

A M Group Limited

Directors' report and financial statements

31 December 2000

Registered number 732250



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 2000.

Activities

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

As from 1 January 1996, the trade and certain assets and liabilities of fellow subsidiaries Edme Limited and Walpole and Wright Limited have been transferred to A M Group Limited and they now act as selling agents for A M Group Limited in addition to Crisp Malting Group Limited.

Financial and trading

The Company's operating profit before interest was £1,770,463 (1999: £2,161,528). After interest payable and fixed asset disposals the Company made a profit of £952,463 (1999: loss of £1,151,909).

A dividend on ordinary shares of £2,000,000 has been paid (1999: Nil) and £1,047,537 was transferred from reserves (1999: £1,151,909).

Trading review

Despite a difficult trading climate, the Company managed to deliver all of its malt production capacity, the total sales volume in fact being a record for the Company. However, the continued erosion of margins results in a fall in Operating Profit when compared to 1999.

On a positive note, sales contracts for delivery during 2001 have shown an improvement in margins, so the Directors are confident that the Company will make an improved return for the year ending December 2001.

Directors

The members of the board are listed on page 1.

Mr RT Mitchell resigned as a director on 31 March 2000.

The interests of Messrs Pearce Gould, Egar 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 2000		1 January 2000	
	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.

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

I.R. Barnes

IR Barnes

Secretary

5 April 2001

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.

Auditors' report to the members of A M Group Limited

We have audited the financial statements on pages 6 to 17 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

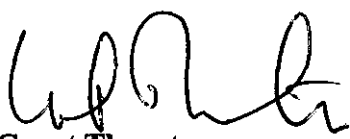
Basis of opinion

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton

Norwich

Chartered Accountants

Registered Auditors

5 April 2001

A M Group Limited

Profit and loss account

for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	40,008,082	40,099,995
Net operating costs	3	(38,237,619)	(37,938,467)
Operating profit		1,770,463	2,161,528
Loss on fixed asset disposal		-	(2,410,437)
Interest payable		(818,000)	(903,000)
Profit/(loss) on ordinary activities before taxation	4-6	952,463	(1,151,909)
Dividends paid	8	(2,000,000)	-
Retained loss for the financial year	16	£(1,047,537)	£(1,151,909)

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 2000

	2000 £	1999 £
Reported profit/(loss) on ordinary activities before taxation	952,463	(1,151,909)
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	85,127	85,126
Historical cost profit/(loss) for the year before taxation	1,037,590	£(1,066,783)
Historical cost loss for the year after taxation and dividends	£(962,410)	£(1,066,783)

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

A M Group Limited

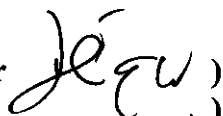
Balance sheet

at 31 December 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	9	21,565,154	22,846,970
Current assets			
Stocks	10	8,796,754	10,582,149
Debtors	11	6,048,020	6,641,367
Cash at bank and in hand		3,721	5,715
		<u>14,848,495</u>	<u>17,229,231</u>
Creditors: amounts falling due within one year	12	<u>(26,505,800)</u>	<u>(29,120,815)</u>
Net current liabilities		(11,657,305)	(11,891,584)
Net assets		£9,907,849	£10,955,386
Capital and reserves			
Called up share capital	15	153,400	153,400
Revaluation reserve	16	1,195,504	1,280,631
Capital redemption reserve	16	11,600	11,600
Profit and loss account	16	8,547,345	9,509,755
Equity shareholders' funds	19	£9,907,849	£10,955,386

These financial statements were approved by the board of directors on 5 April 2001 and were signed on its behalf by:

D Egar



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 2000 which occurred before 5 April 2001, 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 2000 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.

A M Group Limited

Notes (continued)

1 Accounting policies (continued)

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.

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 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. 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 2000 – 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:

	2000 £	1999 £
United Kingdom	24,520,628	24,171,316
Europe	3,433,509	4,992,701
Rest of World	12,053,945	10,935,978
	<hr/>	<hr/>
	£40,008,082	£40,099,995
	<hr/>	<hr/>

A M Group Limited

Notes (continued)

3 Net operating costs

Net operating costs are as follows:

	2000 £	1999 £
Change in stocks of finished goods and work in progress	(585,020)	(335,470)
Raw materials and consumables	(21,139,133)	(21,366,457)
Other external charges	(5,486,954)	(5,449,288)
Staff costs (note 5)	(5,463,827)	(5,554,281)
Depreciation of tangible fixed assets	(1,861,013)	(2,011,695)
Other operating charges	(3,701,672)	(3,221,276)
	<hr/>	<hr/>
	£(38,237,619)	£(37,938,467)
	<hr/>	<hr/>

4 Profit/(loss) on ordinary activities

The profit/(loss) on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Group interest payable	818,000	903,000
Depreciation of tangible fixed assets		
- leased	182,968	193,693
- other	1,678,045	1,818,002
Auditors remuneration	30,800	30,800
Directors emoluments	277,158	335,402
Research and development	29,669	24,652
Hire of plant	274,914	306,824
	<hr/>	<hr/>

A M Group Limited

Notes (continued)

5 Staff costs

	2000 £	1999 £
Wages and salaries	4,619,788	4,726,468
Social security costs	378,580	390,383
Other pension costs	465,459	437,430
	<u>£5,463,827</u>	<u>£5,554,281</u>

The average number of employees during the year was 246 (1999:265).

6 Directors' emoluments

	2000 £	1999 £
Directors' emoluments	<u>277,158</u>	<u>335,402</u>

The emoluments of the highest paid director were £98,823 (1999:£84,665). 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 £42,700 (1999:£10,988).

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

	2000	1999
Defined benefit schemes	<u>3</u>	<u>4</u>

No directors were granted options over ordinary shares in Anglia Maltings (Holdings) Limited in 2000 and no options were exercised.

7 Taxation

The Company received group relief of £161,000 from Anglia Maltings (Holdings) Limited, at no cost. The 2000 charge benefited by £386,000 on timing differences arising from 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 (1999: £Nil).

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Assets held under finance lease £	Total £
Cost or valuation				
At beginning of year	5,080,129	22,136,332	4,125,851	31,342,312
Additions	14,682	663,300	-	677,982
Disposals - external	-	(272,836)	(21,176)	(294,012)
At end of year	5,094,811	22,526,796	4,104,675	31,726,282
Depreciation				
At beginning of year	(1,130,358)	(6,345,940)	(1,019,044)	(8,495,342)
Charge for year	(208,432)	(1,469,613)	(182,968)	(1,861,013)
On disposals	-	176,551	18,676	195,227
At end of year	(1,338,790)	(7,639,002)	(1,183,336)	(10,161,128)
Net book value				
At 31 December 2000	£3,756,021	£14,887,794	£2,921,339	£21,565,154
At 31 December 1999	£3,949,771	£15,790,392	£3,106,807	£22,846,970

Included in the cost/valuation at 31 December 2000 of £5,094,811 for freehold land and buildings is an amount of £1,117,557 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 £1,017,015 which have been pledged as security against borrowings in Anglia Maltings (Holdings) Limited during the year.

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Notes (continued)

9 Tangible fixed assets (continued)

Details of revalued assets are given below:

	2000 £	1999 £
At 1994 valuation	11,281,369	11,292,229
Depreciation thereon	(3,502,089)	(2,956,605)
	<hr/>	<hr/>
	£7,779,280	£8,335,624
	<hr/>	<hr/>

	2000 £	1999 £
Historical cost of revalued assets	15,124,031	15,138,590
Aggregate depreciation based on historical cost	(8,540,255)	(8,083,597)
	<hr/>	<hr/>
Historical cost net book value	£6,583,776	£7,054,993
	<hr/>	<hr/>

10 Stocks

	2000 £	1999 £
Raw materials and consumables	7,074,842	8,275,217
Finished goods and goods for resale	1,721,912	2,306,932
	<hr/>	<hr/>
	£8,796,754	£10,582,149
	<hr/>	<hr/>

A M Group Limited

Notes (continued)

11 Debtors

	2000 £	1999 £
Trade debtors	4,954,717	5,525,824
Other debtors	355,793	304,032
Prepayments and accrued income	92,510	166,511
Deferred tax	645,000	645,000
	<hr/>	<hr/>
	£6,048,020	£6,641,367
	<hr/>	<hr/>

Included in trade debtors is an amount of £356,064 due after more than one year (1999: £620,308)

12 Creditors

	2000 Due within one year £	1999 Due within one year £
Trade creditors	(4,486,145)	(2,341,207)
Obligations under finance leases	-	(957,010)
Amounts owed to group under-takings:		
Ultimate parent	(21,680,427)	(25,143,463)
Other creditors	(339,228)	(679,135)
	<hr/>	<hr/>
	£(26,505,800)	£(29,120,815)
	<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	2,643,000	943,000	(587,000)	£2,999,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	2000	1999
<i>Authorised</i>		
Ordinary shares of £1 each	£185,400	£185,400
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	£153,400	£153,400
	<u> </u>	<u> </u>

16 Reserves

	Profit and loss account £	Capital redemption reserve £	Revaluation Reserve £	2000 total £	1999 total £
At beginning of year	9,509,755	11,600	1,280,631	10,801,986	11,953,895
Transfer to profit and loss account	(1,047,537)	-	-	(1,047,537)	(1,151,909)
Transfer for year	85,127	-	(85,127)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	£8,547,345	£11,600	£1,195,504	£9,754,449	£10,801,986
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 £6,802,352 (1999:£12,410,758).

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

	2000	1999
(i) Future capital expenditure approved by the directors and not provided for in these financial statements is as follows:	£121,897	£69,400
(ii) Annual commitments under non-cancellable operating leases in respect of plant and machinery and trade supply agreements are as follows:		
	2000	1999
Expiring in less than one year	£32,804	£62,110
Expiring in the second to fifth years inclusive	£113,178	£145,858
Expiring after five years	£226,206	£226,206

19 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Profit/(loss) for the year	952,463	(1,151,909)
Dividends	(2,000,000)	-
Loss for the financial year	(1,047,537)	(1,151,909)
Opening equity shareholders' funds	10,955,386	12,107,295
Closing equity shareholders' funds	£9,907,849	£10,955,386

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.