beginning of the year	19,411	1,290
Issue of share capital	60	60
Equity dividend	(5,000)	(5,000)
(Loss)/profit for the year	(3,777)	14,783
Exchange differences	(370)	-
	<u>10,324</u>	<u>11,133</u>
Shareholders' funds at 31 March 2001	<u>10,324</u>	<u>11,133</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

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

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2001. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

(c) Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

(d) Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised and is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising on consolidation/business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

In the company's financial statements, investments in subsidiary undertakings and associates are stated at cost.

(e) Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:-

Freehold buildings and long leasehold land and buildings - 50 years.

Short leasehold land and buildings - over period of lease.

Plant, equipment and vehicles - 3 to 20 years.

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

(f) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

(h) Foreign currency exchange rates

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences relating to foreign currency borrowings.

(i) Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

(j) Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

The Group held no finance leases in the period.

(k) Pensions

The Dalgety Group Pension Scheme operates an occupational pension scheme that has a defined benefit section and a defined contribution section.

The defined benefits scheme provides benefits based on employees' length of service and final average earnings. The assets of the scheme are held in a trust separate from the Company.

The defined contribution scheme provides benefits based on the value of the assets in the employee's individual scheme which are held separate from the Company's assets in an independently administered fund.

(l) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

Notes (continued)

2 Turnover and segmental information

	Group 2001 £000	Group 2000 £000
<i>Analysis of turnover by geographical area</i>		
Continuing operations		
UK	440,385	493,262
Continental Europe	33,913	32,985
	<hr/> 474,298	<hr/> 526,247
Discontinued activities		
UK	865	10,031
Continental Europe	-	14,247
	<hr/> 865	<hr/> 24,278
	<hr/> 475,163	<hr/> 550,525

All turnover relates to arable merchandising and the manufacture of raw materials, vitamins and supplements for use in the production of animal feedstuffs.

	2001 £000	2000 £000
<i>Analysis of (loss)/profit before interest and taxation by geographical area</i>		
Continuing operations		
UK	(4,690)	1,064
Continental Europe	(228)	(1,899)
	<hr/> (4,918)	<hr/> (835)
Discontinued operations		
UK	75	(57)
Continental Europe	-	465
	<hr/> 75	<hr/> 408
	<hr/> (4,843)	<hr/> (427)

Notes *(continued)*

2 Turnover and segmental information *(continued)*

Loss before interest and taxation

	2001 £000	2000 £000
--	--------------	--------------

Geographical area

United Kingdom

Continental Europe

(4,615)	1,006	(1,433)
(228)		
(4,843)		(427)

The net assets of the Group relate to the following activities:-

	2001 £000	2000 £000
--	--------------	--------------

Arable merchanting

Net proceeds of sale of Dalgety Feed Limited businesses

Sugarich and Vitamealo businesses

11,095	8,726	16,974
-		(6,289)
-		
11,095		19,411

Notes (continued)

3 Net operating expenses

	Continuing 2001 £000	Discontinued 2001 £000	Group Total 2001 £000	Continuing 2000 £000	Discontinued 2000 £000	Group Total 2000 £000
Charges						
Changes in stocks of finished goods and work in progress	5,162	(586)	4,576	611	4,199	4,810
Raw materials and consumables	(446,124)	(312)	(446,436)	(486,585)	(24,391)	(510,976)
Other external charges	(10,381)	-	(10,381)	(18,738)	(2,395)	(21,133)
Staff costs (see note 5)	(18,258)	(192)	(18,450)	(22,501)	(1,374)	(23,875)
Depreciation and other amounts written off tangible fixed assets	(6,543)	-	(6,543)	(1,547)	(362)	(1,909)
Other operating charges	(12,548)	-	(12,548)	(5,149)	(1,107)	(6,256)
Total charges	(488,692)	(1,090)	(489,782)	(533,909)	(25,430)	(559,339)
Income						
Other operating income	713	-	713	979	107	1,086
Net operating expenses before goodwill amortisation	(487,979)	(1,090)	(489,069)	(532,930)	(25,323)	(558,253)
Amortisation of negative goodwill	8,771	-	8,771	5,848	-	5,848
Net operating expenses	(479,208)	(1,090)	(480,298)	(527,082)	(25,323)	(552,405)

Notes (continued)

4 Loss on ordinary activities before taxation

The following have been (charged)/credited before arriving at the Group loss on ordinary activities before taxation.

	Group	
	2001	2000
	£000	£000
Amortisation of goodwill	8,771	5,848
Impairment provision relating to the write down of fixed assets in Dalgety Arable Ltd	(4,227)	-
Other depreciation	(2,316)	(1,909)
Royalties payable	(3,979)	(5,076)
Loss on sale of fixed assets	(402)	(4,405)
Operating lease cost:		
- plant and machinery	(580)	(1,092)
- other operating lease	(1,751)	(2,010)
Other hire plant and machinery	(168)	(224)
Auditors' remuneration - audit fees	(98)	(121)
- other	(97)	(150)
Research expenditure	(123)	(133)
	<u> </u>	<u> </u>

The parent company audit fee for the year was £ Nil. Payments to the auditors by the parent company for non-audit services of £ Nil were made during the year.

5 Employees

The average number of persons employed by the Group within each category was:-

	Number of employees	
	2001	2000
Administration	420	347
Sales	220	293
Production	119	273
	<u> </u>	<u> </u>
	759	913
	<u> </u>	<u> </u>

The costs incurred in respect of these employees were:-

	2001	2000
	£000	£000
Wages and salaries	16,490	20,544
Social security costs	1,219	1,469
Other pension costs	741	1,862
	<u> </u>	<u> </u>
	18,450	23,875
	<u> </u>	<u> </u>

Notes (continued)

5 Employees (continued)

The Group operates the Dalgety Group Pension Scheme, an occupational pension scheme that has a defined benefit section and a defined contribution section.

The defined benefit section provides benefits based on employee's length of service and final average earnings. The assets of the scheme are held in a trust separate from the Company. The pension cost charged in the year of £493,000 (2000: £1,722,000) is based on the results of a full actuarial valuation carried out as at 30th September 1999 by an independent qualified actuary. This valuation used the projected unit method and was based on the following major assumptions; an investment return of 6%, a salary escalation rate of 3.75% and an allowance for increases in pension payments of 2.75% (pension in excess of Guaranteed Minimum Pension). At the date of the valuation, the market value of the scheme's assets was £69.0m which represented 122% of the value of the scheme's past service ongoing liabilities.

The defined contribution section provides benefits based on the value of the assets in the employee's individual scheme which are held separate from the Company's assets in an independently administered fund. The pension cost charged in the year was £70,000 (2000: £140,000).

A prepayment of £5,463,000 (2000: £6,026,000) is included under debtors.

The Group is currently on a pensions holiday and no payments were made to the Pension Scheme during the financial year.

6 Directors' remuneration

	Company	
	2001	2000
	£000	£000
Aggregate directors' emoluments	1,029	1,114
Emoluments of the highest paid director	177	225
The accrued annual pension of the highest paid director	108	108
The number of directors in the defined benefit pension scheme	6	5

7 Interest payable and similar charges

	Group	
	2001	2000
	£000	£000
Bank loans and overdrafts	(954)	(2,575)
Unwinding of discount rate on onerous lease provision	20	(43)
	(934)	(2,618)

Notes (continued)

8 Tax on loss on ordinary activities

	2001 £000	2000 £000
Deferred Taxation (Note 17)	(2,000)	-
	<u>(2,000)</u>	<u>-</u>

The goodwill amortisation did not impact the tax charge for the year.

9 Disposals

The Sugarich business was sold on 5 May 2000. Net proceeds were £1.0 million.

10 Intangible assets

	Group negative goodwill £000	Company negative goodwill £000
<i>Cost</i>		
At beginning of year	(52,295)	(9,600)
	<u>(52,295)</u>	<u>(9,600)</u>
At 31 March 2001	<u>(52,295)</u>	<u>(9,600)</u>
<i>Amortisation</i>		
At beginning of year	35,289	3,574
Amortisation for the year	8,771	563
	<u>44,060</u>	<u>4,137</u>
At 31 March 2001	<u>44,060</u>	<u>4,137</u>
<i>Net book value</i>		
At 31 March 2001	(8,235)	(5,463)
	<u>(8,235)</u>	<u>(5,463)</u>
At 31 March 2000	(17,006)	(6,026)
	<u>(17,006)</u>	<u>(6,026)</u>

Notes (continued)

10 Intangible assets (continued)

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The following sets out the periods over which goodwill is amortised and the reasons for the periods chosen:

Negative goodwill arising on the acquisition of Dalgety Feed Limited, Dalgety Arable Limited and the business and assets of Dalgety Supplements in May 1998 was in excess of the fair value of the non-monetary assets acquired. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale.

Negative goodwill in excess of this amount of £0.8 million will be released to the profit and loss account by equal instalments over the period ending 22 May 2002 being the period when the benefit of this negative goodwill is expected to arise. It is anticipated that the closing balance in respect of non-monetary assets of £6.3 million will be released over the next eight years.

11 Tangible fixed assets

Group	Land and buildings			Plant & Machinery	Total
	Freehold	Long lease	Short lease		
	£000	£000	£000	£000	£000
Cost					
At beginning of the year	7,753	505	852	7,022	16,132
Additions	15	48	40	1,097	1,200
Disposals	(540)	(328)	(295)	(8,787)	(9,950)
Group transfers	198	-	(55)	(143)	-
At 31 March 2001	7,426	225	542	(811)	7,382
Depreciation					
At beginning of the year	(310)	(52)	(74)	(73)	(509)
Disposals	91	-	85	7,076	7,252
Charge for the year	(999)	(32)	(42)	(5,470)	(6,543)
At 31 March 2001	(1,218)	(84)	(31)	1,533	200
Net book value					
At 31 March 2001	6,208	141	511	722	7,582
At 31 March 2000	7,443	453	778	6,949	15,623

Notes (continued)

12 Fixed asset investments

	Group Shares in Group undertakings £000	Group Own shares held £000	Company Own shares held £000
At beginning of year	36	84	84
Disposal	-	-	-
At 31 March 2001	<u>36</u>	<u>84</u>	<u>84</u>

The principal undertakings in which the Group's interest at the period end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held	Group	Company
<u>Subsidiary undertakings</u>					
Dalgety Agriculture Limited	England	Dormant	100% ordinary	100%	100%
Dalgety Supplements Limited	England	Non trading	100% ordinary	100%	100%
Dalgety Feed Limited	England	Non trading	100% ordinary	100%	100%
Advantage Livestock Limited	England	Dormant	100% ordinary		0%
Bates of Ash Limited	England	Holding of investments	100% ordinary and deferred		0%
Fertiliquids Limited	England	Dormant	100% ordinary		0%
Kenneth Wilson Limited	England	Dormant	100% ordinary and deferred		0%
Optima Feeds Limited	England	Non trading	100% ordinary		0%
Dalgety Arable Limited	England	Agricultural merchants	100% ordinary		0%
Dalgety Agra Polska Sp z.oo	Poland	Agricultural merchants	100% ordinary		0%

On 3 April 2000, the Group undertook a capital reorganisation in which Dalgety Feed Limited acquired 100% of the ordinary share capital of Dalgety Arable Limited giving rise to a distributable profit in Dalgety Group Limited.

Notes (continued)

12 Fixed asset investments (continued)

In the opinion of the directors the aggregate value of the subsidiary undertakings is not less than the aggregate amount at which those assets are stated in the balance sheet.

<u>Associated undertakings</u>	Country of incorporation	Principal activity	Class and percentage of shares held	
			Group	Company
King's Lynn Silos Limited*	England	Dock installation	28.57%	0%

In the opinion of the directors the aggregate value of the associated undertakings is not less than the aggregate amount at which those assets are stated in the balance sheet.

* Not included in the consolidation.

13 Stocks

	Group 31 March 2001	Company 31 March 2001	Group 31 March 2000 £000	Company 31 March 2000 £000
Raw materials	646	-	474	474
Finished goods and goods for resale	24,946	-	29,694	112
	<u>25,592</u>	<u>-</u>	<u>30,168</u>	<u>586</u>

In the opinion of the directors there is no material difference between book value and replacement cost at 31 March 2001.

14 Debtors

	Group 31 March 2001 £000	Company 31 March 2001 £000	Group 31 March 2000 £000	Company 31 March 2000 £000
Trade debtors	43,903	-	62,305	889
Amounts due from subsidiary undertakings	-	10,121	-	36,039
Other debtors	8,491	5,463	11,969	6,303
Prepayments and accrued income	577	-	1,186	208
	<u>52,971</u>	<u>15,584</u>	<u>75,460</u>	<u>43,439</u>

Other debtors include £ 4,900,000 due after more than one year.

Notes (continued)

15 Creditors: amounts falling due within one year

	Group 31 March 2001 £000	Company 31 March 2001 £000	Group 31 March 2000 £000	Company 31 March 2000 £000
Bank loans and overdrafts	6,738	-	-	14,873
Trade creditors	57,109	-	74,424	1,092
Amounts due to subsidiary undertakings	-	-	-	17,041
Other creditors	2,280	19	5,871	1,948
Accruals	1,341	238	4,117	128
	<u>67,468</u>	<u>257</u>	<u>84,412</u>	<u>35,082</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the group.

16 Provision for liabilities and charges

	Deferred taxation	Onerous Leases £000	Overdraft guarantee £000	Group Total £000	Overdraft guarantee £000	Deferred taxation £000	Company Total £000
At beginning of year	2,000	2,509	998	5,507	998	2,000	2,998
Utilised during the year	(2,000)	(2,291)	(998)	(5,289)	(998)	(2,000)	(2,998)
Unwinding of discounted amount	-	20	-	20	-	-	-
At 31 March 2001	<u>-</u>	<u>238</u>	<u>-</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

17 Deferred tax

The amounts provided for deferred taxation and the amounts not provided are set out below:

	Group 2001 Provided £000	Unprovided £000	Company 2001 Provided £000	Unprovided £000
Other timing difference - asset/(liability)	(2,000)	-	(2,000)	-
Released in the year	2,000	-	2,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

18 Called up share capital

	Company 31 March 2000	Movement in Year	Company 31 March 2001 £
Authorised:			
'A' ordinary shares of 1p	3,936	-	3,936
'B' ordinary shares of 1p	600	-	600
'C' ordinary shares of 1p	840	-	840
'D' ordinary shares of 1p	624	-	624
	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Allotted, called up and fully paid:			
'A' ordinary shares of 1p	3,936	-	3,936
'B' ordinary shares of 1p	-	600	600
'C' ordinary shares of 1p	840	-	840
'D' ordinary shares of 1p	624	-	624
	<u>5,400</u>	<u>600</u>	<u>6,000</u>

The B ordinary shares were issued on 4 April 2000 at a price of £1 per share following the exercise of subscription right by holders of warrants giving the right to subscribe to B ordinary shares.

The C ordinary shares do not entitle the shareholder to attend, speak or vote at any general meeting of the company or at any meeting of a separate class of shareholders of the company. The four classes of shares rank pari passu in all other respects.

Notes (continued)

19 Employee Share Ownership Trust

The Company has established an Employee Share Ownership Trust. At 31 March 2001 the trustee held 84,000 'C' Ordinary shares of 1p. None of these shares were under option or had been conditionally gifted to the beneficiaries of the trust at 31 March 2001.

20 Share premium and reserves

	Share premium account £000	Group Profit and loss account £000
At the beginning of the year	535	18,871
Premium on issue of shares	59	-
Dividend	-	(5,000)
Exchange difference	-	(370)
Retained loss for the year	-	(3,777)
	<hr/>	<hr/>
At 31 March 2001	594	9,724
	<hr/> <hr/>	<hr/> <hr/>

	Share premium account £000	Company Other reserves £000	Profit and loss account £000
At the beginning of the year	535	7,120	(6,370)
Premium on issue of shares	59	-	-
Dividend	-	-	(5,000)
Retained profit for the year	-	-	14,783
	<hr/>	<hr/>	<hr/>
At 31 March 2001	594	7,120	3,413
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

21 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries. The amount outstanding at 31 March 2001 was £ 7.7 million (2000: £9.0 million).

22 Commitments

(a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group 31 March 2001 £000	Company 31 March 2001 £000	Group 31 March 2000 £000	Company 31 March 2000 £000
Contracted	117	-	103	-

(b) Annual commitments under non-cancellable operating leases are as follows:

	Group Land and Buildings 31 March 2001 £000	Group Other 31 March 2001 £000	Company Other 31 March 2001 £000	Group Land and Buildings 31 March 2000 £000	Group Other 31 March 2000 £000	Company Other 31 March 2000 £000
Operating leases which expire:						
Within one year	15	459	-	115	621	56
In the second to fifth years inclusive	834	1,243	-	1,076	1,460	242
Over five years	40	-	-	283	-	-
	<u>889</u>	<u>1,702</u>	<u>-</u>	<u>1,474</u>	<u>2,081</u>	<u>298</u>

23 Dividend

	31 March 2001 £000	31 March 2000 £000
Interim dividend	5,000	-
Total	<u>5,000</u>	<u>-</u>

Notes (continued)

24 Subsequent event

Dalgety Arable Ltd has contracted to the sale of a property at Calne in Wiltshire which will complete on 7th May 2002 for consideration of £3,833,000. The net book value of this property is £847,041.

25 Reconciliation of operating profit to operating cash flows

	Group 2001 £000	2000 £000
Operating loss after tax	(3,135)	(1,880)
Depreciation and amortisation	(2,228)	(3,939)
Loss on sale of fixed assets	402	954
Decrease in stocks	4,576	4,810
Decrease in debtors	22,489	93,888
Decrease in creditors and provisions	(28,951)	(84,152)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(6,847)	9,681
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

26 Analysis of cash flows

	2001	Group	2000	Group
	£000	£000	£000	£000
Returns on investment and servicing of finance				
Interest paid	(934)		(2,618)	
	<u> </u>		<u> </u>	
Net cash outflow		(934)		(2,618)
		<u> </u>		<u> </u>
Capital expenditure				
Purchase of tangible fixed assets	(1,200)		(2,094)	
Sale of plant and machinery	1,588		-	
	<u> </u>		<u> </u>	
Net cash inflow/(outflow)		388		(2,094)
		<u> </u>		<u> </u>
Acquisitions and disposals				
Disposal of businesses	1,000		-	
Disposal of minority interest			(188)	
Proceeds from sale of current assets investment			22,361	
	<u> </u>		<u> </u>	
Net cash inflow		1,000		22,173
		<u> </u>		<u> </u>
Financing				
Issue of ordinary share capital	60		-	
Debt due within 1 year - invoice discounting facility	(16,367)		(820)	
	<u> </u>		<u> </u>	
Net cash outflow		(16,307)		(820)
		<u> </u>		<u> </u>

27 Analysis of net debt

	At beginning of year	Cash flow	Group
	£000	£000	At end of year £000
Cash in hand, at bank	31,532	(22,715)	8,817
Overdrafts	(7,060)	(5,355)	(12,415)
	<u> </u>	<u> </u>	<u> </u>
	24,472	(28,070)	(3,598)
Debt due within 1 year	(19,507)	16,367	(3,140)
	<u> </u>	<u> </u>	<u> </u>
	4,965	(11,703)	(6,738)
	<u> </u>	<u> </u>	<u> </u>