

Frontier Agriculture Limited

**Directors' report and consolidated
financial statements**

Registered number 05288567

30 June 2007

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Directors' report

The directors present their directors' report and consolidated financial statements for the year ended 30 June 2007

Principal activities

The principal activities of the company are the sale and merchandising of agricultural crops, seed (including processing), fertiliser and chemicals

Business review

The directors consider that the key performance indicators for the business are turnover and profit

	Year to 30 June 2007 £000	15 months to 30 June 2006 £000
Summarised results are given below		
Group turnover	623,345	711,390
Group profit on ordinary activities after taxation for the financial period	5,318	3,126

On 2 March 2007 the company acquired 100% of the share capital in Enviro Holdings Limited and its subsidiary companies. On 1 July 2007 the trade and assets of this group were hived up to the company.

A detailed review is given in the chairman's statement on page 3

Financial instruments

The company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk and foreign exchange exposure. Senior operating management and Board members regularly review financial risk against established policies.

Commodity Price And Position Risk – The trading activities of the business necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business. Positions are operated, by agreement from the Board, within duly authorised limits relative to each commodity. Senior management and Board members regularly review these positions compared to those limits. Exposure to commodity price fluctuations is controlled by the operation of position limits and by the use of approved futures markets.

Credit Risk – Where appropriate, credit checks are performed on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors. In addition the company has in place credit insurance to manage the potential financial loss relating to customers in the grain consumer, agricultural merchant and farmer buying group sectors.

Interest Rate Risk – The company is exposed to movements in the level of interest rates. Bank debt liabilities are maintained on a floating rate basis.

Foreign Exchange Risk – Trading activities include the import/export of grain and the import of fertiliser which create exposures to movements in foreign exchange rates principally Euro and USD. This exposure risk is managed through matching FX contracts. Authorisation levels for FX contracts are in place for both the amount and period of forward cover and are subject to regular independent review by senior management.

Proposed dividend

The directors do not propose the payment of a dividend for the period (2006 £nil)

Policy and practice on payment of creditors

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payment. At the period end the company had 18 days (2006 19 days) purchases outstanding.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows

KM Aitchison	
RL Banks	
P De Braal	- resigned 13 October 2006
DJ Yiend	
JP Greenhalgh	- resigned 13 October 2006
ND Irwin	- resigned 15 December 2006
DW Rogers	
JW Thompson	- resigned 31 July 2007
S Wooldridge	- appointed 24 July 2007
S Grainger	- appointed 15 December 2006
RC Cloke	- appointed 13 October 2006
RI Nield	- appointed 13 November 2006

No director had a beneficial interest in the shares of the company during the year

KM Aitchison and JW Thompson benefited from qualifying third party indemnity provisions in place during the financial period. KM Aitchison and S Wooldridge benefit from qualifying third party indemnity provisions at the date of this report.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Employees

During the period the company made arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company.

The company does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

Political and charitable contributions

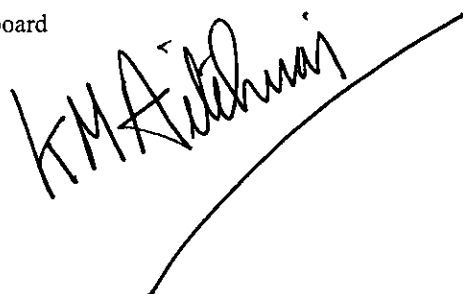
The company made no political contributions during the period (2006 £nil). Donations to UK charities amounted to £24,000 (2006 £23,000).

Auditors

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

By order of the board

K M Aitchison
Director



50/51 Russell Square
London
WC1B 4JA

12 October 2007

Chairman's statement

Frontier commenced its second year of trading on 1st July 2006, after the successful merger of Allied Grain and Banks Cargill Agriculture in April 2005. The following remarks refer to the 12 month period ending 30th June 2007.

After the initial year of "establishment" for the newly created business which focused on reorganisation and integration the year two focus was one of "consolidation and growth". Due to the continued strong loyalty of our customers in the food industry and at the farm gate we have made significant further progress towards our 3 year goals. A total commitment to listening and understanding the needs of our customers and to designing solutions that add genuine value has underpinned this performance.

The Board set three main objectives for the operating management for this trading period - and I can report that in every respect, these objectives have been achieved.

- To consolidate and build on the foundation structure created following the merger. In particular to benefit from "one team", unified trading systems and controls and the impact of a full year of cost saving benefits.
- Achieve annualised earnings growth of at least 25% over the previous period and a minimum of 12% return on shareholders initial investment.
- Implement growth initiatives to further strengthen the Frontier business via acquisition, customer innovation and strategic supply partnerships.

On behalf of both shareholders, I would like to pay a warm tribute to the dedication and commitment of our employees who have all worked tirelessly to deliver an excellent set of results in only our second full year of operations.

During the year, total operating profit grew to £11.3 million delivering annualised growth over the previous period of 43%. The profit on ordinary activities after taxation reached £5.3 million providing a return on initial investment of 15% - a level of performance which the Board considers most satisfactory.

In line with our growth plans - a 100% shareholding in Nomix Enviro Ltd was acquired increasing access to the amenity sector. A Customer Relationship Management initiative was launched to develop direct marketing capability. In grain - wheat supply agreements to Cargill Sweeteners in Manchester and to the proposed ABF/BP/DuPont bioethanol facility in Hull were successfully negotiated. Both providing the opportunity in the future, to further leverage our unique combination of crop inputs and crop outputs.

The crop inputs sector continued to be testing as the majority of the autumn seed business and new season fertiliser markets were concluded before any beneficial improvement in commodity values. Low global grain stocks and weather events improved grain prices in the 2nd half of the year bringing a much needed restoration of profitability to the arable sector.

Volatility in grain markets is now an established feature of the marketplace and Frontier's national "one book" trading strategy supported by industry leading systems provided the responsiveness necessary to navigate in this new landscape. In combination with a secure financial structure and access to the UK's strongest domestic and international trading network it has created a unique risk management capability for UK farmers and grain consumers.

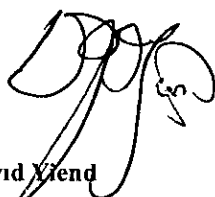
During the period, £1.7m in new capital expenditure was invested primarily in customer facing IT projects, in grain assets, crop protection distribution and in improvements in safety and environmental performance.

Employee morale and commitment have remained strong despite the increased work pressure and fast moving environment, primarily as a result of the strong and hands on leadership style of the senior management. On behalf of the Board I would like to thank John Thompson (Finance Director) and Kevin Mills (Divisional Director) who both retired in July, for their contribution over many years to the industry and to Frontier.

Chairman's statement *(continued)*

I anticipate continued earnings growth in the next financial period as ongoing investment and our focus on development continues. The higher emphasis on risk management and on improving long term crop returns will continue to challenge our customers at both ends of the supply chain. Frontier is uniquely positioned in this environment to become the strategic partner of choice.

I can report that results in the first quarter of the current trading year already strongly support this confident outlook.



David Yiend
Chairman

12 October 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 LLP

St Nicholas House
Park Row
Nottingham NG1 6FQ
United Kingdom

Independent auditors' report to the members of Frontier Agriculture Limited

We have audited the group and parent company financial statements (the 'financial statements') of Frontier Agriculture Limited for the year ended 30 June 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 5.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

KPMG LLP

12 October 2007

Chartered Accountants
Registered Auditor

Consolidated profit and loss account
for the year ended 30 June 2007


	<i>Note</i>	Year to 30 June 2007 £000	15 months to 30 June 2006 £000
Group turnover	2	623,345	711,390
Cost of sales		(585,468)	(668,838)
Gross profit		37,877	42,552
Selling and distribution costs		(12,120)	(15,471)
Administrative expenses		(15,178)	(17,932)
Other operating income		518	591
Group operating profit		11,097	9,740
Share of operating profit in joint venture		167	84
Total operating profit		11,264	9,824
Profit on sale of fixed assets		70	78
Costs of reorganisation	3	-	(1,619)
Other interest receivable and similar income - group	7	235	1,160
- joint venture		10	19
Interest payable and similar - group	8	(3,891)	(4,724)
- joint venture		(1)	(1)
Other finance income / (costs)	9	55	(19)
Profit on ordinary activities before taxation		7,742	4,718
Tax on profit on ordinary activities - group	10	(2,394)	(1,547)
- joint venture	10	(30)	(45)
Profit on ordinary activities after taxation		5,318	3,126
Profit for the financial period	19	5,318	3,126

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations

Consolidated balance sheet
as at 30 June 2007

	<i>Note</i>	2007 £000	2006 £000
Fixed assets			
Intangible assets	11	3,611	1,239
Tangible assets	12	19,024	19,030
Investments	13	2,340	2,294
		<u>24,975</u>	<u>22,563</u>
Current assets			
Stocks	14	46,523	31,511
Debtors	15	78,474	75,130
Cash at bank and in hand		400	5
		<u>125,397</u>	<u>106,646</u>
Creditors: amounts falling due within one year	16	<u>(106,159)</u>	<u>(90,179)</u>
Net current assets		<u>19,238</u>	<u>16,467</u>
Total assets less current liabilities		<u>44,213</u>	<u>39,030</u>
Provisions for liabilities and charges	17	(73)	-
Pension assets / (liabilities)	22	367	(27)
Net assets		<u>44,507</u>	<u>39,003</u>
Capital and reserves			
Called up share capital	18	36,000	36,000
Profit and loss account	19	8,507	3,003
Shareholders' funds		<u>44,507</u>	<u>39,003</u>


These financial statements were approved by the board of directors on 12 October 2007 and were signed on its behalf by


S Wooldridge
Director

Company balance sheet
as at 30 June 2007

	<i>Note</i>	2007 £000	2006 £000
Fixed assets			
Intangible assets	11	1,052	1,239
Tangible assets	12	18,319	19,030
Investments	13	5,674	2,237
		<u>25,045</u>	<u>22,506</u>
Current assets			
Stocks	14	45,866	31,511
Debtors	15	77,320	75,130
Cash at bank and in hand		4	5
		<u>123,190</u>	<u>106,646</u>
Creditors' amounts falling due within one year	16	<u>(104,470)</u>	<u>(90,179)</u>
Net current assets		<u>18,720</u>	<u>16,467</u>
Total assets less current liabilities		<u>43,765</u>	<u>38,973</u>
Pension assets / (liabilities)	22	<u>367</u>	<u>(27)</u>
Net assets		<u>44,132</u>	<u>38,946</u>
Capital and reserves			
Called up share capital	18	36,000	36,000
Profit and loss account	19	8,132	2,946
Shareholders' funds		<u>44,132</u>	<u>38,946</u>

These financial statements were approved by the board of directors on 12 October 2007 and were signed on its behalf by


S Wooldridge
Director

Consolidated cash flow statement
for the year ended 30 June 2007

	<i>Note</i>	Year to 30 June 2007 £000	15 months to 30 June 2006 £000
Reconciliation of operating profit to net cash flow from operating activities			
Group Operating profit		11,097	9,740
Depreciation and amortisation charges		2,671	3,714
(Increase) / Decrease in stocks		(14,410)	21,556
(Increase) / Decrease in debtors		(2,525)	11,510
Increase / (Decrease) in creditors		12,628	(19,071)
Increase in provisions		12	-
Net cash outflow in respect of reorganisation costs		-	(1,619)
Pension contributions in excess of operating charge		(297)	(136)
		<hr/>	<hr/>
Net cash inflow from operating activities		9,176	25,694
		<hr/>	<hr/>
Cash flow statement			
Cash inflow from operating activities		9,176	25,694
Returns on investments and servicing of finance	23	(3,470)	(3,428)
Taxation		(1,559)	(1,051)
Capital expenditure and financial investment	23	(1,648)	(2,220)
Acquisitions and disposals	23	(2,436)	(107,384)
		<hr/>	<hr/>
Cash inflow/(outflow) before management of liquid resources and financing		63	(88,389)
Financing	23	(990)	36,000
		<hr/>	<hr/>
Decrease in cash in the period		(927)	(52,389)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(927)	(52,389)
Net debt at the start of the period	24	(52,389)	-
		<hr/>	<hr/>
Net debt at the end of the period	24	(53,316)	(52,389)
		<hr/>	<hr/>

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2007

	Year to 30 June 2007 £000	15 months to 30 June 2006 £000
Profit for the financial period		
Group	5,172	3,069
Share of joint venture	146	57
	<hr/> 5,318	<hr/> 3,126
Actuarial gain/(loss) recognised in the pension scheme	266	(175)
Deferred tax (liability)/asset arising on gains/losses in the pension scheme	(169)	12
Current tax credit arising on gains/losses in the pension scheme	89	40
	<hr/> 5,504	<hr/> 3,003
Total recognised gains and losses relating to the financial period	<hr/> <hr/> 5,504	<hr/> <hr/> 3,003

Note of consolidated historical cost profits and losses
for the year ended 30 June 2007

	Year to 30 June 2007 £000	15 months to 30 June 2006 £000
Reported profit on ordinary activities before taxation	7,742	4,718
Difference between profit calculated on the historical cost of stock and commodity contracts and the profit calculated on the fair value	(3,708)	(2,491)
	<hr/> 4,034	<hr/> 2,227
Historical cost profit on ordinary activities before taxation	<hr/> 4,034	<hr/> 2,227
Historical cost profit for the period retained after taxation	<hr/> <hr/> 2,722	<hr/> <hr/> 1,382

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2007

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Profit for the financial period	5,318	3,126	5,000	3,069
Other recognised gains and losses relating to the year (net)	186	(123)	186	(123)
New share capital subscribed	-	36,000	-	36,000
Net addition to shareholders' funds	5,504	39,003	5,186	38,946
Opening shareholders' funds	39,003	-	38,946	-
Closing shareholders' funds	44,507	39,003	44,132	38,946

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 financial statements, except as noted below

In these financial statements, the following new standards have been adopted for the first time

- FRS 20 'Share-based payment',
- FRS 23 'The effects of changes in foreign exchange rates',
- FRS 24 'Financial reporting in hyperinflationary economies',
- the disclosure requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 26 'Financial instruments measurements'

The adoption of these standards has had no material effect on either the current or prior year profit and loss account or balance sheet

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and, except for commodity stocks and related contracts, under the historical cost accounting rules

Commodity stocks and related contracts are recognised at fair value, being the market price ruling at the balance sheet date

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings and joint venture undertakings made up to 30 June 2007

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

A joint venture undertaking is an undertaking where the company does not hold a controlling interest but is one in which the company has a long-term interest and where it can exercise joint control. In these instances the Group's share of the profits or losses of joint ventures is included in the consolidated profit and loss account and its interest in the net assets is included under investments in the consolidated balance sheet

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

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

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	-	25 to 50 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	6 to 10 years
Fixtures, fittings, tools and equipment	-	2 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to commodity market, foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives are not accounted for using the hedge accounting method and therefore are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. 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 Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Notes (continued)

1 Accounting policies (continued)

Stocks

Except as described below, stocks and work in progress are valued at the lower of cost and net realisable value

Commodity stocks and related contracts (including forward futures and option contracts), where the value of the underlying commodity is determined by a quoted terminal market, are revalued to the market price ruling at the balance sheet date. This is deemed to be the fair value of such stocks and related contracts and the treatment is in accordance with the fair value accounting rules of the Companies Act

The difference between the historical cost of such stocks and related contracts is shown in the note of historical cost profits and losses

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

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the group

Following the adoption of FRS 25, financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Turnover

Turnover represents the amounts, excluding Value Added Tax, derived from the provision of goods and services to customers. Turnover is recognised on delivery of the goods and services concerned

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes (continued)

2 Segmental analysis

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
<i>Analysis of turnover by geographical destination</i>		
United Kingdom	559,669	632,057
Rest of the World	63,676	79,333
	<u>623,345</u>	<u>711,390</u>

The directors consider that there is only one class of business. Turnover is generated by operations based solely in the United Kingdom.

3 Costs of reorganisation

In the prior year, costs of £1,619,000 arose on reorganisation following the acquisition of Allied Grain (a division of AB Agri Limited) and Banks Cargill Agriculture Limited. These costs primarily related to redundancies made as part of the integration of the two businesses.

4 Notes to the profit and loss account

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	2,441	3,490
Amortisation of goodwill	230	224
Hire of plant and machinery - rentals payable under operating leases	870	682
Hire of other assets - operating leases	2,400	2,811
Foreign exchange gains	(33)	(160)
Research and development expenditure	72	61
	<u> </u>	<u> </u>
<i>Auditors' remuneration</i>	£000	£000
Audit of these financial statements	95	103
<i>Amounts receivable by auditors and their associates in respect of</i>		
Audit of financial statements of subsidiaries	4	-
Other services relating to taxation	33	3
All other services	14	-
	<u> </u>	<u> </u>

Notes (continued)

5 Remuneration of directors

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
Directors' emoluments	379	358
Company contributions to defined benefit pension schemes	35	38
	<u>414</u>	<u>396</u>
	Number of directors	
	Year to 30 Jun 07	15 months to 30 Jun 06
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	<u>2</u>	<u>2</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £242,000 for the year (15 months to 30 Jun 06 £218,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £5,516 (15 months to 30 Jun 06 £2,446).

The following directors benefited from qualifying third party indemnity provisions

- KM Aitchison
- JW Thompson

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Group		Company	
	Number of employees		Number of employees	
	Year to 30 Jun 07	15 months to 30 Jun 06	Year to 30 Jun 07	15 months to 30 Jun 06
Administrative	272	250	252	250
Processing and distribution	382	394	351	394
	<u>654</u>	<u>644</u>	<u>603</u>	<u>644</u>

The aggregate payroll costs of these persons were as follows

	Group		Company	
	£000		£000	
	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
Wages and salaries	18,133	22,549	17,663	22,549
Social security costs	1,601	1,886	1,550	1,886
Pension costs	1,583	2,068	1,565	2,068
	<u>21,317</u>	<u>26,503</u>	<u>20,778</u>	<u>26,503</u>

Notes (continued)

7 Other interest receivable and similar income

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
Interest receivable from related parties (see note 25)	-	808
Bank Interest Receivable	1	-
Interest receivable on overdue debts from customers	234	352
	<hr/> 235	<hr/> 1,160
	<hr/>	<hr/>

8 Interest payable and similar charges

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
On bank loans and overdrafts	3,879	3,236
On all other loans	12	1,485
Finance charges payable in respect of finance leases and hire purchase contracts	-	3
	<hr/> 3,891	<hr/> 4,724
	<hr/>	<hr/>

Included in interest on all other loans is £nil (2006 £1,471,000) payable to related parties (see note 25)

9 Other finance income/(costs)

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
Expected return on pension scheme assets	235	75
Interest on pension scheme liabilities	(180)	(94)
	<hr/> 55	<hr/> (19)
	<hr/>	<hr/>

Notes (continued)

10 Taxation

Analysis of charge in period

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
<i>UK corporation tax</i>		
Current tax on income for the period	2,404	1,548
Adjustments in respect of prior periods	28	-
Tax on share of profits of joint venture	13	25
	<hr/>	<hr/>
Total current tax	2,445	1,573
<i>Deferred tax (see note 17)</i>		
Origination/reversal of timing differences	3	(1)
Adjustments in respect of prior periods	(41)	-
Share of tax of joint venture	17	20
	<hr/>	<hr/>
Total deferred tax	(21)	19
	<hr/>	<hr/>
Tax on profit on ordinary activities	2,424	1,592
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%)
The differences are explained below

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	7,742	4,718
	<hr/>	<hr/>
Current tax at 30 %	2,323	1,415
<i>Effects of</i>		
Expenses not deductible for tax purposes	117	143
Depreciation for period in excess of capital allowances	26	15
Enhanced research and development deduction	(9)	-
Utilisation of acquired tax losses	(6)	-
Prior period adjustments	10	-
Share of marginal relief of joint venture	(16)	-
	<hr/>	<hr/>
Total current tax charge (see above)	2,445	1,573
	<hr/>	<hr/>
<i>Deferred tax</i>		
	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
Difference between accumulated depreciation and amortisation and capital allowances	(48)	1
Short term timing differences	9	-
	<hr/>	<hr/>
	(39)	1
	<hr/>	<hr/>
Deferred tax asset/(liability) (see notes 15 and 17)	(39)	1
	<hr/>	<hr/>
	(39)	1
	<hr/>	<hr/>

Notes (continued)

10 Taxation (continued)

The deferred taxation asset relating to the pension scheme surplus/deficit (note 22)

	Year to 30 Jun 07 £000	15 months to 30 Jun 06 £000
At start of period	12	-
Movement in the statement of total recognised gains and losses	(169)	12
At end of period	(157)	12

11 Intangible fixed assets

Group	Goodwill on consolidation £000	Purchased goodwill £000	Total £000
<i>Cost</i>			
At beginning of year	-	1,463	1,463
Additions (note 26)	2,602	-	2,602
Disposals	-	-	-
At end of year	2,602	1,463	4,065
<i>Accumulated amortisation</i>			
At beginning of year	-	224	224
Charged in year	43	187	230
On disposals	-	-	-
At end of year	43	411	454
<i>Net book value</i>			
At 30 June 2007	2,559	1,052	3,611
At 30 June 2006	1,239	1,239	1,239

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:

- Goodwill arising on assets acquired from Banks Cargill Agriculture Limited – 8 years
- Goodwill arising on assets acquired from Allied Grain – 8 years
- Goodwill arising on acquisition of Nomix Enviro Limited (note 26) – 20 years

The directors believe the above reflects the period for which benefits can be expected to be obtained from the assets and liabilities acquired.

Notes (continued)

11 Intangible fixed assets (continued)

Company	Goodwill £000
<i>Cost</i>	
At beginning of year	1,463
Additions	-
Disposals	-
	<hr/>
At end of year	1,463
	<hr/>
<i>Accumulated amortisation</i>	
At beginning of year	224
Charged in year	187
On disposals	-
	<hr/>
At end of year	411
	<hr/>
<i>Net book value</i>	
At 30 June 2007	1,052
	<hr/>
At 30 June 2006	1,239
	<hr/>

12 Tangible fixed assets

Group	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of year	13,301	23,907	5,136	127	42,471
Acquisitions	730	565	194	-	1,489
Additions	277	1,082	334	70	1,763
Disposals	-	(729)	(629)	(57)	(1,415)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	14,308	24,825	5,035	140	44,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At beginning of year	3,382	17,376	2,590	93	23,441
Acquisitions	139	443	190	-	772
Charge for period	334	1,331	754	22	2,441
On disposals	-	(701)	(629)	(40)	(1,370)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	3,855	18,449	2,905	75	25,284
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 June 2007	10,453	6,376	2,130	65	19,024
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	9,919	6,531	2,546	34	19,030
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Tangible fixed assets (continued)

The net book value of land and buildings comprises

	2007 £000	2006 £000
Freehold	10,285	9,703
Short leasehold	168	216
	<u>10,453</u>	<u>9,919</u>

Company	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of year	13,301	23,907	5,136	127	42,471
Additions	277	1,081	333	70	1,761
Disposals	-	(729)	(629)	(57)	(1,415)
	<u>13,578</u>	<u>24,259</u>	<u>4,840</u>	<u>140</u>	<u>42,817</u>
<i>Accumulated depreciation</i>					
At beginning of year	3,382	17,376	2,590	93	23,441
Charge for year	332	1,320	753	22	2,427
On disposals	-	(701)	(629)	(40)	(1,370)
	<u>3,714</u>	<u>17,995</u>	<u>2,714</u>	<u>75</u>	<u>24,498</u>
<i>Net book value</i>					
At 30 June 2007	<u>9,864</u>	<u>6,264</u>	<u>2,126</u>	<u>65</u>	<u>18,319</u>
At 30 June 2006	<u>9,919</u>	<u>6,531</u>	<u>2,546</u>	<u>34</u>	<u>19,030</u>

The net book value of land and buildings comprises

	2007 £000	2006 £000
Freehold	9,696	9,703
Short leasehold	168	216
	<u>9,864</u>	<u>9,919</u>

Notes (continued)

13 Fixed asset investments

Group	Interests in joint ventures £000	Other investments and loans £000	Total £000
<i>Cost</i>			
At beginning and end of year	2,196	41	2,237
	<hr/>	<hr/>	<hr/>
<i>Share of post acquisition reserves</i>			
At beginning of year	57	-	57
Share of profit before tax for the year	176	-	176
Share of tax charge for the year	(30)	-	(30)
Dividend distribution	(100)	-	(100)
	<hr/>	<hr/>	<hr/>
At end of year	103	-	103
	<hr/>	<hr/>	<hr/>
<i>Provisions</i>			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2007	2,299	41	2,340
	<hr/>	<hr/>	<hr/>
At 30 June 2006	2,253	41	2,294
	<hr/>	<hr/>	<hr/>

Group share of net assets of joint ventures is analysed as follows

	Fixed assets £000	Current assets £000	Bank debt £000	Other creditors £000	Net assets £000
Southampton Grain Terminal Limited	235	330	-	(93)	472
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Fixed asset investments (continued)

Company	Shares in group undertakings £000	Investment in joint venture £000	Loans to group undertakings £000	Other investments and loans £000	Total £000
Cost					
At beginning of year	-	2,196	-	41	2,237
Acquisitions (note 26)	2,496	-	-	-	2,496
Loans advanced	-	-	990	-	990
Loans repaid	-	-	(49)	-	(49)
Disposals	-	-	-	-	-
	<u>2,496</u>	<u>2,196</u>	<u>941</u>	<u>41</u>	<u>5,674</u>
Provisions					
At beginning and end of year	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 30 June 2007	<u>2,496</u>	<u>2,196</u>	<u>941</u>	<u>41</u>	<u>5,674</u>
At 30 June 2006	<u>-</u>	<u>2,196</u>	<u>-</u>	<u>41</u>	<u>2,237</u>

The companies in which the company has an interest at the year end are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Enviro Holdings Limited	UK	Holding company	100% (direct)
Nomix Chipman Holdings Limited	UK	Holding company	100% (indirect)
Nomix Enviro Limited	UK	Agricultural pesticides	100% (indirect)
Joint ventures			
Southampton Grain Terminal Limited	UK	Grain terminal	50%
Other investments			
Global Range Limited	UK	Internet portal	6%

The company's investment in participating interests comprises 50,000 ordinary shares of £1 each amounting to 50 percent of issued share capital. The main business of Southampton Grain Terminal Limited is that of grain exporting. The financial year-end of Southampton Grain Terminal Limited is 30 June.

Notes (continued)

14 Stocks

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Raw materials and consumables	888	667	588	667
Work in Progress	164	-	-	-
Finished goods and goods for resale	45,471	30,844	45,278	30,844
	<u>46,523</u>	<u>31,511</u>	<u>45,866</u>	<u>31,511</u>

Included within finished goods and goods for resale are commodity related contracts classified as financial investments which are carried at fair value. The value of such financial instruments amounts to a liability of £5,117,000 (2006 liability of £124,000).

The group has consignment stock arrangements with suppliers in the ordinary course of business. Inventory drawn from consignment stock is invoiced at the price ruling at the date of drawdown. The value of such stock, at cost, which has been excluded from the balance sheet amounts to £1,096,000 (2006 £1,149,000).

15 Debtors

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Trade debtors (including amounts owed by related parties) (see note 25)	61,649	58,789	60,537	58,789
Other debtors	2,236	2,357	2,213	2,357
Net deferred tax assets (see note 10)	-	1	49	1
Prepayments and accrued income	14,589	13,983	14,521	13,983
	<u>78,474</u>	<u>75,130</u>	<u>77,320</u>	<u>75,130</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£000	£000	£000	£000
Bank loans and overdrafts	53,716	52,394	53,716	52,394
Trade creditors (including amounts owed to related parties) (see note 25)	38,367	31,850	37,194	31,850
Taxation and social security	2,114	1,114	1,792	1,114
Other creditors	160	89	160	89
Accruals and deferred income	11,802	4,732	11,608	4,732
	<u>106,159</u>	<u>90,179</u>	<u>104,470</u>	<u>90,179</u>

The group has a bank overdraft facility of £130 million, of which £76 million was undrawn at 30 June 2007.

The group's bank loans and overdrafts are secured by limited guarantees from both Cargill, Incorporated and ABF Holdings Limited. The bank loans are repayable on demand and each drawdown is charged with interest at a rate subject to negotiation with the Bank.

Notes (continued)

17 Provisions for liabilities and charges

Group	Deferred tax £000	Other provisions £000	Total £000
Asset at beginning of year (see note 15)	1	-	1
Acquired with subsidiary	(78)	(22)	(100)
Movement in the profit and loss account during the year	(3)	(12)	(15)
Movement in the profit and loss account for the prior period	41	-	41
	<u> </u>	<u> </u>	<u> </u>
Liabilities at end of year	(39)	(34)	(73)
	<u> </u>	<u> </u>	<u> </u>

Other provisions include warranty costs associated with the servicing of weed killer application products and costs associated with the disposal of certain raw materials

Deferred tax asset of £73,000 (2006 £nil) associated with tax losses acquired has not been recognised in the accounts due to uncertainty of its recoverability in the foreseeable future

Company

	Deferred tax £000
Asset at beginning of year (see note 15)	1
Movement in the profit and loss account during the year	7
Movement in the profit and loss account for the prior period	41
	<u> </u>
Asset at end of year (see note 15)	49
	<u> </u>

18 Called up share capital

	2007 £000	2006 £000
<i>Authorised</i>		
3,600,100,000 Ordinary shares of £0.01 each	36,001	36,001
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
3,600,000,104 Ordinary shares of £0.01 each	36,000	36,000
	<u> </u>	<u> </u>
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	36,000	36,000
	<u> </u>	<u> </u>
	36,000	36,000
	<u> </u>	<u> </u>

Notes (continued)

19 Profit and loss account

	Group £000	Company £000
At beginning of year	3,003	2,946
Profit for the year	5,318	5,000
Actuarial gain recognised in the pension scheme	266	266
Deferred tax arising on gains in the pension scheme	(169)	(169)
Current tax arising on gains in the pension scheme	89	89
	<hr/>	<hr/>
At end of year	8,507	8,132
	<hr/>	<hr/>

20 Contingent liabilities

The company has contingencies in respect of forward commodity contracts entered into in the normal course of business. As described in note 1, contracts are recorded at market value, which is dependent on market conditions. Given the inherent uncertainty of future market values, it is not possible to quantify the amount of contingent assets or liabilities.

21 Commitments

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

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Contracted	113	48	113	48
	<hr/>	<hr/>	<hr/>	<hr/>

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

	2007		2006	
Group	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	98	496	129	513
In the second to fifth years inclusive	1,268	956	1,180	915
Over five years	-	298	65	198
	<hr/>	<hr/>	<hr/>	<hr/>
	1,366	1,750	1,374	1,626
	<hr/>	<hr/>	<hr/>	<hr/>
Company	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	98	478	129	513
In the second to fifth years inclusive	1,268	942	1,180	915
Over five years	-	298	65	198
	<hr/>	<hr/>	<hr/>	<hr/>
	1,366	1,718	1,374	1,626
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

22 Pension scheme

The Group operates a defined benefit pension plan. The pension cost charged to the profit and loss account for the year represents current service cost and other finance costs amounting to £1,303,000 (2006 £1,961,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The plan was established from 2 April 2005 to provide continuation of benefits for employees previously participating in the defined benefit arrangements of the shareholders. The Plan is effectively closed to new entrants and there is no liability for benefits prior to 2 April 2005. An initial actuarial valuation of the Plan was carried out as at 2 April 2005 and updated for FRS17 purposes to 30 June 2007 by a qualified independent actuary.

The major assumptions used in this valuation were

	2007	2006
Rate of increase in salaries	4.00%	3.75%
Rate of increase in pensions in payment	2.50%	2.25%
Rate of increase in pensions in deferment	3.00%	2.75%
Discount rate applied to scheme liabilities	5.80%	5.25%
Inflation assumption	3.00%	2.75%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 30 Jun 07 £000	Value at 30 Jun 06 £000
Equities	2,625	1,493
Bonds	1,695	996
Cash	304	-
Total market value of assets	4,624	2,489
Present value of scheme liabilities	(4,100)	(2,528)
Surplus / (deficit) in the scheme – Pension asset / (liability)	524	(39)
Related deferred tax asset / (liability)	(157)	12
Net pension asset / (liability)	367	(27)

The expected rates of return on the assets in the scheme were

	Long term rate of return 2007	Long term rate of return 2006
Equities	8.50%	8.10%
Bonds	5.00%	4.60%
Cash	4.50%	4.00%

Notes (continued)

22 Pension scheme (continued)

Movement in surplus/deficit during the year

	2007 £000	2006 £000
Surplus/(deficit) in scheme at beginning of year	(39)	-
Current service cost	(1,358)	(1,942)
Contributions paid	1,600	2,097
Other finance income/(costs)	55	(19)
Actuarial gain/(loss)	266	(175)
	<hr/>	<hr/>
Surplus/(deficit) in the scheme at the end of the year	524	(39)
	<hr/>	<hr/>

Analysis of other pension costs charged in arriving at operating profit/loss

	2007 £000	2006 £000
Current service cost	1,358	1,942
	<hr/>	<hr/>
	1,358	1,942
	<hr/>	<hr/>

Analysis of amounts included in other finance costs

	2007 £000	2006 £000
Expected return on pension scheme assets	235	75
Interest on pension scheme liabilities	(180)	(94)
	<hr/>	<hr/>
	55	(19)
	<hr/>	<hr/>

Analysis of amount recognised in statement of total recognised gains and losses

	2007 £000	2006 £000
Actual return less expected return on scheme assets	(138)	(102)
Experience gains and losses arising on scheme liabilities	-	43
Changes in assumptions underlying the present value of scheme liabilities	404	(116)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	266	(175)
	<hr/>	<hr/>

With effect from 6 April 2006 pension increases in respect of future accruals were reduced to RPI subject to a cap of 2.5% (previously 5.0%). With effect from 1 May 2006 member contributions were increased between 1% and 3% of pensionable salary depending on the category of members. Group contributions, at 15.0% of pensionable salary before offset remain unchanged.

Notes (continued)

22 Pension scheme (continued)

History of experience gains and losses

	2007	2006
Difference between the expected and actual return on scheme assets		
Amount (£000)	(138)	(102)
Percentage of period end scheme assets	-3%	-4%
Experience gains and losses on scheme liabilities		
Amount (£000)	-	43
Percentage of period end present value of scheme liabilities	0%	2%
Total amount recognised in statement of total recognised gains and losses		
Amount (£000)	266	(175)
Percentage of period end present value of scheme liabilities	+6%	-7%

The Group was also a member of six (2006 five) defined contribution schemes during the period. Contributions made to these schemes of £225,000 (2006 £127,000) (on behalf of employees were charged to the profit and loss account as incurred. At the current and prior period end there were no amounts accrued or prepaid under the defined contribution schemes.

23 Analysis of cash flows

	2007 £000	2007 £000	2006 £000	2006 £000
Returns on investment and servicing of finance				
Dividends received from joint venture	100		-	
Interest received	290		1,160	
Interest paid	(3,860)		(4,588)	
	<u> </u>	<u>(3,470)</u>	<u> </u>	<u>(3,428)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(1,763)		(3,339)	
Sale of tangible fixed assets	115		1,160	
Purchase of fixed asset investments	-		(41)	
	<u> </u>	<u>(1,648)</u>	<u> </u>	<u>(2,220)</u>
Acquisitions and disposals				
Purchase of group undertaking	(2,496)		-	
Net cash acquired with group undertaking	60		-	
Purchase of trading assets	-		-	
Net cash/loans acquired with trading assets	-		(107,384)	
	<u> </u>	<u>(2,436)</u>	<u> </u>	<u>(107,384)</u>
Financing				
Issue of ordinary share capital	-		36,000	
Repayment of borrowings	(990)		-	
	<u> </u>	<u>(990)</u>	<u> </u>	<u>36,000</u>

Notes (continued)

24 Analysis of net debt

	At beginning of year £000	Cash flow £000	Acquisition £000	At end of year £000
Cash in hand and at bank	5	335	60	400
Overdrafts and loans payable on demand	(52,394)	(1,322)	-	(53,716)
Total	(52,389)	(987)	60	(53,316)

25 Related party disclosures

The company has no controlling party since it is owned in equal proportions by Cargill PLC and A B F Holdings Limited

The group has taken advantage of the exemption permitted by FRS 8 and not disclosed transactions with group companies that are eliminated on consolidation

Transactions with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A B F Holdings Limited), participating interests and companies controlled by company directors are set out below

		2007		2006	
	Key	£000	£000	£000	£000
Trade sales					
ABN Limited	a	78,354		85,853	
Cargill PLC	b	60,477		80,552	
Allied Mills Limited	a	27,151		16,527	
Sun Valley Foods Limited	b	14,809		8,933	
Cargill Spain	b	7,036		6,693	
The Ryvita Company Limited	a	2,306		2,719	
Cargill France	b	1,864		-	
Cargill Italy	b	1,008		-	
Micronized Food Products Limited	c	393		462	
AB Agri Limited	a	969		448	
Westmill Foods Limited	a	224		220	
The Silver Spoon Company Limited	a	155		-	
Little Staughton Farms Limited	c	95		118	
British Sugar PLC	a	84		93	
			194,925		202,618
Trade purchases					
Cargill PLC	b	(3,148)		(14,628)	
Cargill France	b	(1,721)		-	
AB Agri Limited	a	(13)		(69)	
Cargill Holdings BV	b	(201)		(261)	
Little Staughton Farms Limited	c	(246)		(222)	
Micronized Food Products Limited	c	(95)		(163)	
Cargill Spain	b	(133)		(128)	
Sun Valley Foods Limited	b	(65)		(81)	
Allied Mills Limited	a	(61)		-	
Cargill Germany	b	(58)		-	
Banks Mills Limited	c	-		(13)	
Cargill SA	b	(16)		(11)	
British Sugar PLC	a	(15)		-	
ABN Limited	a	(160)		(561)	
			(5,932)		(16,137)

Notes (continued)

25 Related party disclosures (continued)

	Key	2007		2006	
		£000	£000	£000	£000
Service income					
AB Agri Limited	a		73		-
			<u>73</u>		<u>-</u>
Service expense					
Cargill PLC	b	(75)		(171)	
AB Agri Limited	a	(68)		(91)	
Cargill Inc	b	(2)		(8)	
Cargill Financial Services Intl Inc	b	(8)		(8)	
SCB Holdings (Sandy) Limited	c	-		(3)	
			<u>(153)</u>		<u>(281)</u>
Leasing income					
AB Agri Limited	a		20		25
			<u>20</u>		<u>25</u>
Leasing expense					
Cargill PLC	b	(597)		(683)	
Banks Mills Limited	c	(182)		(242)	
AB Agri Limited	a	(7)		(65)	
Micronized Food Products Limited	c	(32)		(29)	
Little Staughton Farms Limited	c	(10)		(17)	
			<u>(828)</u>		<u>(1,036)</u>
Management charges					
Cargill PLC	b	(19)		(43)	
Sun Valley Foods Limited	b	(20)		(43)	
			<u>(39)</u>		<u>(86)</u>
Finance income					
Cargill PLC	b	-		402	
ABF Holdings Limited	a	-		406	
			<u>-</u>		<u>808</u>
Finance expense					
Cargill PLC	b	-		(310)	
ABF Holdings Limited	a	-		(1,161)	
			<u>-</u>		<u>(1,471)</u>

Notes (continued)

25 Related party disclosures (continued)

Trading balances as at 30 June 2007 with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A B F Holdings Limited), participating interests and companies controlled by company directors are set out below

		2007		2006	
	Key	£000	£000	£000	£000
Debtors due within one year					
ABN Limited	a	6,206		5,495	
Cargill PLC	b	432		1,574	
Allied Mills Limited	a	514		1,281	
The Ryvita Company Limited	a	292		576	
Sun Valley Foods Limited	b	469		427	
Westmill Foods Limited	a	10		43	
AB Agri Limited	a	199		15	
Little Staughton Farms Limited	c	10		-	
Micronized Food Products Limited	c	4		14	
British Sugar PLC	a	4		(8)	
			8,140		9,417
Creditors due within one year					
Banks Mills Limited	c	(51)		(52)	
Little Staughton Farms Limited	c	(21)		(36)	
Cargill PLC	b	(747)		(28)	
British Sugar PLC	a	(8)		-	
Micronized Food Products Limited	c	(9)		-	
ABN Limited	a	(23)		(16)	
			(859)		(132)

Key

- a - subsidiary of Associated British Foods PLC
- b - subsidiary of Cargill Incorporated
- c - controlled by RL Banks

	2007	2006
	£000	£000
Transactions involving joint ventures		
Service income	5	42
Port services	(695)	(962)
Management charges	20	-
Debtors due within one year	21	16
Creditors due within one year	(23)	-

Notes (continued)

26 Acquisitions

The company acquired 100% of the equity of the following company during the year

	Date of acquisition
Enviro Holdings Limited	2 March 2007

The group's assets and liabilities acquired and the consideration given are detailed below

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible fixed assets	861	(861)	-
Tangible fixed assets	717	-	717
Stock	602	-	602
Debtors	820	-	820
Cash	60	-	60
Creditors	(1,315)	-	(1,315)
Bank overdrafts	-	-	-
Bank loans	(990)	-	(990)
	<hr/>	<hr/>	<hr/>
Net assets / (liabilities) acquired	755	(861)	(106)
Goodwill (note 11)			2,602
			<hr/>
<i>Fair value of consideration</i>			
Cash paid (note 13)			2,496
			<hr/>

The fair value adjustment shown above is to remove consolidated goodwill which was included on the consolidated balance sheet of Enviro Holdings Limited

27 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

From time to time the Group hedges its exposure to interest rate risk. As at 30 June 2007, no hedging instruments were in place (2006: none).

Notes (continued)

27 Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice

Group	Note	Effective interest rate	2007		Effective interest rate	2006	
			Total £000	< 1 year £000		Total £000	< 1 year £000
Bank loans and overdrafts	16	6.02%	(53,716)	(53,716)	5.00%	(52,394)	(52,394)
			<u>(53,716)</u>	<u>(53,716)</u>		<u>(52,394)</u>	<u>(52,394)</u>
			<u><u>(53,716)</u></u>	<u><u>(53,716)</u></u>		<u><u>(52,394)</u></u>	<u><u>(52,394)</u></u>
Company	Note	Effective interest rate	2007		Effective interest rate	2006	
			Total £000	< 1 year £000		Total £000	< 1 year £000
Bank loans and overdrafts	16	6.02%	(53,716)	(53,716)	5.00%	(52,394)	(52,394)
			<u>(53,716)</u>	<u>(53,716)</u>		<u>(52,394)</u>	<u>(52,394)</u>
			<u><u>(53,716)</u></u>	<u><u>(53,716)</u></u>		<u><u>(52,394)</u></u>	<u><u>(52,394)</u></u>

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than sterling. The currencies giving rise to this risk are primarily Euro and US Dollars.

The Group hedges its estimated foreign currency exposure in respect of commodity contracts. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies other than sterling, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Changes in the fair value of forward exchange contracts that economically hedge commodity contracts in foreign currencies are recognised in the profit and loss account. Both the changes in fair value of the foreign exchange contracts and the foreign exchange gains and losses relating to the commodity contracts are recognised as part of cost of sales. The fair value of forward exchange contracts used as economic hedges of commodity contracts in foreign currencies at 30 June 2007 was £114,000 (2006: £5,000) recognised in stock.

Notes (continued)

27 Financial instruments (continued)

Fair values

The fair value of financial instruments values together with the carrying amounts shown in the balance sheet are as follows

Group	Note	2007		2006	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Commodity stocks and related contracts	14	(5,117)	(5,117)	(124)	(124)
Trade and other debtors	15	75,408	75,408	71,820	71,820
Cash		400	400	5	5
Bank loans and overdrafts	16	(53,716)	(53,716)	(52,394)	(52,394)
Trade and other creditors	16	(52,443)	(52,443)	(37,785)	(37,785)
		<u>(35,468)</u>	<u>(35,468)</u>	<u>(18,478)</u>	<u>(18,478)</u>
Unrecognised gain/(loss)			-		-

Company	Note	2007		2006	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Other investments and loans	13	41	41	41	41
Loans to group undertakings	13	941	941	-	-
Commodity stocks and related contracts	14	(5,117)	(5,117)	(124)	(124)
Trade and other debtors	15	74,205	74,205	71,820	71,820
Cash		4	4	5	5
Bank loans and overdrafts	16	(53,716)	(53,716)	(52,394)	(52,394)
Trade and other creditors	16	(50,754)	(50,754)	(37,785)	(37,785)
		<u>(34,396)</u>	<u>(34,396)</u>	<u>(18,437)</u>	<u>(18,437)</u>
Unrecognised gain/(loss)			-		-