

A M Group Limited

732250



A M Group Limited

Directors' report and financial statements

31 December 2001

Registered number 732250

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01/08/02

A M Group Limited

Company information

Directors

D Egar

BG Gooch

MJ Mayes

RA Pearce Gould

Secretary

IR Barnes

Bankers

Barclays Bank Plc

Lloyds TSB Plc

Auditors

Grant Thornton

Registered office

Great Ryburgh

Fakenham

Norfolk

NR21 7AS

A M Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Activities

The principal activity of the Company is the production of malt and malt products and related activities.

Crisp Malting Group Limited, Edme Limited and Walpole and Wright Limited act as agents for A M Group Limited.

Financial and trading

The Company's operating profit before interest was £2,377,684 (2000: £1,770,463). After interest payable and fixed asset disposals the company made a profit of £1,767,684 (2000: £952,463).

A dividend on ordinary shares of £2,000,000 has been paid (2000: £2,000,000) and £517,316 was transferred from reserves (2000: £1,047,537 from reserves).

Trading review

Once again, the company managed to fully sell its malting production capacity this year at improved margins over those achieved in 2000. This was achieved despite various challenges in the market place, particularly the backdrop of continuing consolidation of the UK brewing industry.

The company acquired the trade and assets of John Hare & Corporation Limited during the year in order to further penetrate the dry malt product sector, the plant and equipment being relocated to Edme's Mistley site.

Directors

The members of the board are listed on page 1.

The interests of Messrs Pearce Gould, Eggar and Mayes in the shares of Anglia Maltings (Holdings) Limited are disclosed in the directors' report of that company. The interests of the remaining director in Anglia Maltings (Holdings) Limited are as follows:

	31 December 2001		1 January 2001	
	Shares	Options	Shares	Options
BG Gooch	200	16,884	200	16,884

A M Group Limited

Directors' report *(continued)*

Employee relations

The Company encourages, where possible, the employment of disabled people and the retention of those who become disabled during their employment with the company by such means as may be appropriate to the circumstances of each situation.

The directors recognise the importance, for good employee relations, of meaningful communication. Directors are concerned to provide information on the performance of the company, and various methods, including briefing groups at all levels, are used to achieve this.

Health and Safety

The Company has a Health and Safety manual which is issued to every employee. All sites have a Health and Safety committee who meet on a regular basis.

Auditors

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

By order of the board



IR Barnes

Secretary

8 April 2002

Great Ryburgh
Fakenham
Norfolk

A M Group Limited

Statement of directors' responsibilities

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 profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

A M Group Limited

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AM GROUP LIMITED

We have audited the financial statements of AM Group Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the director's report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 other information contained in the director's report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

NORWICH
8 April 2002

A M Group Limited

Profit and loss account

for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	2	40,527,721	40,008,082
Net operating costs	3	(38,150,037)	(38,237,619)
Operating profit		2,377,684	1,770,463
Interest payable		(610,000)	(818,000)
Profit on ordinary activities before taxation	4-6	1,767,684	952,463
Tax charge on profit on ordinary activities		(285,000)	-
Profit on ordinary activities after taxation		1,482,684	952,463
Dividends paid	8	(2,000,000)	(2,000,000)
Retained loss for the financial year	16	(517,316)	£(1,047,537)

There are no recognised gains and losses other than those shown in the profit and loss accounts above.

All the above relate to continuing activities.

Note of historical cost profits and losses

for the year ended 31 December 2001

	2001 £	2000 £
Reported profit on ordinary activities before taxation	1,767,684	952,463
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	85,124	85,127
Historical cost profit for the year before taxation	1,852,808	£1,037,590
Historical cost loss for the year after taxation and dividends	£(432,192)	£(962,410)

The notes on pages 8 to 17 form part of these financial statements.

A M Group Limited

Balance sheet

at 31 December 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	9	21,230,083	21,565,154
Current assets			
Stocks	10	11,337,045	8,796,754
Debtors	11	6,349,482	6,048,020
Cash at bank and in hand		3,687	3,721
		<u>17,690,214</u>	<u>14,848,495</u>
Creditors: amounts falling due within one year	12	<u>(29,529,764)</u>	<u>(26,505,800)</u>
Net current liabilities		(11,839,550)	(11,657,305)
Net assets		£9,390,533	£9,907,849
Capital and reserves			
Called up share capital	15	153,400	153,400
Revaluation reserve	16	1,110,380	1,195,504
Capital redemption reserve	16	11,600	11,600
Profit and loss account	16	8,115,153	8,547,345
Equity shareholders' funds	19	£9,390,533	£9,907,849

These financial statements were approved by the board of directors on 8 April 2002 and were signed on its behalf by:

BG Gooch

)

Directors

MJ Mayes

)



The notes on pages 8 to 17 form part of these financial statements

A M Group Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and in accordance with Section 226 and Schedule 4 of the Companies Act 1985.

The effects of events relating to the year ended 31 December 2001 which occurred before 8 April 2002, the date of approval of the financial statements by the board of directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2001 and of the results for the year ended on that date.

Cash flow statement

In accordance with the exemptions available under Financial Reporting Standard Number 1 (revised 1996) the company has not prepared a cash flow statement.

Related party disclosures

The Company has taken advantage of the exemptions available under FRS8 whereby subsidiary undertakings do not have to disclose inter group transactions if 90% or more of their shares are controlled within the group.

Tangible fixed assets

The Company has elected not to adopt a policy of revaluation, but to retain book amounts that reflect previous valuations as permitted under the transitional arrangements of Financial Reporting Standard 15.

Depreciation

Depreciation of buildings, plant and equipment is calculated so as to write-off their value in equal annual instalments over their expected future economic lives. No depreciation is charged on freehold land. Estimates made of future economic lives vary according to type of asset, as follows:

Buildings	5	-	50 years
Plant and Equipment	3	-	25 years
Vehicles	3	-	15 years (according to use)

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Production overhead costs, where appropriate, are included in the value of stocks and work-in progress.

Taxation

Provision is made for deferred taxation at the rate of which liabilities are expected to crystallise with reasonable probability on all timing differences between the treatment of certain items for taxation and accounting purposes after taking into account planned capital expenditure.

Finance Leases

When plant, equipment or vehicles are acquired on finance leases, the cost of the asset is capitalised and written off over the estimated useful life of the asset. The leasing finance charges are borne by the ultimate parent undertaking.

A M Group Limited

Notes (continued)

1 Accounting policies (continued)

Operating Leases

Operating lease costs are charged to the profit and loss account as incurred.

Pension obligation

The group operates a pension fund. Payments made to the fund and charged against the profit and loss account in the group accounts are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities. Independent actuarial valuations of the fund are made at least every three years. Any surplus or deficit arising from the valuations has been amortised over a period of not less than five years. The company is unable to identify its share of the underlying assets and liabilities of the group scheme and consequently accounts for the pension cost as though the scheme is a defined contribution scheme. Full details of the actuarial valuation of the group scheme are contained within the financial statements of Anglia Maltings (Holdings) Limited.

Employer contributions to personal pension plan arrangements are charged against the profit and loss account as incurred.

Research and development

Research and development expenditure is written off as incurred.

Foreign currency

Exchange gains and losses arising on transactions in foreign currencies are reported as part of the profit and loss account.

Foreign currency balances, net of debts due or payable in that currency, are translated into sterling at the exchange rate at the time of transaction or at 31 December 2001 – whichever is appropriate.

2 Turnover

Turnover derives from the sale of malt and malt products and related activities excluding inter-company sales, VAT and allowances given.

Turnover by destination is as follows:

	2001 £	2000 £
United Kingdom	24,721,466	24,520,628
Europe	2,981,783	3,433,509
Rest of World	12,824,472	12,053,945
	<hr/>	<hr/>
	£40,527,721	£40,008,082
	<hr/>	<hr/>

A M Group Limited

Notes (continued)

3 Net operating costs

Net operating costs are as follows:

	2001 £	2000 £
Change in stocks of finished goods and work in progress	832,710	(585,020)
Raw materials and consumables	(20,750,964)	(21,139,133)
Other external charges	(5,304,720)	(5,486,954)
Staff costs (note 5)	(5,527,736)	(5,463,827)
Depreciation of tangible fixed assets	(1,870,094)	(1,861,013)
Other operating charges	(5,529,233)	(3,701,672)
	<hr/>	<hr/>
	£(38,150,037)	£(38,237,619)
	<hr/>	<hr/>

4 Profit on ordinary activities

The profit on ordinary activities before taxation is stated after charging:

	2001 £	2000 £
Group interest payable	610,000	818,000
Depreciation of tangible fixed assets		
- leased	182,892	182,968
- other	1,687,202	1,678,045
Auditors remuneration	31,000	30,800
Directors emoluments	298,689	277,158
Research and development	37,231	29,669
Hire of plant	323,239	274,914
	<hr/>	<hr/>

A M Group Limited

Notes (continued)

5 Staff costs

	2001 £	2000 £
Wages and salaries	4,750,906	4,619,788
Social security costs	358,474	378,580
Other pension costs	418,356	465,459
	<u>£5,527,736</u>	<u>£5,463,827</u>

The average number of employees during the year was 252 (2000:246).

6 Directors' emoluments

	2001 £	2000 £
Directors' emoluments	<u>298,689</u>	<u>277,158</u>

The emoluments of the highest paid director were £102,806 (2000: £98,823). He is a member of a defined benefit scheme under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end was £33,861 (2000: £42,700).

Retirement benefits are accruing to the following number of directors under:

	2001	2000
Defined benefit schemes	<u>3</u>	<u>3</u>

No directors were granted options over ordinary shares in Anglia Maltings (Holdings) Limited in 2001 and no options were exercised.

7 Taxation

The Company received group relief of £161,000 from Anglia Maltings (Holdings) Limited, at no cost. The 2001 charge benefited by £296,000 (2000: £386,000) on timing differences arising from trading losses and capital allowances claimed and lease obligations paid exceeding depreciation and short term timing differences.

A M Group Limited

Notes (continued)

8 Dividends

Dividends of £13.04 per share were paid during the year (2000: £13.04).

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Assets held under finance lease £	Total £
Cost or valuation				
At beginning of year	5,094,811	22,526,796	4,104,675	31,726,282
Additions	49,481	1,513,315	-	1,562,796
Disposals - external	-	(99,634)	(60,955)	(160,589)
At end of year	5,144,292	23,940,477	4,043,720	33,128,489
Depreciation				
At beginning of year	(1,338,790)	(7,639,002)	(1,183,336)	(10,161,128)
Charge for year	(208,431)	(1,478,769)	(182,893)	(1,870,093)
On disposals	-	75,110	57,705	132,815
At end of year	(1,547,221)	(9,042,661)	(1,308,524)	(11,898,406)
Net book value				
At 31 December 2001	£3,597,071	£14,897,816	£2,735,196	£21,230,083
At 31 December 2000	£3,756,021	£14,887,794	£2,921,339	£21,565,154

Included in the cost/valuation at 31 December 2001 of £5,144,292 for freehold land and buildings is an amount of £1,167,038 representing the valuation of land which is not depreciable.

With the exception of workshop, laboratory, office equipment, cars and commercial vehicles which are stated by the directors at their net book value of £892,301, the fixed assets were professionally revalued as at 31 December 1994. The valuation of freehold land and buildings and plant and machinery has been made either on the basis of their existing use as part of a continuing business having regard to depreciated replacement cost or on an open market value basis.

Plant and machinery includes assets with a net book value of £963,035 which have been pledged as security against borrowings in Anglia Maltings (Holdings) Limited during the year.

A M Group Limited

Notes (continued)

9 Tangible fixed assets (continued)

Details of revalued assets are given below:

	2001 £	2000 £
At 1994 valuation	11,281,369	11,281,369
Depreciation thereon	(4,056,175)	(3,502,089)
	<hr/>	<hr/>
	£7,225,194	£7,779,280
	<hr/>	<hr/>

	2001 £	2000 £
Historical cost of revalued assets	15,124,031	15,124,031
Aggregate depreciation based on historical cost	(9,009,217)	(8,540,255)
	<hr/>	<hr/>
Historical cost net book value	£6,114,814	£6,583,776
	<hr/>	<hr/>

10 Stocks

	2001 £	2000 £
Raw materials and consumables	8,812,841	7,074,842
Finished goods and goods for resale	2,524,204	1,721,912
	<hr/>	<hr/>
	£11,337,045	£8,796,754
	<hr/>	<hr/>

A M Group Limited

Notes (continued)

11 Debtors

	2001 £	2000 £
Trade debtors	5,687,355	4,954,717
Other debtors	219,821	355,793
Prepayments and accrued income	82,306	92,510
Deferred tax	360,000	645,000
	<hr/>	<hr/>
	£6,349,482	£6,048,020
	<hr/>	<hr/>

Included in trade debtors is an amount of £184,643 due after more than one year (2000: £356,064)

12 Creditors

	2001 Due within one year £	2000 Due within one year £
Trade creditors	(3,643,934)	(4,486,145)
Amounts owed to group under-takings:		
Ultimate parent	(25,066,142)	(21,680,427)
Other creditors	(819,688)	(339,228)
	<hr/>	<hr/>
	£(29,529,764)	£(26,505,800)
	<hr/>	<hr/>

13 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Anglia Maltings (Holdings) Limited which is registered in England.

The Company operates a joint bank account with its ultimate parent undertaking, the company's portion of which is included in amounts owed to ultimate parent undertaking.

A M Group Limited

Notes (continued)

14 Provisions for liabilities and charges

	Capital allowances	Leasing	Other	Total
<i>Deferred taxation</i>				
Full potential liability	2,655,000	884,000	(328,000)	£3,211,000

No provision has been made for any potential tax liability that could arise if assets were sold at their revalued amounts as it is not the company's intention to make any major disposal of assets. Other includes losses carried forward.

15 Called up share capital

	2001	2000
<i>Authorised</i>		
Ordinary shares of £1 each	£185,400	£185,400
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	£153,400	£153,400

16 Reserves

	Profit and loss account £	Capital redemption reserve £	Revaluation Reserve £	2001 total £	2000 total £
At beginning of year	8,547,345	11,600	1,195,504	9,754,449	10,801,986
Transfer to profit and loss account	(517,316)	-	-	(517,316)	(1,047,537)
Transfer for year	85,124	-	(85,124)	-	-
At end of year	£8,115,153	£11,600	£1,110,380	£9,237,133	£9,754,449

A M Group Limited

Notes (continued)

17 Guarantees

The Company has guaranteed the indebtedness of other group undertakings to the group's bankers. The total amount outstanding at the year end was £13,522,060 (2000: £6,802,352).

The Company guarantees the undertakings made by the group's bankers to the Intervention Board for Agricultural Produce against liabilities which may arise under the EU Agricultural Produce Intervention System in respect of its trading activities.

18 Commitments

	2001	2000
(i) Future capital expenditure approved by the directors and not provided for in these financial statements is as follows:	£220,000	£121,897
(ii) Annual commitments under non-cancellable operating leases in respect of plant and machinery and trade supply agreements are as follows:		
	2001	2000
Expiring in less than one year	£45,442	£32,804
Expiring in the second to fifth years inclusive	£129,184	£113,178
Expiring after five years	£226,206	£226,206

19 Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit for the year	1,482,684	952,463
Dividends	(2,000,000)	(2,000,000)
Loss for the financial year	(517,316)	(1,047,537)
Opening equity shareholders' funds	9,907,849	10,955,386
Closing equity shareholders' funds	£9,390,533	£9,907,849

A M Group Limited

Notes *(continued)*

20 Contingent liability

The Company is currently in dispute with the Intervention Board For Agricultural Produce regarding the computation methodology for restitution claims made between 1994 and 1996. The Directors are contesting any repayments. Provision has been made in these accounts for legal fees.