

Registrar

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DIRECTORS' REPORT AND ACCOUNTS

SMITHS FLOUR MILLS LIMITED

2 OCTOBER 1982

Ernst & Whinney



SMITHS FLOUR MILLS LIMITED

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NOTICE OF MEETING

Notice is hereby given that the annual general meeting of Smiths Flour Mills Limited will be held at Albion Mills, Worksop on 29 December 1982 at 12 noon to transact the following business:

- 1 To receive and adopt the directors' report and the audited accounts for the 53 weeks ended 2 October 1982.
- 2 To approve the interim dividend paid.
- 3 To reappoint the auditors.
- 4 To authorise the directors to fix the remuneration of the auditors.

By order of the board

  
P L Boughton

Secretary

Albion Mills  
Worksop

25 November 1982

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NOTE

Any member of the company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.

## SMITHS FLOUR MILLS LIMITED

## DIRECTORS' REPORT

Directors: A Green  
C M Wilson  
A J Amos  
P L Boughton  
C J Jepson

Secretary: P L Boughton

Registered Office: Albion Mills, Worksop

The directors present their report for the 53 weeks ended 2 October 1982.

## ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the company for the 53 weeks ended 2 October 1982.

In accordance with the policy adopted by the ultimate holding company the profit for the period is dealt with as explained in note 7 to the accounts.

## PRINCIPAL ACTIVITIES

The principal activities of the company during the period continued to be:

- (a) Millers of wheat and rice, producers of rye flour, maize products and animal feeding stuffs and prepackers of flour and cereals.
- (b) Manufacture and merchanting of animal feeding stuffs, and merchanting of seeds and fertilizers.
- (c) Egg production.

## DIRECTORS

The directors of the company during the period ended 2 October 1982 were those listed above.

In accordance with the articles of association the directors are not required to retire by rotation.

## SMITHS FLOUR MILLS LIMITED

## DIRECTORS' REPORT (continued)

## DIRECTORS' INTERESTS

None of the directors has any beneficial interest in the shares of the company.

The directors' interests in the share capital of the ultimate holding company, Northern Foods PLC, are as follows:

	2 October 1982		27 September 1981	
	Ordinary shares of 25p		Ordinary shares of 25p	
	Fully	Executive	Fully	Executive
	paid	share	paid	share
		options		options
A Green	9,068	-	8,678	-
C M Wilson	10,346	75,000	9,268	62,500
A J Amos	4,693	-	3,911	-
P L Boughton	594	37,500	265	31,250
C J Jepson	1,435	15,000	1,146	12,500

The options to subscribe for ordinary shares granted under the Northern Foods executive share option scheme are exercisable at prices of 81p, 86p or 117p per share between 1982 and 1987.

## EMPLOYMENT OF DISABLED PEOPLE

The company supports the employment of disabled people wherever reasonably possible, both in recruitment, by retention of those who become disabled during their employment, and generally through training, career development and promotion.

## AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with Section 14 of the Companies Act 1976 a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board

  
P L Boughton

Secretary

25 November 1982

# Ernst & Whinney

Chartered Accountants

## REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of Smiths Flour Mills Limited set out on pages 5 to 11. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs at 2 October 1982 and of the profit and changes in retained profits for the 53 weeks then ended and comply with the Companies Acts 1948 to 1981.

The company has not complied with the requirement of Statement of Standard Accounting Practice No 10 in that it has not presented a source and application of funds statement.

Ernst & Whinney

Hull

25 November 1982

## SMITHS FLOUR MILLS LIMITED

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## PROFIT AND LOSS ACCOUNT

FOR THE 53 WEEKS ENDED 2 OCTOBER 1982

	Note	1982 £	1981 (52 weeks) £
TURNOVER	2	<u>£31,766,683</u>	<u>£28,316,665</u>
TRADING PROFIT	3	2,004,846	1,558,237
Other income	5	<u>13,367</u>	<u>17,081</u>
		2,018,213	1,575,318
Contribution to group profit sharing scheme		(37,561)	(32,000)
Group finance charge		<u>(376,958)</u>	<u>(266,524)</u>
PROFIT BEFORE TAXATION		1,623,594	1,276,794
Taxation charge/(credit)	6	<u>662,500</u>	<u>(74,582)</u>
PROFIT AFTER TAXATION		961,194	1,351,376
Special group service charge	7	<u>960,480</u>	<u>1,350,805</u>
PROFIT FOR THE PERIOD		714	571
Interim dividend paid		<u>714</u>	<u>571</u>
RETAINED PROFIT FOR THE PERIOD		<u>£ -</u>	<u>£ -</u>
STATEMENT OF RETAINED PROFITS			
Balance at 26 September 1981			
As previously reported		2,202,406	2,202,406
Prior year adjustment	8	<u>119,422</u>	<u>119,442</u>
		2,082,984	2,082,984
Retained profit for the period		<u>-</u>	<u>-</u>
Balance at 2 October 1982	13	<u>£2,082,984</u>	<u>£2,082,984</u>

## SMITHS FLOUR MILLS LIMITED

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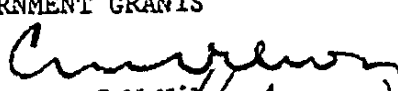
## BALANCE SHEET - 2 OCTOBER 1982


ASSETS EMPLOYED	Note	1982 £	1981 £
FIXED ASSETS	9	3,674,457	3,432,662
INVESTMENTS AND LOANS	10	9,700	10,100
CURRENT ASSETS			
Stocks	11	2,110,851	1,270,802
Debtors		2,521,467	2,465,363
Amounts due from fellow subsidiaries		677,138	429,091
Bank balances and cash		469,260	343,078
		<u>5,778,716</u>	<u>4,508,334</u>
CURRENT LIABILITIES			
Creditors		2,418,805	1,736,796
Amounts due to fellow subsidiaries		2,651	5,558
		<u>2,421,456</u>	<u>1,742,354</u>
NET CURRENT ASSETS		<u>3,357,260</u>	<u>2,765,980</u>
		<u>£7,041,417</u>	<u>£6,208,742</u>

## FUNDS EMPLOYED

## SHAREHOLDERS' FUNDS

Share capital	12	895,470	895,470
Reserves	13	<u>2,082,984</u>	<u>2,082,984</u>
		2,978,454	2,978,454
AMOUNT DUE TO ULTIMATE HOLDING COMPANY		4,038,285	3,199,753
GOVERNMENT GRANTS		24,678	30,535

  
 C M Wilson

  
 P L Boughton

25 November 1982

) Directors )

£7,041,417£6,208,742

## NOTES ON THE ACCOUNTS - 2 OCTOBER 1982

## 1 ACCOUNTING POLICIES

## (a) Accounting convention

The accounts are prepared under the historical cost convention.

## (b) Companies Act 1981

The company is not yet required to comply with the accounting and disclosure provisions of Part 1 of the Companies Act 1981. The accounts have therefore been prepared in compliance with Section 149A of and Schedule 8A to the Companies Act 1948.

## (c) Depreciation

The cost of fixed assets is written off over their expected useful lives by equal quarterly instalments from the date the assets are brought into use as follows:

Plant and machinery	9 years
Milling plant	12 - 15 years
Motor vehicles	4 years

## (d) Stocks

These are valued on the following bases:

- i) Raw materials and finished goods at the lower of cost and net realisable value.
- ii) Finished goods at production cost including an appropriate proportion of production overheads.

## (e) Deferred taxation

The company's policy is to make provision for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

## (f) Government and EEC grants

Government grants in respect of expenditure on fixed assets have been credited to a separate account from which amounts are released to revenue over a period of ten years.

## (g) Goodwill

The cost of goodwill is deducted from reserves in the year of acquisition.

## 2 TURNOVER

Turnover comprises the invoice value of goods supplied by the company exclusive of VAT as follows:

	1982 £	1981 £
Sales to third parties	25,231,854	22,751,368
Sales to fellow subsidiaries	<u>6,534,829</u>	<u>5,565,297</u>
	<u>£31,766,683</u>	<u>£28,316,665</u>



## NOTES ON THE ACCOUNTS - 2 OCTOBER 1982

## 3 TRADING PROFIT is stated after charging:

	1982 £	1981 £
Depreciation	485,849	378,159
Auditors' remuneration	23,000	21,500
Directors' emoluments (note 4)	81,513	66,672
Loss on sale of fixed assets	-	6,566
	<hr/>	<hr/>
and after crediting:		
Profit on sale of fixed assets	19,096	-
	<hr/>	<hr/>

## 4 EMOLUMENTS OF DIRECTORS

	1982 £	1981 £
Fees	800	800
Management remuneration including pension contributions	80,713	65,872
	<hr/>	<hr/>
	£81,513	£66,672

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	1982 £	1981 £
Chairman	15,995	14,415
Highest paid director	26,168	23,415
	<hr/>	<hr/>
Other directors in scale	Number of directors	
Not more than £5,000	1	1
£5,001 - £10,000	-	1
£10,001 - £15,000	1	1
£15,001 - £20,000	1	-

## 5 OTHER INCOME

	1982 £	1981 £
Loan and deposit interest receivable	6,796	7,507
Investment income - unlisted	714	571
Transfer from government grants	5,857	9,003
	<hr/>	<hr/>
	£13,367	£17,081

## NOTES ON THE ACCOUNTS - 2 OCTOBER 1982

## 6 TAXATION

The charge/(credit) based on the profit for the period comprises:

	1982 £	1981 £
Group relief payment/(receipt)	662,500	(50,669)
Adjustment in respect of prior year	—	(23,913)
	<u>£662,500</u>	<u>£(74,582)</u>

The charge for taxation for the period has been reduced by approximately £182,600 (1981 - £713,000) consisting of accelerated capital allowances (£143,000) and stock appreciation relief (£39,600).

## 7 SPECIAL GROUP SERVICE CHARGE

The whole of the profit for the period after taxation and interim dividend has been transferred to the ultimate holding company in the form of a special group service charge.

## 8 PRIOR YEAR ADJUSTMENT

During the period the company changed its policy for goodwill which is now deducted from reserves in the year of acquisition. The balance of goodwill at 26 September 1981 amounting to £119,442 was written off as a prior year adjustment and the comparative figures have been restated to reflect the revised policy.

## 9 FIXED ASSETS

	Plant and motor vehicles £
Cost	
At 26 September 1981	5,182,273
Additions	741,252
Cost of disposals	(173,526)
Group transfers	(7,843)
At 2 October 1982	<u>5,742,156</u>
Depreciation	
At 26 September 1981	1,749,611
Charge for the period	485,849
Relating to disposals	(159,918)
Relating to group transfers	(7,843)
At 2 October 1982	<u>2,067,699</u>
Net book amounts at 2 October 1982	<u>£3,674,457</u>
Net book amounts at 26 September 1981	<u>£3,432,662</u>

## NOTES ON THE ACCOUNTS - 2 OCTOBER 1982

## 10 INVESTMENTS AND LOANS

	1982 £	1981 £
Unlisted investments (at cost being directors' valuation)	4,700	4,600
Loans	<u>5,000</u>	<u>5,500</u>
	<u>£9,700</u>	<u>£10,100</u>

## 11 STOCKS

	1982 £	1981 £
Grain Milling - Grain	1,489,041	686,555
Manufactured flour, wheatfeed and bought-in products	459,003	402,590
Animal Feeds - Raw materials	60,804	75,254
Manufactured goods and bought-in products	32,585	30,447
Egg Production - Poultry	63,554	66,663
Feed	2,511	4,573
Eggs	<u>3,353</u>	<u>4,720</u>
	<u>£2,110,851</u>	<u>£1,270,802</u>

## 12 SHARE CAPITAL

	1982	1981
Authorised Ordinary shares of £1 each	<u>£1,106,500</u>	<u>£1,106,500</u>
Issued and fully paid Ordinary shares of £1 each	<u>£895,470</u>	<u>£895,470</u>

## 13 RESERVES

	1982 £	1981 £
Retained profits:		
Pre-acquisition profits	1,188,673	1,188,673
Post-acquisition profits	<u>894,311</u>	<u>894,311</u>
At 2 October 1982	<u>£2,082,984</u>	<u>£2,082,984</u>

## 14 DEFERRED TAXATION

No provision for deferred taxation at 2 October 1982 is required. Potential tax liabilities, which are not expected to crystallize in the future, exist in respect of:

	1982	1981
Accelerated capital allowances	<u>£1,896,870</u>	<u>£1,757,224</u>

## NOTES ON THE ACCOUNT - 2 OCTOBER 1982

## 15 SOURCE AND APPLICATION OF FUNDS

The company is a wholly owned subsidiary of Northern Foods PLC and its financing is arranged on a group basis. No statement of source and application of funds has therefore been prepared as, in the opinion of the directors, it would not be meaningful in the accounts of this company.

## 16 CAPITAL COMMITMENTS

The directors have authorised future capital expenditure which, without taking account of government grants, amounts to:

	1982 £	1981 £
Contracted for	123,766	308,938
Not contracted for	55,528	81,187

## 17 CONTINGENT LIABILITIES

- i) There is a floating charge on the undertaking and assets of the company in favour of the Trustees of the Debenture Stock of Northern Foods PLC.

The total amount of the Debenture Stocks in issue at 2 October 1982 is £2,504,033 (1981 - £2,504,033).

- ii) The company, together with Northern Foods PLC and certain fellow subsidiaries, has entered into a composite guarantee in favour of the Midland Bank PLC and a guarantee in favour of the Manufacturers Hanover Trust Company in respect of the overdrafts due by the other parties to the guarantees. At 2 October 1982 the company's liabilities under these guarantees amounted to £1,950,000 (1981 - £2,365,026).

## 18 HOLDING COMPANY

The ultimate holding company is Northern Foods PLC incorporated in Great Britain.