

Dalgety Feed Limited

**Directors' report and financial
statements**

Registered number 3528621
for the year ended 31 March 2001



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Directors' report

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

Principal activities and business review

The last of the company's feed manufacturing operations were sold in 1999/2000 and, as a result, the company did not trade during the year.

A summary of the performance is given below:

	Year ended 31 March 2001 £000	Year ended 31 March 2000 £000
Turnover	Nil	117,408
Operating (loss) before goodwill amortisation	(10,760)	(4,777)

Results

The result for the year is set out in the profit and loss account on page 5. The retained loss of £10,760,000 (2000 : loss £7,397,000) will be transferred to reserves.

Directors

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

AJ Taylor
PD Hunt
RP Green
P Kirk
KJ Compson

Dalgety Feed Limited is a wholly owned subsidiary of Dalgety Group Limited. The directors' interests in Dalgety Group Limited are disclosed in the financial statements of that company. No directors received any emoluments from Dalgety Feed Limited in respect of their service as directors of Dalgety Feed Limited.

Directors' report *(continued)*

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 those of 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.

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
Gloucestershire

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 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.

Independent auditors report to the members of Dalgety Feed Limited.

We have audited the financial statements on pages 5 to 16.

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 company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

19 December 2001

Profit and loss account
for the year ended 31 March 2001

	<i>Note</i>	2001	2000
		£000	£000
Turnover			
Discontinued activities	2	-	117,408
 Net operating expenses before goodwill amortisation	 3	 389	 (122,185)
Operating profit/(loss)		389	(4,777)
 Interest receivable / (payable)	 7	 4	 (2,620)
Amounts written off investments		(11,153)	-
 (Loss) on ordinary activities before and after taxation, retained for the year	 4	 (10,760)	 (7,397)

All amounts relate to operation of activities in the year. There were no other recognised gains and losses in the year other than the loss for the year as stated above.

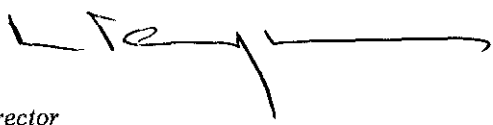
The notes on pages 7 to 16 form part of these accounts.

Balance sheet
at 31 March 2001

		2001		2000
		£000	£000	£000
Fixed assets				
Tangible assets	9		1,648	2,068
Investments	10		23,024	23,024
			<u>24,672</u>	<u>25,092</u>
Current assets				
Debtors	11	17,192		1,914
Cash at bank and in hand		402		22,361
		<u>17,594</u>		<u>24,275</u>
Creditors: amounts falling due within one year	12	(13,064)		(7,505)
Net current assets			4,530	16,770
Total assets less current liabilities			<u>29,202</u>	<u>41,862</u>
Creditors: amounts falling due after more than one year	12		(22,988)	(22,988)
Provision for liabilities and charges	13		-	(1,900)
Net assets			<u>6,214</u>	<u>16,974</u>
Capital and reserves				
Called up share capital	14		19,081	19,081
Share premium account	15		19,081	19,081
Profit and loss account	15		(31,948)	(21,188)
Equity shareholders' funds			<u>6,214</u>	<u>16,974</u>

The notes on pages 7 to 16 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

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 group's financial statements.

Basis of preparation

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

Basis of consolidation

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

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Dalgety Group Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

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 business combinations in respect of acquisitions is capitalised and amortised to nil by equal annual instalments over its estimated useful life.

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

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	-	life of lease
Plant, equipment and vehicles	-	3 to 20 years

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. 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.

Leases

No assets were acquired under finance leases in the year. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company is a member of the Dalgety Group Limited Pension Scheme:

- (i) The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.
- (ii) The group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

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

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.

Taxation

The charge for taxation is based on the profit for the year 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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers when the company acts as principal and commission when the company acts as agent.

Notes (continued)

2 Turnover

	Year ended 31 March 2001	Year ended 31 March 2000
	Total	Total
Sales to group undertakings	-	25
Sales within the United Kingdom	-	117,371
Sales within the rest of Europe	-	12
	<hr/>	<hr/>
	-	117,408
	<hr/>	<hr/>

All turnover and profit before tax relates to the manufacture and distribution of animal feed stuffs.

3 Net operating expenses

	Year ended 31 March 2001	Year ended 31 March 2000
	£000	£000
Turnover	-	117,408
Charges		
Changes in stocks of raw materials and finished goods	-	6,753
Raw materials and consumables	-	(107,580)
Other external charges	583	(4,263)
Staff costs (see note 5)	(99)	(10,354)
Depreciation and other amounts written off tangible fixed assets (note 9)	-	(1,084)
Other operating charges	(115)	(6,007)
	<hr/>	<hr/>
Total charges	369	(122,535)
	<hr/>	<hr/>
Other income		
Other operating income	20	350
	<hr/>	<hr/>
Net operating expenses	389	(122,185)
	<hr/>	<hr/>
Operating profit/(loss)	389	(4,777)
	<hr/>	<hr/>

Notes (continued)

4 Loss on ordinary activities before taxation

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

	Year ended 31 March 2001 £000	Year ended 31 March 2000 £000
(Profit)/loss on sale of fixed assets	(33)	(16)
Operating lease cost: - plant and machinery	8	1,621
Operating lease cost: - other operating leases	-	547
Auditors' remuneration - audit fees	5	10
- other fees	29	21
	<u> </u>	<u> </u>

5 Employees

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

	2001	2000
Administration	2	90
Sales	-	63
Production	-	162
	<u> </u>	<u> </u>
	2	315
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were:

	Year ended 31 March 2001 £000	Year ended 31 March 2000 £000
Wages and salaries	83	8,807
Social security costs	4	679
Other pension costs	12	868
	<u> </u>	<u> </u>
	99	10,354
	<u> </u>	<u> </u>

Notes (continued)

6 Directors' emoluments

No directors' remuneration was paid by the company. The remuneration of the directors is disclosed in the accounts of the parent company, Dalgety Group Limited.

7 Interest payable

	Year ended 31 March 2001	Year ended 31 March 2000 £000
Intercompany interest payable	-	2,481
Bank interest payable/(receivable)	(4)	139
	<hr/>	<hr/>
Interest (receivable) / payable	(4)	2,620
	<hr/>	<hr/>

8 Tax on profit on ordinary activities

The tax charge for the year was £Nil (2000: £Nil).

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £000	Long lease land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost				
At beginning of year	1,832	371	364	2,567
Disposals	(132)	(371)	(364)	(867)
At 31 March 2001	1,700	0	0	1,700
Depreciation				
At beginning of year	(598)	(43)	142	(499)
Charge for the year	142	-	(142)	-
Disposals	404	43	-	447
At 31 March 2001	(52)	0	0	(52)
Net book value				
At 31 March 2001	1,648	0	0	1,648
At 31 March 2000	1,234	328	506	2,068

10 Investments

	Investment in associate £000	Company Shares in group undertakings £000	Total £000
At beginning of year	36	22,988	23,024
Additions	-	11,153	11,153
Written off in year	-	(11,153)	(11,153)
At 31 March 2001	36	22,988	23,024

Notes (continued)

10 Investments (continued)

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

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Dalgety Arable Limited	England	Agricultural supplies	100% ordinary
Bates of Ash Limited	England	Holding of investments	100% ordinary and deferred
Fertiliquids Limited	England	Dormant	100% ordinary
Kenneth Wilson Limited	England	Dormant	100% ordinary and deferred
Optima Feeds Limited	England	Non trading	100% ordinary

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.

Associated undertakings

King's Lynn Silos Limited	England	Dock installation	28.57%
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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.

The shares in Dalgety Arable Limited were acquired on 3rd April 2000 from Dalgety Group Limited.

11 Debtors

	31 March 2001 £000	31 March 2000 £000
Trade debtors	-	499
Amounts owed by group undertakings	16,649	254
Other debtors	540	1,009
Prepayments and accrued income	3	152
	<u>17,192</u>	<u>1,914</u>

12 Creditors - amounts falling due within one year

	31 March 2001 £000	31 March 2000 £000
Trade creditors	3	1,175
Amounts owed to group undertakings	11,153	3,571
Other creditors including taxation and social security	1,710	1,182
Accruals	198	1,577
	<u>13,064</u>	<u>7,505</u>
Amounts falling due after more than one year		
Amounts owed to group undertakings	22,988	22,988
	<u>22,988</u>	<u>22,988</u>

Notes (continued)

13 Provisions for liabilities and charges

	2001 £000
Provisions for onerous leases	
At beginning of year	1,900
Movement in year	(1,900)
At 31 March 2001	<u>-</u>

14 Called up share capital

	31 March 2001 £000	31 March 2000 £000
Authorised:		
19,081,100 ordinary equity shares of £1 each	19,081	19,081
	<u>19,081</u>	<u>19,081</u>
	Number	£000
Allotted, issued and fully paid:		
At beginning and end of year	19,081,004	19,081
	<u>19,081,004</u>	<u>19,081</u>

15 Reserves

	Share premium £000	Profit and loss reserve £000
At the beginning of the year	19,081	(21,188)
Loss for the year	-	(10,760)
At 31 March 2001	<u>19,081</u>	<u>(31,948)</u>

16 Reconciliation of movement in shareholders' funds

	£000
Shareholders' funds at the beginning of the year	16,974
Loss for the year	(10,760)
Shareholders' funds at the end of the year	<u>6,214</u>

Notes (continued)

17 Financial commitments

At 31 March 2001, the company had annual commitments under non-cancellable operating leases expiring:

	2001 Land and buildings £000	Other £000	2000 Land and buildings £000	Other £000
Within one year	-	-	-	9
Between one year and five years	-	-	-	9
After five years	-	-	164	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	164	18
	<hr/>	<hr/>	<hr/>	<hr/>

Future capital commitments contracted for but not provided for amount to £Nil. (2000: £Nil)

18 Pension scheme

Details of the group pension scheme are given in the financial statements of Dalgety Group Limited. The total pension charge in respect of the defined benefit scheme was £4,000 (2000: £849,000). Outstanding contributions for the defined benefit scheme were £Nil. (2000: £Nil).

The group also operates a defined contribution scheme for some employees. The pension cost charge relating to the defined contribution section of the scheme was £Nil. Outstanding contributions for the defined contribution scheme were £Nil (2000: £Nil)

19 Parent company and related party disclosures

The company is a subsidiary undertaking of Dalgety Group Limited which is the ultimate parent company.

20 Contingent liabilities

The company is party to guarantees over the overdrafts and bank loans of other group companies. The amount outstanding at the year end was £10.6 million (2000: £24.3 million).

The company is party to various legal claims. The company policy is to provide for any liabilities where it is probable that compensation will be payable by the company. The amounts involved for cases where the outcome is uncertain are not considered material to these financial statements.