W. JORDAN & SON (SILO) LIMITED

Consolidated
Financial Statements

For the year ended 28 February 2007

W. JORDAN & SON (SILO) LIMITED

Officers and Professional Advisers

Company Registration Number: 00572391

The Board of Directors
W J Jordan MBE
R D Jordan

Company Secretary
R A Payton

Registered Office
Holme Mills
Biggleswade
Bedfordshire
SG18 9JY

Auditors
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Bankers
HSBC Bank Plc
63 George Street
Luton
Bedfordshire
LU1 2AP

W. JORDAN & SON (SILO) LIMITED

The Directors' Report

Year Ended 28 February 2007

The dırectors have pleasure ın presentıng theır report and the financıal statements of the group for the year ended 28 February 2007

Results and Dividends

The tradıng results for the year and the group's financıal posıtıon at the end of the year are shown ın the attached financıal statements The group profit for the financıal year was £3,576,511 (2006 – £446,058 restated) Detaıls of dıvıdends paıd are gıven ın note 8

Principal Activities and Revıew of the Business

The prıncıpal actıvıty of the group durıng the year contınued to be that of the manufacture of cereal products

The group's key financıal and other performance ındıcators durıng the year were as follows

	2007 £	2006 £	% change
Turnover	81,491,870	75,492,200	+8%
Operatıng profit before exceptıonal ıtems	5,139,891	3,650,022	+41%
Profit before taxatıon	5,221,220	1,418,760	+268%
Profit after taxatıon	3,646,407	446,058	+717%
Average Number of employees	347	355	-2%
Days sales ın debtors	57 05	56 16	+2%
Days sales ın stock	28 39	29 90	-5%
Days sales ın credıtors	(56 38)	(54 70)	+3%
Days sales ın workıng capıtal	29 06	31 36	-7%
Current assets ın relatıon to current lıabılıtıes	1 63	1 57	+4%

The dırectors are pleased to report the ıncrease ın turnover ın the year Thıs growth ın the year has been drıven by ıncreased dıstrıbutıon ın retaılers as well as the launch of 15 new ındıvıdual products durıng the year The Unıted Kıngdom busıness has grown by almost 7%, Europe by almost 10% wıth Other Internatıonal markets growıng by 13% The dırectors are optımıstıc about the results for 2008 wıth growth antıcıpated to contınue

Operatıng Profits ın the current year have been affected by reduced pressure on certaın raw materıal prıces (ı e nuts) as these have eased over the financıal year (although stıll not near the levels seen ın the 2003 financıal year) ıncreased productıon efficıencıes, and cost control

Profit before taxatıon has been affected by the group no longer havıng to support the loss makıng busıness of a subsıdıary undertakıng, Organıc and Natural Food Company Lımıted In February 2006 the board of dırectors of W Jordan (Cereals) Lımıted, a subsıdıary undertakıng, ımplemented a plan to cease the operatıons of the Organıc & Natural Food Company Lımıted, ıt's subsıdıary undertakıng, and ın the prıor year the group had provıded for losses (£1,557,972) as a result of the guarantee provıded by the group to the Organıc & Natural Food Company Lımıted The operatıons were ceased ın the current year and no further wrıte off or provısıon was requıred and thıs has sıgnıficantly ımproved the profit before taxatıon ın the current year

In addition profit before taxation has benefited in the year as a result of a minority interest acquiring a 3% shareholding in W Jordan (Cereals) Limited through a fresh issue of shares at a value that was in excess of the net asset value per share This resulted in a gain to the profit and loss account of £445,274

Working capital management continues to be improved and the current year has seen day's sales in working capital improve from 32 14 days to 29 06 days In the current year the group moved its UK warehouse operations to an outsourced logistics expert company with state of the art warehousing facility, under a contract with a minimum period of 5 years It also automated the way it moves and controls stock around the business with the result that the business has improved stock management This move of warehouse operations largely accounts for the reduction in average number of employees

The company's "acid test" ratio improved over the year due to increased profits, reduced working capital and hence increased cash holding

On the capital investment aspect of the business the current year was a year of low investment after a number of years of substantial investment Capital expenditure of the year was only £1,289,034 (2006 £3,790,553) The directors anticipate that the 2008 financial year will be a year of substantial investment due to the future growth anticipated This low capital expenditure year coupled with improved profitability and issue of shares in a subsidiary undertaking has allowed the group to reduce its loans through non scheduled loan repayments of £1,500,000 in the year In March 2007 the group has made a further non scheduled loan repayment of £1,500,000 against the revolving credit facility

Sustainability is fundamental to the group It underpins the group's brand values and its supply chain and is the key to its continued financial success One of the group's unique attributes is its intimate connection with the land, the countryside and sustainable farming This is backed by a deep commitment to high quality natural ingredients, such as Conservation Grade raw materials and is underpinned by a strict policy of only using ingredients with no artificial colourings, flavourings or preservatives These high standards require the group to continuously review, challenge and alter the way in which it operates, in order to ensure that it minimises its environmental impact and, wherever possible, work within a strongly positive environmental footprint This is evident in areas such as packaging, where 90% of the carton board the group uses comes from recycled material, and biodiversity conservation, where the Conservation Grade farming protocol has now been rolled out on over 60,000 acres of British countryside, leading to significant gains in biodiversity

Principal risks and uncertainties

The principal risks and uncertainties facing the group are broadly grouped as competitive, legislative or regulatory, financial instrument risk

Competitive Risks

The company is reliant on continued product listings with the major food retailing companies These listings are reviewed periodically by the retailers and renewal of these listings, which are based on financial and performance criteria determined by the retailer, is uncertain

Legislative and Regulatory Risks

All products manufactured are subject to UK and as well as local, where sold outside of the UK, legislative or regulatory requirements surrounding food production, packaging requirement, and food safety standards In addition the company is subject to Health & Safety legislation Compliance with these legislative and or regulatory requirements is reported to senior management and board of directors of principle trading subsidiaries on a regular basis Compliance imposes costs on the business and failure to comply with these requirements could materially affect the performance of the group

Financial instrument risk

The group has an established risk and financial management framework The primary objectives of this framework are to protect the group from events that hinder the achievement of the group's performance objectives The objectives of the framework are to limit any undue exposure, ensure adequate working capital exists and to monitor the management of risk at the board level

- Use of derivatives

The group uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments or material receipts as may be considered necessary In order to reduce the exposure to foreign currencies, wherever possible the group makes use of natural hedging by buying and selling products in foreign currency

- Exposure to price, credit, liquidity and cash flow risk

Price risk arises because of changes in, for example, commodity prices as a result of increased demand for commodities or ingredients, crop failure or political intervention in foreign market places This is managed by the group through the negotiation of contracts in advance of requirements as well as, where possible, making use of alternate suppliers

Credit risk is the risk that one party to a financial instrument will cause financial loss for that other party by failing to discharge an obligation Policies employed by the group seek to reduce this risk and require that credit is only granted to customers who satisfy credit worthiness procedures and or demonstrate an appropriate payment history Details of the group's debtors are shown in note 14 to the financial statements

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities The group aims to mitigate this risk by managing cash generation by its operations through applying targets around working capital The group also utilises revolving credit facilities and long term loans to manage liquidity risk During the year the group raised funds through the issue of shares in a subsidiary undertaking and the proceeds were utilised to repay portion of the revolving credit facility

Cash flow risk is the risk of exposure to short term variability in cash flows that could be attributable to any seasonality of the business, capital expenditure requirements, or loan repayments This risk is managed through agreed bank overdraft facilities as well as available revolving credit facilities The aim of the group is that over the course of a financial year the cash generated from operations should cover the capital expenditure, working capital, financing and taxation needs of the business

Future Developments

The directors aim to maintain the management policies which have seen the group grow in turnover in recent years

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 28 February 2007	At 1 March 2006
W J Jordan MBE	252	252
R D Jordan	252	252
Mrs P Jordan (resigned 11 December 2006)	–	–

Directors' Responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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

- select suitable accounting policies, as described on pages 14 to 16, and then apply them consistently,
- make judgements 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 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information

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 full consideration to application for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirement of the job Training and career development and promotion of disabled persons is as far as possible identical to that of other employees

The services of existing employees who become disabled are retained wherever practical in the same or an alternative position and to provide appropriate training to achieve this aim

Post balance sheet events

In March 2007 the group has made a further non scheduled loan repayment of £1,500,000

In April 2007 the group disposed of an investment property at valuation of £34,608

Auditors

During the year Whiting & Partners resigned as auditors and Ernst & Young LLP were appointed in their stead A resolution to re-appoint Ernst & Young LLP 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 .

R A Payton
Company Secretary

Approved by the directors on 31 July 2007

W. JORDAN & SON (SILO) LIMITED

Independent Auditors' Report to the Shareholders

Year Ended 28 February 2007

We have audited the group and parent company financial statements (the "financial statements") of W Jordan & Son (Silo) Limited for the year ended 28 February 2007 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses the Group, the Group and Company Balance sheets, the Group Statement of Cash Flows and the related notes 1 to 30 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 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 members 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 Annual report and 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,

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 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 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs and of the group as at 28 February 2007 and of the profit of the group for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton

3 August 2007

W. JORDAN & SON (SILO) LIMITED

Group profit and loss account

for the year ended 28 February 2007

	Note	2007 £	Restated 2006 £
Group turnover	2	81,491,870	75,492,200
Cost of sales		57,877,956	50,100,031
Gross profit		23,613,914	25,392,169
Distribution costs		13,558,267	11,763,471
Administrative expenses		4,915,756	9,978,676
Operating profit	3	5,139,891	3,650,022
Profit from reduction of interest in subsidiary undertaking	12	445,274	–
Loss on disposal of investments		–	(87,820)
Amounts written off investments		–	(1,557,972)
Profit on ordinary activities before interest		5,585,165	2,004,230
Interest receivable		86,666	88
Interest payable	6	(450,611)	(585,558)
Profit on ordinary activities before taxation		5,221,220	1,418,760
Tax on profit on ordinary activities	7	1,574,813	972,702
Profit for the financial year		3,646,407	446,058
Minority interest		69,896	–
Profit for the financial year attributable to members of the parent company	26	3,576,511	446,058

Group statement of total recognised gains and losses

	2007 £	Restated 2006 £
Profit for the year attributable to members of the parent company	3,576,511	446,058
Exchange difference on retranslation of net assets of subsidiary undertaking	(14,599)	(11,783)
Total recognised gains and losses relating to the year	3,561,912	434,275
Prior year adjustment (note 1)	775,731	
Total gains and losses recognised since the last annual report	4,337,643	

W. JORDAN & SON (SILO) LIMITED

Group balance sheet

at 28 February 2007

	Note	2007 £	Restated 2006 £
Fixed assets			
Intangible assets	10	21,698	30,698
Tangible assets	11	14,877,539	16,050,477
Investments	12	269	269
		14,899,506	16,081,444
Current assets			
Stocks	13	6,338,705	6,184,007
Debtors amounts falling due within one year	14	14,225,787	12,994,600
Debtors amounts falling due after one year	14	43,599	–
Cash at bank and in hand		4,562,324	1,549,215
		25,170,415	20,727,822
Creditors: amounts falling due within one year	15	15,462,062	13,202,512
Net current assets		9,708,353	7,525,310
Total assets less current liabilities		24,607,859	23,606,754
Creditors: amounts falling due after more than one year	16	4,413,500	6,913,500
		20,194,359	16,693,254
Provisions for liabilities			
Deferred taxation	18	385,604	573,690
Minority interest		567,283	–
		19,241,472	16,119,564
Capital and Reserves			
Called-up equity share capital	23	504	504
Other reserves	24	3,002,129	3,002,133
Revaluation reserve	25	886,923	886,923
Profit and loss account	26	15,351,916	12,230,004
Shareholders' funds	27	19,241,472	16,119,564

These financial statements were approved by the directors on 31 July 2007 and are signed on their behalf by

W J Jordan MBE
Director

R D Jordan
Director

W. JORDAN & SON (SILO) LIMITED

Company balance sheet

at 28 February 2007

	Note	2007 £	Restated 2006 £
Fixed assets			
Tangible assets	11	1,239,612	1,241,281
Investments	12	98	98
		1,239,710	1,241,379
Current assets			
Debtors	14	18,543	228,036
Cash at bank		40,754	32,913
		59,297	260,949
Creditors: amounts falling due within one year	15	103,856	23,342
Net current (liabilities)/assets		(44,559)	237,607
Total assets less current liabilities		1,195,151	1,478,986
Provisions for liabilities			
Deferred taxation	18	1,592	1,592
Total assets less current liabilities		1,193,559	1,477,394
Capital and reserves			
Called-up equity share capital	23	504	504
Other reserves	24	1,614	1,614
Revaluation reserve	25	886,923	886,923
Profit and loss account	26	304,518	588,353
Shareholders' funds	27	1,193,559	1,477,394

These financial statements were approved by the directors on 31 JULY 2007 and are signed on their behalf by

W J Jordan MBE
Director

R D Jordan
Director

W. JORDAN & SON (SILO) LIMITED

Group cash flow statement

at 28 February 2007

	Notes	2007 £	Restated 2006 £
Net cash inflow from operating activities		7,571,623	7,247,324
Returns on investments and servicing of finance			
Interest received	6	86,666	88
Interest paid	6	(450,611)	(585,558)
		(363,945)	(585,470)
Taxation		(922,981)	(1,076,527)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	10	(1,355)	–
Payments to acquire tangible fixed assets	11	(1,289,034)	(3,790,553)
Receipts from sale of fixed assets		16,117	36,396
Loans to group undertakings		–	(1,557,972)
Disposal of current asset investments in group undertakings		–	(72,820)
		(1,274,272)	(5,384,949)
Equity dividends paid	8	(440,000)	(200,000)
Cash inflow before financing		4,570,424	378
Financing			
New bank loans		–	719,950
Repayment of bank loans		(2,500,000)	–
Proceeds on issue of shares by subsidiary undertaking to minority interests		942,685	–
Net cash (outflow)/inflow from financing		(1,557,315)	719,950
Increase in cash		3,013,109	720,328

W. JORDAN & SON (SILO) LIMITED

Group cash flow statement *(continued)*

year ended 28 February 2007

Reconciliation of operating profit to net cash inflow from operating activities

	2007	Restated 2006
	£	£
Operating profit	5,139,892	3,650,022
Amortisation	10,326	10,152
Depreciation	2,453,316	2,554,465
Loss/(Profit) on disposal of fixed assets	(7,883)	8,179
(Increase)/Decrease in stocks	(154,698)	576,026
Increase in debtors	(1,274,787)	(868,030)
Increase in creditors	1,419,633	1,327,335
Foreign exchange adjustments	(14,176)	(10,825)
Net cash inflow from operating activities	7,571,623	7,247,324

Reconciliation of net cash flow to movement in net debt

	2007	2006
	£	£
Increase in cash in the period	3,013,109	720,328
Net cash outflow/(inflow) from bank loans	2,500,000	(719,950)
Change in net debt resulting from cash flows	5,513,109	378
Net debt at 1 March 2006	(6,364,285)	(6,364,663)
Net debt at 28 February 2007	(851,176)	(6,364,285)

Analysis of changes in net debt

	At 1 Mar 2006	Cash flows	At 28 Feb 2007
	£	£	£
Net cash			
Cash in hand and at bank	1,549,215	3,013,109	4,562,324
Debt			
Debt due within 1 year	(1,000,000)	–	(1,000,000)
Debt due after 1 year	(6,913,500)	2,500,000	(4,413,500)
	(7,913,500)	2,500,000	(5,413,500)
Net debt	(6,364,285)	5,513,109	(851,176)

1. Accounting Policies

Basis of Accounting

The financial statements of W Jordan & Son (Silo) Limited were approved for issue by the Board of Directors on 31 July 2007

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

Prior year adjustment

During the current financial year it was discovered that two fundamental errors occurred in the preparation of the prior year financial statements, namely - (i) certain land and buildings had previously been treated as operational fixed assets and should have been treated as investment properties, and (ii) intragroup profit contained in year end stock values had not been correctly eliminated

i) The 2006 balance sheet has been restated to record the investment properties at open market valuation, rather than depreciated cost This correction has increased the value of fixed assets within the company and the group as at 1 March 2005 by £929,293, increased depreciation in the year to 28 February 2006 by £8,231 and therefore increased fixed assets at 28 February 2006 by £937,524

A revaluation reserve of £886,923 was created on 1 March 2005 while the profit and loss account at 1 March 2005 was increased by £42,370 to reflected a reduction in the accumulated depreciation brought forward of £106,212 offset by a permanent diminution in value brought forward on one of the investment properties of £63,482

ii) The correction of the elimination of intragroup profit in stock, on preparation of the consolidated financial statements, was to decrease stock and profit and loss reserves at 1 March 2005 by £108,323, to increase cost of sales by £53,470 in the year to 28 February 2006 and to decrease stock at 28 February 2006 by £161,793 There was no taxation effect on this restatement

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 12, 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 company has not been consolidated in prior years and in the current year has ceased trading and is not material to the group

Patents and Rights

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

1. Accounting Policies *(continued)*

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

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

1. **Accounting Policies** *(continued)*

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

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 All of the activities of the group are classed as continuing An analysis of turnover is given below

	2007	2006
	£	£
United Kingdom	55,339,126	51,750,582
Europe	24,551,959	22,325,245
Other countries	1,600,785	1,416,373
	81,491,870	75,492,200

3. Operating profit

Operating profit is stated after charging/(crediting)

	2007	Restated 2006
	£	£
Amortisation of patents and rights	10,326	10,153
Depreciation of owned fixed assets	2,453,316	2,554,465
Loss/(profit) on disposal of fixed assets	(7,883)	10,567
Foreign exchange loss/(gain)	(942)	355,140
Auditors' remuneration is analysed as follows		
- Fees for the audit of the financial statement	58,926	33,028
- Fees for taxation services	15,450	4,500
- Fees for accountancy services	500	–
Operating lease costs - land and buildings	1,251,895	453,469
Operating lease costs - plant and equipment	358,518	272,740

4. Particulars of employees

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

	2007	2006
	No.	No.
Production staff	254	266
Distribution staff	6	40
Administrative staff	87	49
	347	355

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	11,198,007	10,011,961
Social security costs	1,271,652	1,160,385
Pension costs	330,832	196,496
	12,800,491	11,368,842

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Emoluments receivable	219,637	231,186
Value of company pension contributions to money purchase schemes	43,200	43,200
	262,837	274,386

Emoluments of highest paid director:

	2007	2006
	£	£
Emoluments receivable	113,067	137,012
Value of company pension contributions to money purchase schemes	21,600	21,600
	134,667	158,612

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

	2007	2006
	No.	No.
Money purchase schemes	2	2

6. (Interest receivable)/interest payable and similar charges

	2007	2006
	£	£
Interest receivable		
- Bank interest receivable	81,107	88
- Other interest receivable	5,559	–
	86,666	88
Interest payable on bank borrowing	450,611	585,558

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK corporation tax	1,708,585	899,147
Overseas tax	39,821	–
Over provision in prior years	14,493	(569,040)
Total current tax	1,762,899	330,107
Deferred tax (note 19)		
Origination and reversal of timing differences	(188,086)	642,595
Tax on profit on ordinary activities	1,574,813	972,702

(b) Factors affecting current tax charge

The differences are reconciled below

	2007 £	Restated 2006 £
Profit on ordinary activities before taxation	5,250,362	1,418,760
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2006 – 30%)	1,575,109	425,628
(Non taxable income)/expenses not deductible for tax purposes	(1,727)	582,709
Capital allowances in excess of depreciation	(16,808)	(90,280)
Other timing differences	188,212	(18,910)
Difference in tax rates	3,620	–
Adjustments in respect of previous periods	14,493	(569,040)
Total current tax (note 7(a))	1,762,899	330,107

8. Dividends

	2007 £	2006 £
Equity dividends paid on ordinary shares	440,000	200,000

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 profit of £156,165 (2006 –profit of £120,413) dealt with in the financial statements of the parent company

10. Intangible fixed assets

Group

	Patents & Rights
Cost	**£**
At 1 March 2006	55,023
Additions	1,355
Exchange adjustments	(483)
At 28 February 2007	55,895
Amortisation	
At 1 March 2006	24,325
Exchange adjustments	(454)
Charge for the year	10,326
At 28 February 2007	34,197
Net book value	
At 28 February 2007	21,698
At 28 February 2006	30,698

Company

There are no intangible assets in the company

W. JORDAN & SON (SILO) LIMITED

Notes to the financial statements

at 28 February 2007

11. Tangible fixed assets

Group

Cost or valuation	Land & Buildings £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
At 1 March 2006 – as reported	8,840,364	25,590,152	1,449,366	148,089	36,027,971
Prior year adjustment (note 1)	823,081	–	–	–	823,081
At 1 March 2006 – as restated	9,663,445	25,590,152	1,449,366	148,089	36,851,052
Exchange adjustments	–	–	(398)	(467)	(865)
Additions	5,805	789,317	443,834	50,078	1,289,034
Reclassification	(99,161)	–	99,161	–	–
Assets written off	(261,835)	–	–	–	(261,835)
Disposals	–	–	–	(36,594)	(36,594)
At 28 February 2007	9,308,254	26,379,469	1,991,963	161,106	37,840,792
Depreciation					
At 1 March 2006 – as reported	2,786,704	17,150,899	903,072	74,343	20,915,018
Prior year adjustment (note 1)	(114,443)	–	–	–	(114,443)
At 1 March 2006 – as restated	2,672,261	17,150,899	903,072	74,343	20,800,575
Exchange adjustments	–	–	(318)	(147)	(465)
Charge for the year	188,371	1,995,700	246,351	22,894	2,453,316
Reclassification	(4,958)	–	4,958	–	–
Assets written off	(261,835)	–	–	–	(261,835)
Disposals	–	–	–	(28,338)	(28,338)
At 28 February 2007	2,593,839	19,146,599	1,154,063	68,752	22,963,253
Net book value					
At 28 February 2007	6,714,415	7,232,870	837,900	92,354	14,877,539
At 28 February 2006 – as restated	6,991,184	8,439,253	546,294	73,746	16,050,477

11. Tangible fixed assets *(continued)*

Land & buildings

Land & buildings comprise	2007 £	Restated 2006 £
Freehold – net book value	6,714,415	6,991,184

Company

Cost or valuation	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
At 1 March 2006 – as reported	411,527	131,287	11,910	554,724
Prior year adjustment (note 1)	823,081	–	–	823,081
At 1 March 2006 (restated) and 28 February 2007	1,234,608	131,287	11,910	1,377,805
Depreciation				
At 1 March 2006 – as reported	114,443	127,441	9,083	250,967
Prior year adjustment (note 1)	(114,443)	–	–	(114,443)
At 1 March 2006 – as restated	–	127,441	9,083	136,524
Charge for the year	–	962	707	1,669
At 28 February 2007	–	128,403	9,790	138,193
Net book value				
At 28 February 2007	1,234,608	2,884	2,120	1,239,612
At 28 February 2006 – as restated	1,234,608	3,846	2,827	1,241,281

Freehold property includes a freehold investment property (land and buildings only) which was valued, on the basis of open market value, however not in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on 14 June 2007 by Messrs Paddison & Partners Chartered Surveyors at £1,200,000 This valuation has been applied to both the 28 February 2006 and 28 February 2007 Balance sheets

Freehold property includes a freehold investment property (land only) which has been sold subsequent to the year end for £34,608, its open market value

The historical cost of investment properties included at valuation is as follows

	Group £	Company £
At 28 February 2007	411,527	411,527
At 1 March 2006	411,527	411,527

12. Fixed asset investments

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
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

Principle subsidiary undertakings
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	–	97%
Jordans France S A R L Marketing and distribution of group products within France	France	Ordinary	100	–

On 28 June 2006 W Jordan (Cereals) Limited, a subsidiary company, issued 92,784 ordinary shares of £1 each to a director of that company at a premium over net asset value of £445,274 This had the effect of diluting W Jordan & Son (Silo) Limited's shareholding from 100% to 97%

Non-consolidated subsidiary
The group owns 80% of the Organic & Natural Food Company Limited In February 2006 the group implemented a plan to close this business and costs and guarantees provided were accounted for in the 2006 financial year As this subsidiary has ceased trading and is not material to the group it has not been consolidated

13. Stocks

	Group 2007 £	Group Restated 2006 £	Company 2007 £	Company 2006 £
Raw materials	2,319,157	2,357,018	–	–
Finished goods	4,019,548	3,826,989	–	–
	6,338,705	6,184,007	–	–

14. Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	12,737,184	11,615,067	–	–
Amounts owed by group undertakings	–	–	–	13,636
Other debtors	1,055,787	980,870	18,543	214,295
Prepayments and accrued income	476,415	398,663	–	105
	14,269,386	12,994,600	18,543	228,036

Amounts falling due after more than one year included above are

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Other debtors	43,599	–	–	–

15. Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	1,000,000	1,000,000	–	–
Trade creditors	7,220,405	6,691,059	–	–
Amounts owed by group undertakings	–	–	68,826	–
Corporation tax	932,846	92,928	21,000	19,312
Other taxation and social security	312,515	409,219	–	–
Other creditors	628,518	387,618	–	–
Accruals and deferred income	5,367,779	4,621,688	14,030	4,030
	15,462,062	13,202,512	103,856	23,342

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

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	4,413,500	6,913,500	–	–

17. Creditors - capital Instruments: bank loans

Creditors include finance capital which is due for repayment as follows

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Amounts repayable				
In one year or less or on demand	1,000,000	1,000,000	–	–
In more than one year but not more than two years	4,413,500	1,000,000	–	–
In more than two years but not more than five years	–	5,913,500	–	–
	5,413,500	7,913,500	–	–

A bank loan totalling £2,000,000 is repayable on a quarterly basis with the final payment in December 2008 A bank loan (a revolving credit facility) of £3,413,500 does not have any fixed instalment terms, however it is repayable in full by 31 December 2008

18. Deferred taxation

The movement in the deferred taxation liability during the year was

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
(Liability)/asset brought forward	(573,690)	68,905	(1,592)	(1,442)
Decrease/(Increase) in liability	188,086	(642,595)	–	(150)
Liability carried forward	(385,604)	(573,690)	(1,592)	(1,592)

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

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Excess of taxation allowances over depreciation on fixed assets	(697,385)	(680,577)	(1,592)	(1,592)
Other timing differences	311,781	106,887	–	–
	(385,604)	(573,690)	(1,592)	(1,592)

19. Commitments under operating leases

At 28 February 2007 the group had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings	**Other Items**	**Land & Buildings**	**Other Items**
Operating leases which expire	£	£	£	£
Within 1 year	84,027	21,829	–	38,164
Within 2 to 5 years	894,720	220,492	–	29,236
In over 5 years	147,630	–	147,630	203,414
	1,126,377	242,321	147,630	270,814

The company had no such commitments

20. 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 £330,832 (2006 - £196,496) There were outstanding contributions of £41,463 remaining at the year end (2006 - £15,376)

21. 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

22. 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 £5,533,458 (2006 – 5,158,000) 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 (2006 – £6,000) and charged rent to the value of £161,200 (2006 – £152,239) to European Oat Millers Limited At the balance sheet date the amount due to European Oat Millers Limited was £738,450 (2006 – £799,500)

22. Related party transactions *(continued)*

Durıng the year the group sold goods ın the normal course of busıness to W Jordan & Son Bıggleswade Lımıted, a company ın whıch W J Jordan MBE and R D Jordan have an ınterest, for £nıl (2006 – £10,000) The prıce charged was the normal market prıce ın the case of each purchase At the balance sheet date no amount was due or payable to thıs related party (2006 – payable of £nıl) as the amounts receıvable of £145,752 from thıs company were wrıtten off as not recoverable

Durıng the year the group ıncurred marketıng costs to Porter & Makıns Lımıted and ıts subsıdıary, a company ın whıch W J Jordan MBE has an ınterest for £71,813 (2006 – £45,067) The prıce charged was the normal market prıce ın the case of each purchase At the balance sheet date no amount was due or payable to thıs related party (2006 – £Nıl)

23. Share Capital

Authorised share capital:

	2007	2006
	£	£
2,000 Ordınary shares of £1 each	2,000	2,000

Allotted, called up and fully paid:

	2007		2006	
	No.	£	No.	£
Ordınary shares of £1 each	504	504	504	504

24. Other reserves

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Balance brought forward	3,002,133	3,002,140	1,614	1,614
Exchange adjustments	(5)	(7)	–	–
Capıtal reserve	3,002,129	3,002,133	1,614	1,614

25. Revaluation reserve

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	£	£	£	£
Balance brought forward	886,923	–	886,923	–
Prıor year adjustment (note 1)	–	886,923	–	886,293
Balance brought forward (restated) and carrıed forward	886,923	886,923	886,923	886,923

26. Profit and loss account

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	£	£	£	£
Balance brought forward	12,230,004	12,061,682	588,353	617,339
Prior year adjustment (note 1)	–	(65,953)	–	42,370
	12,230,004	11,995,729	588,353	659,709
Exchange adjustments	(14,599)	(11,783)	–	–
Profit for the financial year	3,576,511	446,058	156,165	128,644
Equity dividends paid	(440,000)	(200,000)	(440,000)	(200,000)
	15,351,916	12,230,004	304,518	588,353

27. Reconciliation of movements in shareholders' funds

	Group		Company	
		Restated		Restated
	2007	2006	2007	2006
	£	£	£	£
Profit for the financial year	3,576,511	446,058	156,165	128,644
Dividends	(440,000)	(200,000)	(440,000)	(200,000)
Exchange adjustments	(14,603)	(11,790)	–	–
Net addition to/(deduction from) funds	3,121,908	234,268	(283,835)	(71,356)
Opening shareholders' equity funds	16,119,564	15,064,326	1,477,394	619,457
Prior year adjustment (note 1)	–	820,970	–	929,293
Closing shareholders' equity funds	19,241,472	16,119,564	1,193,559	1,477,394

28. Events after the balance sheet date

In March 2007 the group has made a further non scheduled loan repayment of £1,500,000

In April 2007 the group disposed of an investment property at valuation of £34,608

29. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £699,000 (2006 £325,000)

30. Derivatives

The group enters into forward exchange contracts to manage exposure to exchange rate volatility on future commitments The fair value of the derivatives held at the balance sheet date, determined by reference to the market value is as follows

	2007	2006
	£	£
Forward foreign currency contracts	4,524	-