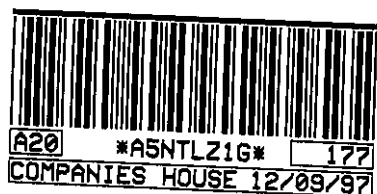


E.P. BRAND (FARMERS) LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1997**

Company No. 533921 (England and Wales)



E.P. BRAND (FARMERS) LIMITED

Company Information

Directors	A.J. Rule C.D. Dyer
Secretary	C.D. Dyer
Company Number	533921 (England & Wales)
Registered Office	8 Little Whyte Ramsey Huntingdon Cambs PE17 1DS
Auditors	S.R. HOWELL & CO. Accountants and Registered Auditors 8 Little Whyte Ramsey Huntingdon Cambs PE17 1DS

E.P. BRAND (FARMERS) LIMITED

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E.P. BRAND (FARMERS) LIMITED

Directors' Report for the year ended 31 May 1997

The directors present their report and the financial statements for the year ended 31 May 1997.

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 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company's principal activity continues to be that of Farming and Agricultural Contractors.

Directors

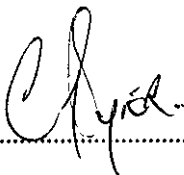
The Directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	Number of shares	
	1997	1996
A.J. Rule	5,000	5,000
C.D. Dyer	5,000	5,000

Auditors

The auditors, S.R. Howell & Co. are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 30 September 1994.

This report, which has been prepared taking advantage of special exemptions applicable to small companies, was approved by the Board on 1 September 1997.....and signed on its behalf.



.....
C.D. Dyer
Secretary

E.P. BRAND (FARMERS) LIMITED

Auditors' Report to the Shareholders of E.P. Brand (Farmers) Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. 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 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 at 31 May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

S.R. Howell & Co.

Accountants and Registered Auditors
8 Little Whyte
Ramsey
Huntingdon
Cambs
PE17 1DS

S. R. Howell & Co.

2nd September 1997.

E.P. BRAND (FARMERS LIMITED)

Profit and Loss Account for the year ended 31 May 1997

	Notes	1997 £	1996 £
Turnover		542,175	471,211
Cost of Sales		249,441	185,361
Gross Profit		<u>292,735</u>	<u>285,850</u>
Administrative Expenses		143,258	217,876
Operating Profit	2	<u>149,477</u>	<u>67,974</u>
Profit on disposal of tangible fixed assets		8,738	6,062
Profit on ordinary activities before interest		<u>158,215</u>	<u>74,036</u>
Interest Receivable		1,071	1,343
Interest Payable	3	26,171	29,042
Profit on ordinary activities before taxation		<u>133,115</u>	<u>46,337</u>
Taxation on ordinary activities	4	<u>12,545</u>	<u>2,673</u>
Profit on ordinary activities after taxation		120,570	43,644
Dividends	5	56,000	-
Retained profit for the year		<u>64,570</u>	<u>43,664</u>
Retained profit brought forward		183,510	139,846
Retained profit carried forward		<u><u>248,080</u></u>	<u><u>183,510</u></u>

There were no recognised gains and losses for 1997 or 1996 other than those included in the profit and loss account.

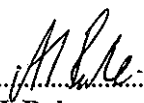
The notes on pages 5 to 10 form part of these financial statements.

E.P. BRAND (FARMERS) LIMITED

Balance Sheet as at 31 May 1997

	Notes	1997 £	1996 £
Fixed Assets			
Intangible Assets	6	30,276	35,619
Tangible Assets	7	418,131	396,279
		<u>448,407</u>	<u>431,898</u>
Current Assets			
Stocks		124,051	115,596
Debtors	8	93,157	48,676
Cash at bank and in hand		399	24,060
		<u>217,607</u>	<u>188,322</u>
Creditors: amounts falling due within one year	9	<u>160,294</u>	<u>156,879</u>
Net current assets		<u>57,313</u>	<u>31,453</u>
Total assets less current liabilities		505,720	463,351
Creditors: amounts falling due after more than one year	10	<u>247,640</u>	<u>269,841</u>
Net assets		<u>258,080</u>	<u>193,510</u>
		1997	1996
		£	£
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	13	248,080	183,510
Shareholder's funds		<u>258,080</u>	<u>193,510</u>

The directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985 on the grounds that, in the opinion of the directors, the Company qualifies as a small company and is entitled to make use of the special exemptions. The financial statements were approved by the Board on.....1. September.....1997..... and signed on its behalf.

.....
A.J. Rule **Director**

The notes on pages 5 to 10 form part of these financial statements.

E.P. BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 1997

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation.

Amortisation is provided on goodwill at 15% using the reducing balance method. The directors feel this will show the fairest value. The remainder will be written off in year 20.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value over their expected useful lives on the following bases:

Freehold Land	Not Depreciated
Irrigation System	20% Reducing Balance
Office Equipment	15% Reducing Balance
Motor Vehicles	25% Reducing Balance
Equipment	20% Reducing Balance

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as fixed assets. Assets acquired by hire purchase and finance leases are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of variable overheads.

E.P. BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 1997

2. Operating Profit

	1997	1996
	£	£
The operating Profit is stated after charging:		
Depreciation of tangible fixed assets		
- owned by the Company	12,974	12,065
- held under hire purchase	36,289	-
Auditors' Remuneration	1,500	2,200
Operating lease rentals		
- plant and machinery	5,416	5,060
Directors' Emoluments	8,625	59,480

3. Interest payable

Included in interest payable is interest on finance leases and hire purchase contracts of £8,260 (1996 - £9,604).

4. Taxation

	1997	1996
	£	£
UK current year taxation		
UK Corporation Tax at 235% 1996 - 24.8%	12,545	1,398
Prior years		
UK Corporation Tax	-	1,295
	-----	-----
	12,545	2,673
	-----	-----

5. Dividends

	1997	1996
	£	£
Interim dividend of 160p per share-paid	16,000	-
-		
Final dividend of 400p per share-paid	40,000	-
	-----	-----
	56,000	-
	=====	=====

E.P. BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 1997

6. Intangible fixed assets

	Goodwill £
Cost	
At 1 June 1996	58,000

At 31 May 1997	58,000

Depreciation	
At 1 June 1996	22,381
Charge for the year	5,343

At 31 May 1997	27,724

Net book value	
At 31 May 1997	30,276
	=====
At 31 May 1996	35,619
	=====

7. Tangible Fixed Assets

	Land & Buildings £	Plant & Machinery etc £	Total £
Cost			
At 1 June 1996	227,884	304,536	532,420
Additions	-	116,427	116,427
Disposals	-	70,800	70,800
	-----	-----	-----
At 31 May 1997	227,884	350,163	578,047
	-----	-----	-----
Depreciation			
At 1 June 1996	3,983	132,158	136,141
Disposals	-	25,488	25,488
Charge for year	-	49,263	49,263
	-----	-----	-----
At 31 May 1997	3,983	155,933	159,916
	-----	-----	-----
Net book values			
At 31 May 1997	223,901	194,230	418,131
	=====	=====	=====
At 31 May 1996	223,901	172,378	396,279
	=====	=====	=====

Included in N.B.V. above are plant and machinery held under hire purchase contracts amounting to £145,158 (1996 - £125,505)

E.P. BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 1997

8. Debtors

	1997	1996
	£	£
Trade Debtors	37,955	14,584
Other Debtors	55,202	34,092
	-----	-----
	93,157	48,676
	-----	-----

9. Creditors: amounts falling due within one year

	1997	1996
	£	£
Bank loans and overdraft (secured)	34,012	25,662
Net obligations under hire purchase contracts (secured)	41,585	33,326
Trade Creditors	62,767	84,490
Corporation Tax	15,868	1,398
Other Creditors	6,062	12,003
	-----	-----
	160,294	156,879
	-----	-----

Included within other creditors is an amount of £1,521 (1996 - £5,937) relating to social security and other taxes.

A Bank Loan outstanding at the year end amounted to £147,629 (1996 - £167,677) and this is payable in monthly instalments, plus interest, as follows:

	1997	1996
	£	£
Within one year and on demand	20,606	19,964
Between one and two years	23,378	20,606
Between two and five years	86,760	78,531
After more than five years	16,885	48,576
	-----	-----
	147,629	167,677
	=====	=====

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

	1997	1996
	£	£
Loans (secured)	125,967	142,015
Net obligations under hire purchase contracts (secured)	69,155	62,950
Other Creditors	52,518	64,876
	-----	-----
	247,640	269,841
	-----	-----

E.P. BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 1997

11. Obligations under hire purchase contracts

	1997	1996
	£	£
The maturity of these amounts is as follows:		
Amounts Payable:		
Within one year	47,579	39,813
Within two to five years	73,654	67,892
	121,233	107,705
Less: finance charges allocated to future periods	10,493	11,429
	110,740	96,276
Hire purchase contracts are analysed as follows:		
Current obligations	41,585	33,326
Non-current obligations	69,155	62,950
	110,740	96,276

12. Called up Share Capital

	1997	1996
	£	£
Authorised		
Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	10,000	10,000

13. Movement on shareholders' funds

	£	£
Profit for the year	120,570	43,664
Less: Dividends	56,000	-
Opening shareholders' funds	64,570	43,664
Closing shareholders' funds	193,510	149,846
	258,080	193,510

E.P. BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 1997

14. Transactions with Directors

The directors are partners in A.J.R. Cars, second hand car dealers. During the year the company paid £20,000 to A.J.R. Cars making a total of £40,000 owed to the company at 31 May 1997.