Company Registration No. 239621

Deloitte
& Touche

REGISTRAR
OF COMPANIES

EXNING ESTATE COMPANY

Report and Financial Statements

31 March 2002

Deloitte & Touche
Cardiff

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EXNING ESTATE COMPANY

Deloitte & Touche

REPORT AND FINANCIAL STATEMENTS 2002

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr G S C Gibson
Mrs A M Homfray

SECRETARY

Mr J S East

REGISTERED OFFICE

9 Cotton End Road
Exning
Newmarket
Suffolk
CB8 7NN

BANKERS

National Westminster Bank Plc

SOLICITORS

Rustons & Lloyd

AUDITORS

Deloitte & Touche

Deloitte & Touche

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

ACTIVITIES

The principal activities of the company are:

i) arable and livestock farming;

ii) estate management.

REVIEW OF DEVELOPMENTS

A decrease in arable costs on prior years has resulted in a decreased farming loss for the year of £34,365 (2001 - loss of £61,871). Estate profit for the year has remained stable at £150,971 (2001 - £148,684).

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5. The financial position of the company at 31 March 2002 is shown in the balance sheet on page 6.

The directors recommend the payment of a dividend of 6p per share (2001 - 5p).

FUTURE PROSPECTS

The directors believe that the company should continue to trade successfully given favourable weather and economic conditions.

DIRECTORS

The present membership of the Board is set out on page 1. Both directors served throughout the year. The directors' interests in the company at 31 March 2002 and 31 March 2001 were as follows:

	31 March 2001 and 2002	
	Beneficial No	Non-beneficial £1 ordinary shares No
Mr G S C Gibson	142,286	16,021
Mrs A M Homfray	35,000	-

A partner in Deloitte & Touche, as trustee, has a non-beneficial interest of 9,771 (2001 - 9,771) shares in two separate trusts.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J S East

Secretary

Date 22 January 2003

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXNING ESTATE COMPANY

We have audited the financial statements of Exning Estate Company for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 affairs of the company as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Cardiff

Date 7 January 2003

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PROFIT AND LOSS ACCOUNT
Year ended 31 March 2002

	Note	2002 £	2001 £
TURNOVER	2	850,535	814,895
Cost of sales		(525,600)	(535,228)
Gross profit		324,935	279,667
Administrative expenses		(215,491)	(217,348)
Other operating income		7,726	25,206
OPERATING PROFIT		117,170	87,525
Income from other fixed asset investments	4	6,174	5,472
Other interest receivable and similar income		86,421	104,868
Interest payable and similar charges		(564)	(712)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,5	209,201	197,153
Tax on profit on ordinary activities	6	(42,217)	(58,896)
PROFIT FOR THE FINANCIAL YEAR		166,984	138,257
Dividends	7	(9,463)	(7,886)
Retained profit	18	157,521	130,371

There are no recognised gains or losses other than those included in the profit and loss account.

All activities derive from continuing operations.

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BALANCE SHEET
31 March 2002

	Note		2002		2001
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	2,811,337		2,632,441	
Investments	9	13,516		12,648	
			2,824,853		2,645,089
CURRENT ASSETS					
Stocks	10	234,805		200,733	
Debtors	11	137,251		85,553	
Investments	12	160,000		160,000	
Cash at bank and in hand		1,773,275		1,927,876	
		2,305,331		2,374,162	
CREDITORS: amounts falling due within one year					
Loans	13	1,067,691		1,114,836	
Promissory notes	13	15,000		15,000	
Trade creditors		54,230		56,445	
Other creditors including taxation and social security	14	104,535		100,521	
Proposed dividend		9,463		7,886	
		(1,250,919)		(1,294,688)	
NET CURRENT ASSETS			1,054,412		1,079,474
TOTAL ASSETS LESS CURRENT LIABILITIES			3,879,265		3,724,563
CREDITORS: amounts falling due after more than one year	15		(39,119)		(54,546)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(230,324)		(217,716)
			3,609,822		3,452,301
CAPITAL AND RESERVES					
Called up share capital	17		300,000		300,000
Profit and loss account	18		3,309,822		3,152,301
TOTAL EQUITY SHAREHOLDERS' FUNDS			3,609,822		3,452,301

These financial statements were approved by the Board of Directors on 22 January 2003

Signed on behalf of the Board of Directors

G S C Gibson - Director

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CASH FLOW STATEMENT
Year ended 31 March 2002

	Note	£	2002 £	£	2001 £
Net cash inflow from operating activities	20		147,505		198,517
Returns on investments and servicing of finance					
Interest received		80,589		105,308	
Interest paid		(564)		(712)	
Dividends received		5,306		5,032	
Net cash inflow from returns on investments and servicing of finance			85,331		109,628
Taxation			(25,844)		(37,522)
Capital expenditure					
Purchase of tangible fixed assets		(275,212)		(16,021)	
Disposal of tangible fixed assets		12,633		25,206	
Net cash (outflow)/inflow from capital expenditure			(262,579)		9,185
Equity dividends paid			(7,886)		(7,886)
Financing					
Net loan repayment	21	(47,145)		(55,914)	
Capital element of finance lease rentals	21	(43,983)		(55,521)	
Net cash outflow from financing			(91,128)		(111,435)
(Decrease)/increase in cash	22		(154,601)		160,487

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NOTES TO THE ACCOUNTS
Year ended 31 March 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Turnover

Turnover represents the total receivable from sales of crops and animals, subsidies and rents during the year.

c) Stocks

Farming stocks are valued by a firm of professional valuers. The valuations of corn and livestock are at market value less appropriate percentages to achieve a valuation at the lower of cost and net realisable value.

The percentage reductions are as follows:

Home bred cattle	-	40%
Home grown corn	-	15%

Other stocks are stated at the lower of cost and net realisable value.

d) Depreciation

i) Freehold land:

Freehold land is not depreciated.

Freehold buildings used by farm and equine hospital:

Depreciation is provided on cost in equal instalments over the estimated lives of the assets. The rate used is 2% per annum.

Freehold buildings relating to estate, excluding equine hospital:

No depreciation is provided on these buildings as the directors are of the opinion that the estimated residual values of these buildings are in excess of the carrying values. The directors perform an annual impairment review. These assets are therefore carried at cost less provisions for impairment.

ii) Other assets:

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The following rates per annum are used:

Cars and vans	-	25%
Tractors	-	16 2/3%
Combines and reapers	-	25%
Implements, balers and other plant and machinery	-	15%
Office equipment	-	15%

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

1. ACCOUNTING POLICIES (continued)

e) Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future 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 assets and liabilities are not discounted.

f) Leased assets

Assets held under finance leases and the related obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

g) Investments

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

2. TURNOVER AND PROFITS

Analyses by class of business of turnover and profit before taxation are stated below:

	Turnover		Profit before taxation	
	2002	2001	2002	2001
	£	£	£	£
Class of business:				
Estate	340,152	313,774	150,971	148,684
Farm	510,383	501,121	(34,365)	(61,871)
Investment income	-	-	92,595	110,340
	850,535	814,895	209,201	197,153

All turnover is derived from the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002	2001
	£	£
Directors' emoluments	-	-
Employee costs during the year		
Wages and salaries	177,814	161,731
Social security costs	10,754	10,605
	No.	No.
Average number of persons employed		
Farm	12	12
Estate	-	1
Administration	2	2
	14	15

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

4. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2002 £	2001 £
This heading includes:		
Income from listed investments	5,303	5,022

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation - owned assets	78,543	78,332
- leased assets	44,795	28,064
Auditors' remuneration	6,000	5,400
Profit on disposal of fixed asset	(7,725)	(25,206)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
The taxation charge for the year is made up as follows:		
United Kingdom corporation tax at 20% (2001 - 20%)	34,130	30,325
Adjustment in respect of prior years	(4,671)	(11,367)
Double taxation relief	(602)	(563)
	28,857	18,395
Foreign tax	752	703
	29,609	19,098
Deferred tax		
timing differences, origination and reversal	14,629	24,036
adjustments in respect of prior years	(2,021)	15,762
	42,217	58,896

The tax assessed for the period is different than that resulting from applying the standard rate of corporation tax in the United Kingdom of 20% (2001 – 20%). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	209,201	197,153
Tax at 20% thereon	41,840	39,431
Expenses not deductible for tax purposes	2,561	7,360
Capital allowances in excess of depreciation	(14,629)	(24,036)
Rate differences on deferred tax	4,876	8,011
UK dividend income	(459)	(441)
Non taxable income	(59)	-
Foreign tax	150	140
Prior period adjustments	(4,671)	(11,367)
	29,609	19,098

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

7. DIVIDENDS

	2002		2001	
	per share	£	per share	£
Proposed final	6.0p	9,463	5.0p	7,886

Mr G S C Gibson has waived his right to the dividends.

8. TANGIBLE FIXED ASSETS

	Total £	Freehold land and buildings £	Plant and machinery £	Leased plant/ machinery £	Office equipment £
Cost					
At 1 April 2001	3,639,351	2,588,218	438,806	610,435	1,892
Additions	307,142	237,500	37,712	31,930	-
Disposals	(37,253)	-	(23,000)	(14,253)	-
At 31 March 2002	3,909,240	2,825,718	453,518	628,112	1,892
Accumulated depreciation					
At 1 April 2001	1,006,910	216,153	348,085	440,780	1,892
Charge for the year	123,338	46,951	31,592	44,795	-
Disposals	(32,345)	-	(18,092)	(14,253)	-
At 31 March 2002	1,097,903	263,104	361,585	471,322	1,892
Net book value					
At 31 March 2002	2,811,337	2,562,614	91,933	156,790	-
At 31 March 2001	2,632,441	2,372,065	90,721	169,655	-

Included in freehold land and buildings is £81,804 (2001 - £81,804) in respect of land which is not depreciated. In addition, the company does not provide depreciation on buildings with a cost of £258,997 (2001 - £258,997).

9. INVESTMENTS

	Cost £	2002 Market value £	Cost £	2001 Market value £
Listed	2,648	197,580	2,648	203,053
Unlisted:				
Central Wool Growers Limited				
5 shares of £1 each plus accumulated balance on capital account	10,868		10,000	
	13,516		12,648	

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

10. STOCKS

	2002 £	2001 £
Raw materials and consumables	55,781	54,248
Work-in-progress	128,985	109,727
Finished goods and goods for resale	50,039	36,758
	234,805	200,733

11. DEBTORS

	2002 £	2001 £
Trade debtors due within one year	92,444	62,375
Other debtors	44,807	23,178
	137,251	85,553

Trade debtors include £21,842 (2001 - £21,055) due from Mr G S C Gibson, a director, in respect of expenses incurred by the company on his behalf during the year. This was repaid in April. The maximum amount outstanding during the year was £21,842 (2001 - £21,055).

£720 (2001 - £782) was charged to the George Gibson Foundation Trust of which G S C Gibson is a trustee for the use of part of the company's office space during the year. No amount was due to the trust as at 31 March 2002 (2001 - £nil).

12. INVESTMENTS HELD AS CURRENT ASSETS

	2002 £	2001 £
Local Authority deposits	160,000	160,000

13. LOANS AND PROMISSORY NOTES

These are due to Mr G S C Gibson, a director, and are repayable on demand, unsecured and carry no interest.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2002 £	2001 £
Corporation tax	33,616	29,851
Other taxation and social security	2,718	3,518
Lease obligations	62,651	59,277
Staff bonus	5,550	5,750
Other creditors	-	625
Deferred income	-	1,500
	104,535	100,521

The above lease obligations are due to Exning Leasing, a company which is solely owned by Mr G S C Gibson, a director.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Lease obligations due within one to two years	31,136	31,393
Lease obligations due within two to five years	7,983	23,153
	39,119	54,546

The above lease obligations are due to Exning Leasing, a company which is solely owned by Mr G S C Gibson, a director. Obligations under finance leases are secured on the related leased assets.

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NOTES TO THE ACCOUNTS
Year ended 31 March 2002

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 April 2001 £	Charged to profit and loss account £	Balance at 31 March 2002 £
Deferred taxation	217,716	12,608	230,324

Analysis of the deferred tax balance:

	2002 £	2001 £
Capital allowances in excess of depreciation	230,324	217,716

17. CALLED UP SHARE CAPITAL

	£
Authorised	
300,000 ordinary shares of £1 each	300,000
Allotted and fully paid	
Balance at 1 April 2001 and 31 March 2002	300,000

18. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	2002 Total £	2001 Total £
Balance at 1 April 2001	300,000	3,152,301	3,452,301	3,321,930
Profit retained for year	-	157,521	157,521	130,371
Balance at 31 March 2002	300,000	3,309,822	3,609,822	3,452,301

19. RELATED PARTY TRANSACTIONS

(a) The company is currently leasing assets from Exning Leasing, which is solely owned by Mr G S C Gibson, a director. Details of the assets and related lease obligations are shown in notes 8, 14 and 15. Leasing commission payable for the year amounted to £564 (2001 - £915).

(b) Other balances due from and to Mr G S C Gibson are shown in notes 11 and 13.

(c) Details of other related party transactions are shown in note 11.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	117,170	87,525
Depreciation	123,338	106,396
Profit on sale of fixed assets	(7,725)	(25,206)
(Increase)/decrease in stocks	(34,072)	1,392
(Increase)/decrease in debtors	(45,866)	9,857
(Decrease)/increase in creditors	(5,340)	18,553
Net cash inflow from operating activities	147,505	198,517

21. RECONCILIATION OF CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS

	£	2002 £	£	2001 £
(Decrease)/increase in cash	(154,601)		160,487	
Net loan repayment	47,145		55,914	
Finance lease repayments	43,983		55,521	
Change in net funds resulting from cash flows		(63,473)		271,922
New finance leases		(31,930)		(92,611)
Movement in net funds in year		(95,403)		179,311
Net funds at 1 April		684,217		504,906
Net funds at 31 March		588,814		684,217

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2001 £	Cash flows £	Other changes £	At 31 March 2002 £
Cash at bank and in hand	1,927,876	(154,601)	-	1,773,275
Finance leases	(113,823)	43,983	(31,930)	(101,770)
Debt due within one year	(1,129,836)	47,145	-	(1,082,691)
	684,217	(63,473)	(31,930)	588,814

23. ULTIMATE CONTROLLING PARTY

The directors consider Mr G S C Gibson to be the ultimate controlling party.