W. JORDAN & SON (SILO) LIMITED

Consolidated
Financial Statements

For the Year Ended 28 February 2006

Company Registration Number 00572391

WHITING & PARTNERS
Chartered Accountants, Business Advisers
& Registered Auditors
Garland House
Garland Street
Bury St. Edmunds
Suffolk
IP33 1EZ

W. JORDAN & SON (SILO) LIMITED

Financial Statements

Year Ended 28 February 2006

Contents | **Pages**

Officers and Professional Advisers

The Board of Directors	W J Jordan MBE R D Jordan Mrs P Jordan
Company Secretary	R A Payton
Registered Office	Holme Mills Biggleswade Bedfordshire SG18 9JY
Auditors	Whiting & Partners Chartered Accountants, Business Advisers & Registered Auditors Garland House Garland Street Bury St Edmunds Suffolk IP33 1EZ
Bankers	HSBC Bank Plc 63 George Street Luton Bedfordshire LU1 2AP

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 28 February 2006.

Principal Activities and Review of the Business

The principal activity of the group during the year was the manufacture of cereal products.

The group has achieved a satisfactory result during the year. The directors are confident of the group's ability to maintain profitability in the forthcoming year. Profits have been affected by increased write off of investments and pressure on raw material prices. During the year the group acquired land, with a value of £837,000, as a medium to long term investment for increased future growth requirements.

In February 2006 the group implemented a plan to cease the operations of the Organic & Natural Food Company Limited, a subsidiary undertaking, and the group provided this subsidiary with a guarantee to fund the closure costs of approximately £677,000 which have been accounted for in this financial year.

The group's balance sheet as detailed on page 7 shows a satisfactory position with shareholders' funds amounting to £15,343,833.

Future Developments

The directors aim to maintain the management policies which have seen the group grow in turnover in recent years. They do not consider that the business will change materially over the forthcoming financial year.

Results and Dividends

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements. The group profit for the financial year was £491,297 (2005 – 2,382,816). Details of dividends paid are given in note 8.

The Directors and Their Interests

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 29 February 2006	At 1 March 2005
W J Jordan MBE	**252**	252
R D Jordan	**252**	252
Mrs P Jordan	**–**	–

Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

Directors' Responsibilities *(continued)*

- select suitable accounting policies, as described on pages 11 to 13, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' and Officers' Indemnity Insurance

The group has taken out insurance to indemnify, against third party proceedings, the directors of the main trading subsidiary company whilst serving on its board. This cover indemnifies all employees of the group who serve on the boards of all subsidiaries, associates and joint ventures. These indemnity policies subsisted throughout the year and remain in place at the date of this report.

Employee Involvement

The group operates its own programme to inform and involve its employees in the company's operations and business objectives. This includes meetings between local management and employees to allow a free flow of information and ideas.

Disabled Employees

It is the group's policy to give due consideration to application for employment from disabled persons, bearing in mind the respective aptitudes and abilities of the applicants concerned. The services of existing employees who become disabled are retained wherever practical. Training and career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

Auditors

A resolution to re-appoint Whiting & Partners as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Holme Mills
Biggleswade
Bedfordshire
SG18 9JY

Signed by order of the directors

R A Payton
Company Secretary

Approved by the directors on 21 December 2006

We have audited the financial statements of W. Jordan & Son (Silo) Limited on pages 6 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 13.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs and of the group as at 28 February 2006 and of the profit of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Whiting & Partners

Dated: 21 December 2006

WHITING & PARTNERS
Chartered Accountants, Business Advisers
& Registered Auditors
Garland House
Garland Street
Bury St Edmunds
Suffolk
IP33 1EZ

W. JORDAN & SON (SILO) LIMITED

Group Profit and Loss Account

Year Ended 28 February 2006

	Note	2006 £	2005 £
Group Turnover	2	75,492,200	73,331,290
Cost of sales		50,046,561	45,734,863
Gross Profit		25,445,639	27,596,427
Distribution costs		11,763,471	11,288,789
Administrative expenses		9,986,907	11,776,367
Operating Profit	3	3,695,261	4,531,271
Loss on disposal of investments		87,820	–
Amounts written off investments		1,557,972	837,642
Profit on Ordinary Activities Before Interest		2,049,469	3,693,629
Interest receivable		(88)	(98)
Interest payable	6	585,558	514,445
Profit on Ordinary Activities Before Taxation		1,463,999	3,179,282
Tax on profit on ordinary activities	7	972,702	796,466
Profit for the Financial Year	26	491,297	2,382,816

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 11 to 23 form part of these financial statements.

W. JORDAN & SON (SILO) LIMITED

Group Balance Sheet

28 February 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed Assets					
Intangible assets	10		30,698		41,355
Tangible assets	11		15,112,953		13,930,131
Investments	12		269		269
			15,143,920		13,971,755
Current Assets					
Stocks	13	6,345,800		6,868,356	
Debtors	14	12,994,600		12,195,475	
Investments	15	–		15,000	
Cash at bank and in hand		1,549,215		1,849,542	
		20,889,615		20,928,373	
Creditors: Amounts Falling due Within One Year	16	13,202,512		14,496,152	
Net Current Assets			7,687,103		6,432,221
Total Assets Less Current Liabilities			22,831,023		20,403,976
Creditors: Amounts Falling due after More than One Year	17		6,913,500		5,339,650
			15,917,523		15,064,326
Provisions for Liabilities and Charges					
Deferred taxation	19		573,690		–
			15,343,833		15,064,326
Capital and Reserves					
Called-up equity share capital	24		504		504
Other reserves	25		3,002,133		3,002,140
Profit and loss account	26		12,341,196		12,061,682
Shareholders' Funds	27		15,343,833		15,064,326

These financial statements were approved by the directors on 21 December 2006 and are signed on their behalf by:

W J Jordan MBE

R D Jordan

The notes on pages 11 to 23 form part of these financial statements.

W. JORDAN & SON (SILO) LIMITED

Balance Sheet

28 February 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed Assets					
Tangible assets	11		**303,757**		312,690
Investments	12		**98**		98
			303,855		312,788
Current Assets					
Debtors	14	**228,036**		284,092	
Cash at bank		**32,913**		44,244	
		260,949		328,336	
Creditors: Amounts Falling due Within One Year	16	**23,342**		20,225	
Net Current Assets			**237,607**		308,111
Total Assets Less Current Liabilities			**541,462**		620,899
Provisions for Liabilities and Charges					
Deferred taxation	19		**1,592**		1,442
Total Assets Less Current Liabilities			**539,870**		619,457
Capital and Reserves					
Called-up equity share capital	24		**504**		504
Other reserves	25		**1,614**		1,614
Profit and loss account	26		**537,752**		617,339
Shareholders' Funds	27		**539,870**		619,457

These financial statements were approved by the directors on 21 December 2006 and are signed on their behalf by:

W J Jordan MBE

R D Jordan

The notes on pages 11 to 23 form part of these financial statements.

W. JORDAN & SON (SILO) LIMITED

Group Cash Flow Statement

Year Ended 28 February 2006

	2006		2005	
	£	£	£	£
Net Cash Inflow From Operating Activities		7,247,324		6,163,719
Returns on Investments and Servicing of Finance				
Interest received	88		98	
Interest paid	(585,558)		(514,445)	
Equity dividends paid	(200,000)		(5,100,000)	
Net Cash Outflow From Returns on Investments and Servicing of Finance		(785,470)		(5,614,347)
Taxation		(1,076,527)		(796,944)
Capital Expenditure and Financial Investment				
Payments to acquire intangible fixed assets	–		(36,309)	
Payments to acquire tangible fixed assets	(3,790,553)		(2,009,084)	
Receipts from sale of fixed assets	36,396		3,936	
Loans to group undertakings	(1,557,972)		(837,642)	
Disposal of current asset investments in group undertakings	(72,820)		–	
Net Cash Outflow for Capital Expenditure and Financial Investment		(5,384,949)		(2,879,099)
Cash Inflow/(Outflow) Before Financing		378		(3,126,671)
Financing				
New bank loans	719,950		3,146,100	
Net Cash Inflow From Financing		719,950		3,146,100
Increase in Cash		720,328		19,429

The notes on pages 11 to 23 form part of these financial statements.

Group Cash Flow Statement *(continued)*

Year Ended 28 February 2006

Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	2006	2005
	£	£
Operating profit	3,695,261	4,531,271
Amortisation	10,152	9,739
Depreciation	2,562,696	2,397,875
Loss/(Profit) on disposal of fixed assets	8,179	(2,887)
Decrease/(Increase) in stocks	522,556	(2,250,440)
(Increase)/Decrease in debtors	(868,030)	1,952,726
Increase/(Decrease) in creditors	1,327,335	(501,148)
Foreign exchange adjustments	(10,825)	26,583
Net cash inflow from operating activities	7,247,324	6,163,719

Reconciliation of Net Cash Flow to Movement in Net Debt

	2006		2005	
	£	£	£	£
Increase in cash in the period	720,328		19,429	
Net cash (inflow) from bank loans	(719,950)		(3,146,100)	
Change in net debt resulting from cash flows		378		(3,126,671)
Net debt at 1 March 2005		(6,364,663)		(3,237,992)
Net debt at 28 February 2006		(6,364,285)		(6,364,663)

Analysis of Changes in Net Debt

	At 1 Mar 2005	Cash Flows	Other Changes	At 28 Feb 2006
	£	£	£	£
Net cash:				
Cash in hand and at bank	1,849,542	(300,327)	–	1,549,215
Overdrafts	(1,020,655)	1,020,655	–	–
	828,887	720,328	–	1,549,215
Debt:				
Debt due within 1 year	(1,853,900)	853,900	–	(1,000,000)
Debt due after 1 year	(5,339,650)	(1,573,850)	–	(6,913,500)
	(7,193,550)	(719,950)	–	(7,913,500)
			–	
Net debt	(6,364,663)	378	–	(6,364,285)

The notes on pages 11 to 23 form part of these financial statements.

1. Accounting Policies

Basis of Accounting

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

As referred to in note 15, the group has an investment in more than 50% of the issued share capital of one company which has not been consolidated on the grounds that the group's interest is held exclusively with a view to subsequent resale.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Patents and Rights

Purchased patents, know-how, trademarks, licences and distribution rights are capitalised and amortised over their estimated useful lives.

Research and Development

Expenditure is written off in the financial year in which it is incurred.

Turnover

The turnover shown in the group profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Patents & Rights - various rates on a straight line basis

Fixed Assets

All fixed assets are initially recorded at cost.

1. Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	5% reducing balance basis on freehold buildings excluding land
Plant & Machinery	-	20% reducing balance basis
Fixtures & Fittings	-	20% reducing balance basis
Motor Vehicles	-	25% reducing balance basis

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Pension Costs

The main trading subsidiary company contributes to a company personal pension plan for the benefit of employees. Contributions are charged to the profit and loss account as they become due in accordance with the rules of the scheme.

1. Accounting Policies *(continued)*

Deferred Taxation

Deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Provisions

Provisions are set up only where it is probable that a present obligation (legal or constructive) exists as a result of an event prior to the balance sheet date and that a payment will be required in settlement that can be estimated reliably. Provisions are not discounted.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

The turnover for the year is derived from the group's principal activity. An analysis of turnover is given below:

	2006	2005
	£	£
United Kingdom	**51,750,582**	48,741,698
Europe	**22,325,245**	23,236,360
Other countries	**1,416,373**	1,353,232
	75,492,200	73,331,290

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2006	2005
	£	£
Amortisation of patents and rights	**10,153**	9,739
Depreciation of owned fixed assets	**2,562,696**	2,397,875
Loss/(profit) on disposal of fixed assets	**10,567**	(2,887)
Foreign exchange loss/(gain)	**355,140**	(145,734)
Auditors' remuneration		
- as auditors	**33,028**	38,295
- for other services	**4,500**	4,233
Operating lease costs:		
Land and buildings	**453,469**	438,307
Plant and equipment	**272,740**	227,231

4. Particulars of Employees

The average number of staff employed by the group during the financial year amounted to:

	2006	2005
	No.	No.
Production staff	266	275
Distribution staff	40	47
Administrative staff	49	51
	355	373

The aggregate payroll costs of the above were:

	2006	2005
	£	£
Wages and salaries	10,011,961	9,434,011
Social security costs	1,160,385	1,076,959
Pension costs	196,496	225,539
	11,368,842	10,736,509

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2006	2005
	£	£
Emoluments receivable	613,057	554,613
Value of company pension contributions to money purchase schemes	76,830	70,856
	689,887	625,469

Emoluments of highest paid director:

	2006	2005
	£	£
Emoluments receivable	150,957	130,178
Value of company pension contributions to money purchase schemes	12,675	12,600
	163,632	142,778

The number of directors who accrued benefits under company pension schemes was as follows:

	2006	2005
	No.	No.
Money purchase schemes	5	5

6. Interest Payable and Similar Charges

	2006	2005
	£	£
Interest payable on bank borrowing	585,558	514,445

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

		2006		2005
		£		£
Current tax:				
In respect of the year:				
UK corporation tax		**899,147**		1,056,604
Overseas tax		**–**		32,438
Over provision in prior years		**(569,040)**		(955)
Total current tax		**330,107**		1,088,087
Deferred tax:				
Origination and reversal of timing differences	**642,595**		(291,621)	
Total deferred tax (note 19)		**642,595**		(291,621)
Tax on profit on ordinary activities		**972,702**		796,466

(b) Factors affecting current tax charge

The differences are reconciled below:

	2006	2005
	£	£
Profit on ordinary activities before taxation	**1,463,999**	3,179,282
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2005 – 30%)	**439,200**	953,785
Expenses not deductible for tax purposes	**569,137**	71,028
Capital allowances in excess of depreciation	**(90,280)**	(19,517)
Other timing differences	**(18,910)**	309,520
Group relief received for nil payment	**–**	(225,774)
Adjustments in respect of previous periods	**(569,040)**	(955)
Total current tax (note 7(a))	**330,107**	1,088,087

8. Dividends

	2006	2005
	£	£
Equity dividends paid on ordinary shares	**200,000**	5,100,000

9. Profit for the Financial Year

As permitted by section 230 of the Companies Act 1985 the parent company profit and loss account has not been presented. The retained profit for the group for the financial year includes a trading profit of £75,413 (2005 – trading profit of £62,647) dealt with in the financial statements of the parent company.

10. Intangible Fixed Assets

Group

	Development Costs	Patents & Rights	Total
Cost	**£**	**£**	**£**
At 1 March 2005	12,921	65,379	78,300
Exchange adjustments	(158)	(797)	(955)
Disposals	(12,763)	(9,559)	(22,322)
At 28 February 2006	–	55,023	55,023
Amortisation			
At 1 March 2005	12,921	24,024	36,945
Exchange adjustments	(158)	(293)	(451)
Charge for the year	–	10,153	10,153
On disposals	(12,763)	(9,559)	(22,322)
At 28 February 2006	–	24,325	24,325
Net Book Value			
At 28 February 2006	–	30,698	30,698
At 29 February 2005	–	41,355	41,355

Company

There are no intangible assets in the company.

11. Tangible Fixed Assets

Group

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Total
Cost or Valuation	**£**	**£**	**£**	**£**	**£**
At 1 March 2005	7,844,905	23,152,028	1,314,455	221,712	32,533,100
Exchange adjustments	–	–	(573)	(545)	(1,118)
Additions	995,459	2,597,502	138,554	59,038	3,790,553
Disposals	–	(159,378)	(3,070)	(132,116)	(294,564)
At 28 February 2006	8,840,364	25,590,152	1,449,366	148,089	36,027,971
Depreciation					
At 1 March 2005	2,530,356	15,170,695	777,612	124,306	18,602,969
Exchange adjustments	–	–	(449)	(209)	(658)
Charge for the year	256,348	2,139,582	128,979	37,787	2,562,696
On disposals	–	(159,378)	(3,070)	(87,541)	(249,989)
At 28 February 2006	2,786,704	17,150,899	903,072	74,343	20,915,018
Net Book Value					
At 28 February 2006	6,053,660	8,439,253	546,294	73,746	15,112,953
At 29 February 2005	5,314,549	7,981,333	536,843	97,406	13,930,131

11. Tangible Fixed Assets *(continued)*

Included in land and buildings is land which cost £1,943,877 (2005 – £1,107,218) which is not depreciated.

Land & Buildings

	2006	2005
Land & buildings comprise:	£	£
Freehold – net book value	6,053,660	5,276,478
Leasehold – net book value	–	38,071
	6,053,660	5,314,549

Company

	Freehold Property	Plant & Machinery	Motor Vehicles	Total
Cost or Valuation	£	£	£	£
At 1 March 2005	410,006	131,287	11,910	553,203
Additions	1,521	–	–	1,521
At 28 February 2006	411,527	131,287	11,910	554,724
Depreciation				
At 1 March 2005	106,213	126,159	8,141	240,513
Charge for the year	8,230	1,282	942	10,454
At 28 February 2006	114,443	127,441	9,083	250,967
Net Book Value				
At 28 February 2006	297,084	3,846	2,827	303,757
At 29 February 2005	303,793	5,128	3,769	312,690

The freehold property (land and buildings only) was valued on 4 August 1993 by Messrs. Paddison & Partners Chartered Surveyors at £2,750,000.

12. Fixed Asset Investments

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Shares in trade investments at cost:				
Conservation Grade Producers Limited				
269 shares of £1 each	**269**	269	–	–
Shares in subsidiary undertaking at cost:				
W. Jordan (Cereals) Limited	–	–	**98**	98

The above trade investment is not listed on a recognised investment exchange.

Additional information on principal subsidiary undertakings:

Name and Nature of Business	Country of Incorporation	Class of Shares Held	% of Shares Held By Group	% of Shares Held By Parent Company
W. Jordan (Cereals) Limited Manufacture of cereal products	U.K.	Ordinary	–	100
Jordans France S.A.R.L. Marketing and distribution of group products within France	France	Ordinary	100	–

13. Stocks

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Raw materials	**2,357,018**	2,180,159	–	–
Finished goods	**3,988,782**	4,688,197	–	–
	6,345,800	6,868,356	–	–

14. Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	**11,615,067**	10,636,351	–	–
Amounts owed by group undertakings	–	–	**13,636**	5,571
Other debtors	**980,870**	960,016	**214,295**	256,951
Prepayments and accrued income	**398,663**	530,203	**105**	21,570
Deferred taxation (note 19)	–	68,905	–	–
	12,994,600	12,195,475	**228,036**	284,092

15. Current Asset Investments

Investments in:		Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Organic & Natural Food Company Limited	(a)	–	15,000	–	–
Stratton Park One Limited & Stratton Park Two Limited	(b)	–	–	–	–

(a) The group owns 80% of the Organic & Natural Food Company Limited. In February 2006 the group implemented a plan to close this business. Loans (£865,972) provided to and shares (£15,000) in the Organic & Natural Food Company Limited have been written off. In addition the group has provided guarantees to the value of approximately £677,000 to the Organic & Natural Food Company Limited relating to the closure costs associated with the plan, resulting in a total loss of £1,557,972.

(b) On 14 April 2005 the group acquired the entire issued share capital of Stratton Park One Limited and Stratton Park Two Limited for £1 each. On 15 June 2005 Stratton Park One Limited and Stratton Park Two Limited, respectively, issued 1,117,336 and 1,138,240 ordinary shares of £1 each to the group at par value. On 16 September 2005 the group disposed of its investment in both these companies for a combined value of £2,167,756 resulting in a loss of £87,820.

16. Creditors: Amounts Falling due Within One Year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank loans	**1,000,000**	1,853,900	–	–
Bank overdrafts	–	1,020,655	–	–
Trade creditors	**6,691,059**	6,620,628	–	–
Corporation tax	**92,928**	839,348	**19,312**	16,700
Other taxation and social security	**409,219**	242,523	–	–
Other creditors	**387,618**	776	–	–
Accruals and deferred income	**4,621,688**	3,918,322	**4,030**	3,525
	13,202,512	14,496,152	**23,342**	20,225

The bank loans and overdrafts are secured by a legal mortgage dated 14 October 1997 over land at Stratton Park, Biggleswade and by a debenture dated 13 October 1997 in respect of a fixed and floating charge over all the companies' assets. There are also unlimited company guarantees with group members.

17. Creditors: Amounts Falling due after More than One Year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank loans	**6,913,500**	5,339,650	–	–

18. Creditors - Capital Instruments: Bank Loans

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Amounts repayable:				
In one year or less or on demand	**1,000,000**	1,853,900	–	–
In more than one year but not more than two years	**1,000,000**	853,900	–	–
In more than two years but not more than five years	**5,913,500**	4,485,750	–	–
	7,913,500	7,193,550	–	–
In more than five years	–	–	–	–
	7,913,500	7,193,550	–	–

A bank loan totalling £3,000,000 is repayable on a quarterly basis with the final payment in December 2008. A bank loan of £4,913,500 does not have any fixed instalment terms, however it is repayable in full by 31 December 2008.

19. Deferred Taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Provision brought forward	**68,905**	(222,716)	**(1,442)**	–
(Decrease)/Increase in provision	**(642,595)**	291,621	**(150)**	(1,442)
Provision carried forward	**(573,690)**	68,905	**(1,592)**	(1,442)

The group's provision consists of the tax effect of timing differences in respect of:

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Excess of taxation allowances over depreciation on fixed assets	**(680,577)**	(537,898)	**(1,592)**	(1,442)
Other timing differences	**106,887**	606,803	–	–
	(573,690)	68,905	**(1,592)**	(1,442)

20. Commitments under Operating Leases

At 28 February 2006 the group had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings	**Other Items**	Land & Buildings	Other Items
Operating leases which expire:	**£**	**£**	£	£
Within 1 year	–	**38,164**	95,367	79,261
Within 2 to 5 years	–	**29,236**	245,557	46,645
In over 5 years	**147,630**	**203,414**	–	–
	147,630	**270,814**	340,924	125,906

The company had no such commitments.

21. Pensions

The main trading subsidiary company contributes to a company personal pension plan for the benefit of the employees and directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total contributions expensed in the year amounted to £196,496 (2005 - £225,539). There were outstanding contributions of £15,376 remaining at the year end (2005 - £14,937).

22. Contingencies

A contingent liability exists under a guarantee given by the parent company to HSBC in support of the group bank borrowing facilities in the sum of £3,500,000.

A contingent liability exists under a guarantee given by the subsidiary company in support of the parent company's overdraft and loans which amounted to £Nil at the balance sheet date.

23. Related Party Transactions

Control

The group is under the control of the directors, who are the principal shareholders.

Transactions

During the year the group purchased goods, in the normal course of business, from European Oat Millers Limited, a company in which W J Jordan MBE and R D Jordan have an interest, for £5,158,000 (2005 – 5,083,000). The price charged was the normal market price in the case of each purchase. In addition the group provided management services to the value of £6,000 (2005 – £6,000) and charged rent to the value of £152,239 (2005 – £145,978) to European Oat Millers Limited. At the balance sheet date the amount due to European Oat Millers Limited was £799,500 (2005 – £787,000).

23. Related Party Transactions *(continued)*

During the year the group sold goods in the normal course of business to W Jordan & Son Biggleswade Limited, a company in which W J Jordan MBE and R D Jordan have an interest, for £10,000 (2005 – £7,550). The price charged was the normal market price in the case of each purchase. At the balance sheet date no amount was due or payable to this related party (2005 – payable of £23,675).

During the year the group incurred marketing costs to Porter & Makins Limited, a company in which W J Jordan MBE has an interest for £45,067 (2005 – £Nil). The price charged was the normal market price in the case of each purchase. At the balance sheet date no amount was due or payable to this related party (2005 – £Nil).

24. Share Capital

Authorised share capital:

	2006	2005
	£	£
2,000 Ordinary shares of £1 each	**2,000**	2,000

Allotted, called up and fully paid:

	2006		2005	
	No.	£	No.	£
Ordinary shares of £1 each	**504**	**504**	504	504

25. Other Reserves

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Balance brought forward	**3,002,140**	3,002,123	**1,614**	1,614
Exchange adjustments	**(7)**	17	–	–
Capital reserve	**3,002,133**	3,002,140	**1,614**	1,614

26. Profit and Loss Account

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Balance brought forward	**12,061,682**	14,750,312	**617,339**	654,692
Exchange adjustments	**(11,783)**	28,554	–	–
Profit for the financial year	**491,297**	2,382,816	**120,413**	5,062,647
Equity dividends paid	**(200,000)**	(5,100,000)	**(200,000)**	(5,100,000)
	12,341,196	12,061,682	**537,752**	617,339

27. Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Profit for the financial year	**491,297**	2,382,816	**120,413**	5,062,647
Dividends	**(200,000)**	(5,100,000)	**(200,000)**	(5,100,000)
Exchange adjustments	**(11,790)**	28,571	**–**	–
Net addition to/(deduction from) funds	**279,507**	(2,688,613)	**(79,587)**	(37,353)
Opening shareholders' equity funds	**15,064,326**	17,752,939	**619,457**	656,810
Closing shareholders' equity funds	**15,343,833**	15,064,326	**539,870**	619,457

28. Events after the Balance Sheet Date

On 28 June 2006 W Jordan (Cereals) Limited, a subsidiary company, issued 92,784 ordinary shares of £1 each to W R Warburton, a director of that company, for cash consideration of £942,685. The proceeds were utilised by the group to make early loan repayments.