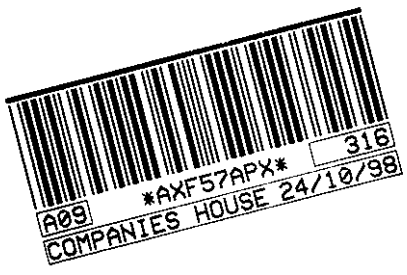
E P BRAND (FARMERS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 1998

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 and Wales)
Registered Office	8 Little Whyte Ramsey Huntingdon Cambs PE17 1DS
Auditors	**S R HOWELL & CO** Chartered Certified Accountants and Registered Auditors 8 Little Whyte Ramsey Huntingdon Cambs PE17 1DS

E P BRAND (FARMERS) LIMITED

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Directors' Report for the year ended 31 May 1998

The Directors present their report and the financial statements for the year ended 31 May 1998.

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 anytime 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.

Principle activity

The Company's principle activity continues to be that of farming and agricultural contractors and through the acquisition of AJR Cars during the year, used vehicle sales.

Directors

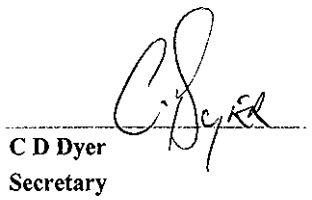
The Directors who served during the year and their beneficial interest in the Company's issued ordinary share capital were:

	Number of shares	
	1998	1997
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 16 October 1998 and signed on their behalf.



C D Dyer
Secretary

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

We have audited the financial statements on pages 3 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the 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, consistency 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 May 1998 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
Chartered Certified Accountants
and Registered Auditors
8 Little Whyte
Ramsey
Huntingdon
Cambs
PE17 1DS

S R Howell & Co

22nd October 1998

Profit and Loss Account
For the year ended 31 May 1998

	Notes	Acquisition 1998 £	Existing 1998 £	Total 1998 £	1997 £
Turnover		75,284	494,372	569,656	542,175
Cost of Sales		72,793	289,209	362,002	249,440
Gross Profit		2,491	205,163	207,654	292,735
Administration expenses				149,077	143,258
Operating Profit	2			58,577	149,477
Profit on disposal of tangible fixed assets				1,736	8,738
Profit on ordinary activities before interest				60,313	158,215
Interest Receivable				563	1,071
Interest Payable	3			25,606	26,171
Profit on ordinary activities before taxation				35,270	133,115
Taxation on Profit on ordinary activities	4			3,148	12,545
Profit on ordinary activities after taxation				32,122	120,570
Dividends	5			2,000	56,000
Retained Profit for the Year				30,122	64,570
Retained Profit brought forward				248,080	183,510
Retained Profit carried forward				278,202	248,080

There were no recognised gains and losses for 1998 and 1997 other than those included in the profit and loss account.

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

Balance Sheet as at 31 May 1998

	Notes	1998 £	1997 £
Fixed Assets			
Intangible assets	6	36,998	30,276
Tangible assets	7	425,049	418,131
		462,047	448,407
Current Assets			
Stocks		125,583	124,051
Debtors	8	98,457	93,157
Cash at Bank and in hand		563	399
		224,603	217,607
Creditors: amounts falling due within one year	9	240,182	160,294
Net Current (Liabilities)/Assets		-15,579	57,313
Total assets less current liabilities		446,468	505,720
Creditors: amounts falling due after more than one year	10	158,266	247,640
Net Assets		288,202	258,080
Capital and Reserves			
Called up share capital	11	10,000	10,000
Profit and Loss Account		278,202	248,080
Shareholders' funds	12	288,202	258,080

The Directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies under Schedule 8 Part I and Part VI 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 16 October 1998 and signed on its behalf.

A J Rule
Director

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

Notes to the financial statements for the year ended 31 May 1998

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

Intangible fixed assets are stated at cost less amortisation.
Amortisation is provided on goodwill on R Dyer & Son on a straight line basis over 10 years.
Amortisation is provided on goodwill on AJR Cars on a straight line basis over 4 years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives on the following basis:

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

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase 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 cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate costs and an appropriate proportion of fixed and variable overheads.

Notes to the financial statements continued

		1998	1,997
2	**Operating Profit**	£	£
	The Operating Profit is stated after charging:		
	Amortisation intangible fixed assets	6,278	5,343
	Depreciation of tangible fixed assets		
	- owned by the Company	22,816	12,912
	- held under finance leases	28,581	36,289
	Auditor's Remuneration	2,000	1,500
	Operating lease rentals		
	- plant and machinery	4,317	5,416
	Directors' emoluments	11,626	8,625

3 **Interest payable**

Included in interest payable is interest on finance leases and hire purchase contracts of £6,607 (1997 - £8,260)

4	**Taxation**	**1998**	**1997**
	UK current year taxation	£	£
	UK Corporation Tax at 21% (1997 - 23.5%)	3,148	12,545

5	**Dividends**	**1998**	**1997**
		£	£
	Interim Dividend of 20p per share	2,000	-
	Interim Dividend of 60p per share	-	16,000
	Final Dividend of 40p per share	-	40,000
		2,000	56,000

Schedule of Intangible fixed assets as at 31 May 1998

	R Dyer & Son Goodwill £	AJR Cars Goodwill £	Total £
COST			
At 1 June 1997	58,000		58,000
Additions		13,000	13,000
As at 31 May 1998	58,000	13,000	71,000
DEPRECIATION			
At 1 June 1997	27,724		27,724
Charge for Year	3,028	3,250	6,278
At 31 May 1998	30,752	3,250	34,002
NET BOOK VALUE			
At 31 May 1998	27,248	9,750	36,998
At 31 May 1997	30,276	-	30,276

R Dyer & Son Goodwill - 10 year straight line
AJR Cars Goodwill - 4 years straight line

Notes to the financial statements continued

7 **Tangible fixed assets**

	Land & Buildings £	Plant & Machinery £	Total £
Cost			
At 1 June 1997	227,884	350,163	578,047
Additions		60,679	60,679
Disposals	-	15,010	15,010
At 31 May 1998	227,884	395,832	623,716
Depreciation			
At 1 June 1997	3,983	155,933	159,916
Disposals	-	12,646	12,646
Charge for the year	-	51,397	51,397
At 31 May 1998	3,983	194,684	198,667
Net book values			
At 31 May 1998	223,901	201,148	425,049
At 31 May 1997	223,901	194,230	418,131

Included above are plant and machinery held under finance leases or hire purchase contracts amounting to £137,920 (1997 - £145,158).

Notes to the financial statements continued

8 Debtors

	1998 £	1997 £
Trade Debtors	54,871	37,955
Other Debtors	43,586	55,202
	98,457	93,157

9 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts (secured)	115,162	34,012
Net obligations under finance lease and hire purchase contracts (secured)	47,215	41,585
Trade Creditors	39,267	62,767
Corporation Tax	2,648	15,868
Other Creditors	35,890	6,062
	240,182	160,294

Included within other creditors is an amount of £2,041 (1997 - £5,937) relating to social security and other taxes.

10 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Loans (secured)	103,077	125,967
Net obligations under finance lease and hire purchase contracts (secured)	51,208	69,155
Other Creditors	3,981	52,518
	158,266	247,640

Bank loans outstanding at the year end amounted to £125,739, (1997- £147,629) and this is payable in monthly instalments, plus interest, as follows:

Within one year	22,662	20,606
Between one and two years	57,324	23,378
Between two and five years	45,753	86,760
After more than five years	-	16,885
	125,739	147,629

11 Obligations under hire purchase contracts

	1998 £	1997 £
The maturity of these amounts are as follows:		
Amounts payable:		
Within one year	52,191	47,579
Within two to five years	54,527	73,654
	106,718	121,233
Less: Finance charges allocated to future periods	8,295	10,493
	98,423	110,740

Hire purchase contracts are analysed as follows:

Current obligation	47,215	41,585
Non-current obligation	51,208	69,155
	98,423	110,740

12 Called up share capital

	1998 £	1997 £
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

	1998 £	1997 £
Profit for the Year	32,122	120,570
Less: Dividends	2,000	56,000
	30,122	64,570
Opening shareholders' funds	258,080	193,510
Closing shareholders' funds	288,202	258,080

14 Capital commitments

At 31 May 1998 the Company had capital commitments as follows:

	1998 £	1997 £
Contracted for but not provided in these accounts		
- motor vehicles	38,915	-

15 Related Party Transactions

During the year the Company acquired the trade of an unincorporated business, AJR Cars, a business in which both Directors were partners. The business cost £13,000 which is capitalised as Goodwill.