

**JAMES BUDGETT SUGARS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR YEAR ENDED 31 MARCH 1998**

Company Number: 1472422



# JAMES BUDGETT SUGARS LIMITED

## DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 March 1998.

### **Directors' responsibilities**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for the financial year.

The directors consider that in preparing the financial statements set out on pages 5 to 18, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### **Principal activities and business review**

The principal activities of the Group are those of sugar merchants, sugar processing and the processing and selling of fruits. The directors consider the prospects of the Group are good.

### **Results and dividends**

The profit for the year after taxation amounted to £3,888,000 (1997 - £2,191,000).

An interim dividend of £7,100,000 was paid on 27 March 1998 (1997 - £7,000,000).

# JAMES BUDGETT SUGARS LIMITED

## DIRECTORS' REPORT (Continued)

### Directors and interests in shares

The directors who served during the year were as follows:

D Barratt  
D J Dilger  
W A Heaphy  
J C Janssis  
J M Kinder  
P A O'Hanlon  
M J C Stone

Messrs Kinder and Stone are directors of E D & F Man Group plc, the Company's ultimate parent undertaking. Their interests in the 10p ordinary shares of E D & F Man Group plc ("plc shares") are given in that company's financial statements.

The other directors had the following interests in plc shares as at 31 March 1998 and 1 April 1997:

	<u>Number held as at 31.3.98</u>	<u>Number held as at 1.4.97</u>
D Barratt	98,992	97,241
D J Dilger	Nil	Nil
W A Heaphy	Nil	Nil
J C Janssis	Nil	Nil
P A O'Hanlon	853,579	848,656

All the directors except for Messrs Stone, Dilger and Heaphy are deemed to be interested in the 8,981,537 plc shares held by the E D & F Man Group 1990 Employee Trust, ("Employee Trust") and the 5,361,036 plc shares over which the Employee Trust holds a security interest and all the directors except for Messrs Stone, Dilger, Heaphy and Kinder are deemed to be interested in 6,603,598 plc shares held by the E D & F Man Group (No 2) Employees' Trust.

Other than as disclosed above no director had any other interest required to be disclosed by the Companies Act 1985.

### Payment of suppliers

It has been the policy of the Group to honour all of its contractual commitments and this includes paying suppliers according to agreed payment terms.

### Millenium Programme

As is well known, many computer systems are at risk from year 2000 date problems. The operation of our business depends not only on our own systems, but also on those of third parties.

## JAMES BUDGETT SUGARS LIMITED

### **DIRECTORS' REPORT (Continued)**

Assessment of the risks arising from this issue is well advanced together with necessary actions required. Much of the expenditure incurred for year 2000 compliance would have been absorbed by the company anyway since it routinely upgrades systems to keep pace with technology.

The total cost of replacements and modifications to our computer hardware and software is estimated not to exceed £25,000. The millenium issue does not give rise to any significant asset impairment.


### **European Monetary Union**

European Monetary Union is scheduled to commence on 1st January 1999. This is an important issue and we have assessed the implications for the company. Costs in this and future years arising from the need to meet EMU requirements are not expected to be significant.

### **Auditors**

Price Waterhouse merged with Coopers & Lybrand on 1 July 1998 to form PricewaterhouseCoopers. This new Partnership will be appointed to the office of Auditors of the Company.

By order of the Board



AHM Marcus  
Secretary

25 September 1998

JAMES BUDGETT SUGARS LIMITED

**AUDITORS' REPORT TO THE MEMBERS OF JAMES BUDGETT SUGARS LIMITED**

We have audited the financial statements on pages 5 to 18, which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described in the directors' report the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

**Basis of 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. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of 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 that 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 and of the Group as at 31 March 1998 and of its profit and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse  
Chartered Accountants  
and Registered Auditors

Southwark Towers  
32 London Bridge St  
London SE1 9SY

25 September 1998

JAMES BUDGETT SUGARS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

Year ended 31 March 1998

	Note	1998 £'000	1997 £'000
<b>Turnover</b>		202,729	223,260
Cost of sales		(194,399)	(217,599)
<b>Trading profit</b>		<u>8,330</u>	<u>5,661</u>
Administrative expenses		(2,657)	(2,661)
<b>Operating profit - continuing operations</b>		<u>5,673</u>	<u>3,000</u>
Net interest receivable	2	5	378
<b>Profit on ordinary activities before taxation</b>	3	<u>5,678</u>	<u>3,378</u>
Tax on profit on ordinary activities	5	(1,790)	(1,187)
<b>Profit on ordinary activities after taxation</b>		<u>3,888</u>	<u>2,191</u>
Dividends declared		(7,100)	(7,000)
<b>Transferred from reserves</b>		<u>(3,212)</u>	<u>(4,809)</u>
<b>Profit for the financial year attributable to:</b>			
- parent company		3,801	2,227
- subsidiaries		87	(36)
		<u>3,888</u>	<u>2,191</u>

All disclosures relate only to continuing operations.

There are no recognised gains or losses other than the profit for the year.


JAMES BUDGETT SUGARS LIMITED

**CONSOLIDATED BALANCE SHEET**

As at 31 March 1998

	Note	£'000	1998 £'000	1997 £'000
<b>Fixed assets</b>				
Tangible fixed assets	6		1,391	1,278
<b>Current assets</b>				
Stocks		3,037		2,968
Debtors	8	23,776		19,890
Cash at bank and in hand		657		517
		<u>27,470</u>		<u>23,375</u>
<b>Creditors - all falling due within one year</b>	9	(21,448)		(14,028)
<b>Net current assets</b>			<u>6,022</u>	<u>9,347</u>
<b>Total assets less current liabilities</b>			<u>7,413</u>	<u>10,625</u>
<b>Net assets</b>			<u>7,413</u>	<u>10,625</u>
<b>Capital and reserves</b>				
Called up share capital	10		250	250
Capital reserves	11		3,004	3,004
Profit and loss account	11		4,159	7,371
<b>Shareholders' funds</b>			<u>7,413</u>	<u>10,625</u>

The financial statements on pages 5 to 18 were approved by the Board on 2<sup>5<sup>th</sup></sup> September 1998 and were signed on its behalf by :



D Barratt  
Director

JAMES BUDGETT SUGARS LIMITED

COMPANY BALANCE SHEET

As at 31 March 1998

	Note	£'000	1998 £'000	1997 £'000
<b>Fixed assets</b>				
Tangible fixed assets	6		419	506
Investments	7		<u>2,372</u>	<u>2,372</u>
			<u>2,791</u>	<u>2,878</u>
<b>Current assets</b>				
Stocks		2,030		1,687
Debtors	8	22,458		19,309
Cash at bank and in hand		<u>1,880</u>		<u>598</u>
		26,368		21,594
<b>Creditors - amounts falling due within one year</b>	9	<u>( 22,106)</u>		<u>(14,121)</u>
<b>Net current assets</b>			<u>4,262</u>	<u>7,473</u>
<b>Total assets less current liabilities</b>			7,053	10,351
<b>Net assets</b>			<u>7,053</u>	<u>10,351</u>
<b>Capital and reserves</b>				
Called up share capital	10		250	250
Capital reserves	11		3,004	3,004
Profit and loss account	11		3,799	7,097
<b>Shareholders' funds</b>			<u>7,053</u>	<u>10,351</u>

The financial statements on pages 5 to 18 were approved by the Board on <sup>25<sup>th</sup></sup> September 1998 and were signed on its behalf by :



D Barratt  
Director



**JAMES BUDGETT SUGARS LIMITED**  
**CONSOLIDATED CASHFLOW STATEMENT**  
Year ended 31 March 1998

	Note	£'000	1998 £'000	1997 £'000
<b>Cash from operating activities</b>	17		9,489	8,487
<b>Returns on investments and servicing of finance</b>				
Interest received		5		378
Interest paid		<u>-</u>	<u>5</u>	<u>378</u>
<b>Taxation</b>				
UK Corporation tax			(1,790)	(1,241)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(506)		(579)
Sale of tangible fixed assets		<u>43</u>	<u>(463)</u>	<u>(489)</u>
<b>Dividends</b>				
Equity dividends paid			<u>(7,100)</u>	<u>(7,000)</u>
<b>Cash inflow before and after use of liquid resources and financing</b>			<u>141</u>	<u>135</u>
<b>Increase/(decrease) in cash in the year</b>	18		<u>141</u>	<u>135</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Basis of consolidation**

The Group accounts incorporate the accounts of James Budgett Sugars Limited and its subsidiary undertakings for the year ended 31 March 1998.

In accordance with the Companies Act 1985, S230 (4), a separate profit and loss account for James Budgett Sugars Limited is not presented, as the results of the Company are disclosed in the consolidated profit and loss account.

**Goodwill**

Goodwill arising on acquisition, being the excess of the cost of subsidiary and associated undertakings over the fair values of the Group's share of their net assets at dates of acquisition, is written off directly against Group reserves in the year of acquisition.

**Deferred taxation**

Deferred taxation is calculated using the liability method and provision is made to the extent that it is probable that such tax will become payable in the foreseeable future.

**Foreign currencies**

Balances arising during the year in currencies other than the reporting currency have been converted at the rate appropriate at the time of accounting for the transaction. Currency balances at 31 March 1998 have been converted at the rate ruling at that date except where covered by an open foreign exchange contract in which case the rate specified in the contract is used. Foreign exchange differences are taken to the profit and loss account.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost includes those costs incurred in bringing the stock to its present location and condition.

**Depreciation**

Depreciation is provided on a straight line basis to write off the fixed assets over their effective useful lives as follows:

Property improvements 10 years; computer equipment 3-5 years; plant, fixtures and fittings 10 years; office equipment 5 years; motor vehicles 4 years.

# JAMES BUDGETT SUGARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. Accounting policies (Continued)

#### Leases

Assets held under finance leases are included within tangible fixed assets and depreciated in accordance with the Group's depreciation policy. Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

#### Pensions

Group contributions are charged to the profit and loss account in the year in which they arise.

#### Turnover

Turnover represents sales net of Value Added Tax, where applicable, and trade discounts.

#### Investments

Fixed assets investments are shown at cost less amounts written off. Provisions for temporary fluctuations in value are not made unless material. Income is included together with the related tax credit in the amounts of the year in which it is received.

#### Related party transaction

The directors regard E D & F Man Group plc, which owns an effective interest of 66.67% in the Company, as the Company's ultimate parent company. The remaining 33.33% are owned by Greencore Group plc. Banking and treasury facilities are provided to the Company by E D & F Man Finance Limited, a subsidiary undertaking of E D & F Man Group plc at commercial rates.

James Budgett Sugars Limited carries out low volumes of sugar trading transactions with its shareholders at commercial rates.

Outstanding balances at the year end	1998	1997
E D & F Man Finance Limited	11,138	406
	<hr/>	<hr/>
Greencore Group plc	(117)	(31)
	<hr/>	<hr/>

JAMES BUDGETT SUGARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Net interest receivable

	1998 £'000	1997 £'000
Interest receivable from:		
- group undertakings	<u>5</u>	<u>378</u>

3. Profit on ordinary activities before taxation

	1998 £'000	1997 £'000
Turnover is analysed as follows:		
- sugar merchanting and processing	194,565	216,593
- fruit processing	<u>8,164</u>	<u>6,667</u>
	<u>202,729</u>	<u>223,260</u>
Profit on ordinary activities before taxation is stated after charging:		
- auditors' remuneration	12	32
- depreciation of fixed assets	352	335
- operating leases - property	235	202
- other	16	18
- pension costs	<u>57</u>	<u>63</u>

4. Directors and other employees

	1998 £'000	1997 £'000
Staff costs include the following:		
- wages and salaries	1253	1,323
- social security costs	95	120
- pension costs	<u>57</u>	<u>63</u>

<u>1,405</u>	<u>1,506</u>
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	1998 Number	1997 Number
The average weekly number of persons employed by the Group during the year (including directors) was as follows:	<u>60</u>	<u>64</u>

JAMES BUDGETT SUGARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Directors and other employees (Continued)

	1998 £'000	1997 £'000
The emoluments of the directors were	<u>213</u>	<u>187</u>

Two directors were accruing retirement benefits under a defined benefit scheme at 31st March 1998. No directors exercised share options during the year and one was entitled to receive benefits under a long term benefit scheme.

The emoluments of the highest paid director amounted to £137,633 (1997 £118,046). In addition the Company paid £7,500 in respect of his membership of the E D & F Man Limited Group Pension Scheme, under which his accrued pension at 31st March 1998 would be £ 33,924 per annum.

5. Tax on profit on ordinary activities

	1998 £'000	1997 £'000
Based on the profit for the year:		
- corporation tax at 31% (1997 : 33%)	1,770	1,187
- deferred taxation	20	-
	<u>1,790</u>	<u>1,187</u>

JAMES BUDGETT SUGARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Tangible fixed assets

Group	Improvements to property £'000	Equipment and vehicles £'000	Total £'000
Cost or valuation:			
- at 1 April 1997	163	2,454	2,617
- additions	20	486	506
- disposals	-	(138)	(138)
- at 31 March 1998	<u>183</u>	<u>2,802</u>	<u>2,985</u>
Aggregate depreciation:			
- at 1 April 1997	39	1,300	1,339
- charge for year	16	336	352
- disposals	-	(97)	(97)
- at 31 March 1998	<u>55</u>	<u>1,539</u>	<u>1,594</u>
Net book value:	<u>128</u>	<u>1,263</u>	<u>1,391</u>
- at 31 March 1998			
- at 1 April 1997	<u>124</u>	<u>1,154</u>	<u>1,278</u>
Company		Equipment and vehicles £'000	
Cost or valuation:			
- at 1 April 1997		1,449	
- additions		143	
- disposals		(111)	
- at 31 March 1998		<u>1,481</u>	
Aggregate depreciation:			
- at 1 April 1997		943	
- charge for year		200	
- disposals		(81)	
- at 31 March 1998		<u>1,062</u>	
Net book value:			
- at 31 March 1998		<u>419</u>	
- at 1 April 1997		<u>506</u>	

# JAMES BUDGETT SUGARS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. Fixed asset investments

Company	Shares in subsidiary undertakings £'000
Net book value:	
- at 1 April 1997 and 31 March 1998	<u>2,372</u>

Subsidiary undertaking	Principal activity	Country of incorporation	Effective interest
Treelinks Foods Limited	Fruit processing	England	100%

The above information is given only in respect of those subsidiary undertakings which in the opinion of the directors principally affect the figures shown in the Company's financial statements.

Details of all subsidiaries and associates will be annexed to the Company's next Annual Return

In the opinion of the directors the aggregate value of the assets of the Company consisting of shares in, and amounts owing from the Company's subsidiary undertakings are not less than the amounts at which those assets are stated in the balance sheet.

### 8. Debtors

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Trade debtors	12,527	19,199	11,586	18,455
Amounts owed by group undertakings	11,138	484	10,799	707
Other debtors	30	131	22	92
Prepayments and accrued income	81	76	51	55
	<u>23,776</u>	<u>19,890</u>	<u>22,458</u>	<u>19,309</u>

JAMES BUDGETT SUGARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Creditors - amounts falling due within one year

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Trade creditors	11,684	11,803	11,116	11,407
Amounts owed to group undertakings	18	18	1,548	836
Taxation and social security	1,003	1,313	940	1,231
Other creditors	1,053	101	930	-
Accruals and deferred income	590	793	472	647
Dividends	7,100		7,100	
	<u>21,448</u>	<u>14,028</u>	<u>22,106</u>	<u>14,121</u>

10. Share capital

	Authorised Number	£'000	Issued and fully paid Number	£'000
Ordinary shares of £1 each - attributable to equity interests				
At 1 April 1997 and 31 March 1998	<u>3,250,000</u>	<u>3,250</u>	<u>250,000</u>	<u>250</u>

11. Reserves

Group	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000
At 1 April 1997	3,000	4	7,371
Retained loss	-	-	(3,212)
At 31 March 1998	<u>3,000</u>	<u>4</u>	<u>4,159</u>
Company			
At 1 April 1997	3,000	4	7097
Retained loss	-	-	(3,298)
At 31 March 1998	<u>3,000</u>	<u>4</u>	<u>3,799</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. Pensions

Certain of the Group's employees are members of the E D & F Man Limited Group Pension Fund, which is a fully funded defined benefit scheme.

Details of the most recent actuarial valuation are given in the financial statements of the Group's ultimate parent company, E D & F Man Group plc.

## 13. Financial commitments

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
<b>Land and Buildings</b>				
Expiry Date :				
Two to five years	42	0	42	0
Over five years	202	300	35	90
	<u>244</u>	<u>300</u>	<u>77</u>	<u>90</u>
<b>Plant and Machinery</b>				
Expiry Date :				
Two to five years	24	0	0	0
	<u>24</u>	<u>0</u>	<u>0</u>	<u>0</u>

## 14. Contingent liabilities

The company has given a guarantee to the Intervention Board for Agricultural Product of £50,000 (1997 - £30,000).

There is an unlimited multilateral guarantee given by the company in respect of any amounts owed to the company's bankers by other companies within James Budgett Sugars Limited group.

JAMES BUDGETT SUGARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**15. Ultimate parent undertaking**

The directors regard E D & F Man Group plc, a company registered in England, as the Company's ultimate parent undertaking. The immediate parent undertaking is E. D. & F. Man Limited, a company registered in England. The financial statements of E D & F Man Group plc are available from:

E D & F Man Group plc  
Sugar Quay  
Lower Thames Street  
London EC3R 6DU

**16. Reconciliation of movements in shareholders' funds**

	1998 £'000	1997 £'000
Profit for the financial year	3,888	2,191
Dividends	(7,100)	(7,000)
Retained deficit	(3,212)	(4,809)
Net decrease in shareholders' funds	(3,212)	(4,809)
Opening shareholders' funds	10,625	15,434
Closing shareholders' funds	<u>7,413</u>	<u>10,625</u>

**17. Reconciliation of operating profit to net cashflow from operating activities**

	1998 £'000	1997 £'000
Operating profit	5,673	3,000
Depreciation charges	352	335
(Profit)/ Loss on sale of tangible fixed assets	(1)	147
(Increase)/decrease in stocks	(69)	268
(Increase)/decrease in debtors	(3,886)	10,924
Increase/(decrease) in creditors	7,420	(6,187)
	<u>9,489</u>	<u>8,487</u>

JAMES BUDGETT SUGARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Analysis of changes in cash and cash equivalents during the year

	1998 £'000	1997 £'000
Balance at 1 April 1997	517	382
Net cash inflow	141	135
Balance at 31 March 1998	<u>658</u>	<u>517</u>

19. Analysis of net debt

	At 1/4/97 £'000	Cash flow £'000	At 31/3/98 £'000
Cash in hand, at bank	<u>517</u>	<u>141</u>	<u>658</u>
Total	<u>517</u>	<u>141</u>	<u>658</u>