

E P BRAND (FARMERS) LTD

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DIRECTORS' REPORT

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2003



Directors - C D Dyer
A J Rule

Company Registered in England & Wales No. 533921

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	88 High Street Ramsey Huntingdon Cambs PE26 1BS
Auditors	SR Howell & Co Chartered Certified Accountants & Registered Auditors 88 High Street Ramsey Huntingdon Cambs PE26 1BS

E P BRAND (FARMERS) LIMITED

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E P BRAND (FARMERS) LIMITED

Directors' Report for the year ended 31 May 2003

The Directors present their report and the financial statements for the year ended 31 May 2003.

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.

Principle activity

The Company's principle activity continues to be that of farming, agricultural contractors and vehicle procurement.

Directors

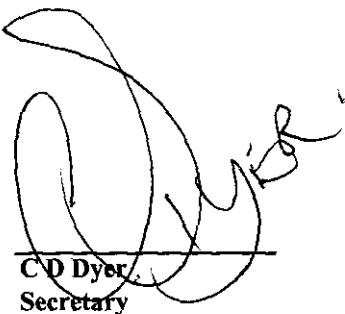
The Directors who served during the year and their beneficial interest in the Company's issued ordinary share capital were:

	Number of shares	
	2003	2002
A J Rule	5,000	5,000
C D Dyer	5,000	5,000

Auditors

The Auditors, SR 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 was approved by the board on 2nd January 2004 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 of E P Brand (Farmers) Limited for the year ended 31 May 2003 on pages 3 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of the Directors and Auditors

As described in the Statement of Director's Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Director's 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

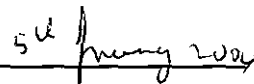
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 the Company's affairs as at 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


SR Howell & Co
Chartered Certified Accountants
and Registered Auditors
88 High Street
Ramsey
Huntingdon
Cambs
PE26 1BS



E P BRAND (FARMERS) LIMITED

Profit and Loss Account For the Year Ended 31 May 2003

	Notes	2003 £	2002 £
Turnover		3,363,135	1,742,905
Cost of Sales		<u>3,103,117</u>	<u>1,436,786</u>
Gross Profit		260,018	306,119
Administration expenses		<u>208,260</u>	<u>176,691</u>
Operating Profit	2	51,758	129,428
(Loss)/Profit on disposal of tangible fixed assets		<u>(8,549)</u>	<u>6,943</u>
Profit on ordinary activities before interest		43,209	136,371
Interest Receivable		128	5
Interest Payable	3	<u>(34,698)</u>	<u>(41,765)</u>
Profit on ordinary activities before taxation		<u>8,639</u>	<u>94,611</u>
Taxation on Profit on ordinary activities	4	<u>(1,983)</u>	<u>7,047</u>
Profit on ordinary activities after taxation		10,622	87,564
Dividends	5	<u>48,000</u>	<u>60,000</u>
Retained Profit for the Year		(37,378)	27,564
Retained Profit brought forward		272,277	244,713
Retained Profit carried forward		<u><u>234,899</u></u>	<u><u>272,277</u></u>

None of the company's activities were acquired or discontinued during the year and there were no recognised gains and losses for 2002 or 2003 other than those included in the profit and loss account.

The notes on pages 5 to 11 form part of these financial statements.

E P BRAND (FARMERS) LIMITED

Balance Sheet as at 31 May 2003

	Notes	2003 £	2002 £
Fixed Assets			
Intangible assets	6	-	4,048
Tangible assets	7	<u>1,298,476</u>	<u>673,705</u>
		1,298,476	677,753
Current Assets			
Stocks		302,434	330,070
Debtors	8	136,922	116,423
Cash at Bank and in hand		<u>51,752</u>	<u>10,454</u>
		491,108	456,947
Creditors: amounts falling due within one year	9	<u>420,033</u>	<u>527,611</u>
Net Current Assets/(Liabilities)		71,075	(70,664)
Total assets less current liabilities		<u>1,369,551</u>	<u>607,089</u>
Creditors: amounts falling due after more than one year	10	1,120,038	318,215
Provisions for liabilities and charges			
Deferred taxation	12	4,614	6,597
Net Assets		<u>244,899</u>	<u>282,277</u>
Capital and Reserves			
Called up share capital	13	10,000	10,000
Profit and Loss Account		234,899	272,277
Shareholders' funds	14	<u>244,899</u>	<u>282,277</u>

The financial statements were approved by the board on 2nd June 2004 and signed on its behalf.


A J Rule
Director

The notes on pages 5 to 11 form part of these financial statements.

E P BRAND (FARMERS) LIMITED

Notes to the financial statements for the year ended 31 May 2003

1 Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention.

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. The rates used are calculated to write off the goodwill over the expected life of the brand name.

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
Buildings	2% Straight Line
Leasehold Improvements	10% Straight Line
Plant & Machinery	15 - 25% 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.

1.8 Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

E P BRAND (FARMERS) LIMITED

Notes to the financial statements continued

	2003 £	2002 £
2 Operating Profit		
The Operating Profit is stated after charging:		
Amortisation intangible fixed assets	4,048	5,800
Depreciation of tangible fixed assets		
- owned by the Company	35,833	29,154
- held under finance leases	3,568	17,785
Auditor's Remuneration	3,000	3,900
Operating lease rentals:		
- plant and machinery	9,922	2,706
Directors' emoluments	18,350	19,351
 3 Interest payable		
Included in interest payable is interest on finance leases and hire purchase contracts of £2,094 (2002 - £4,673).		
 4 Taxation		
	2003 £	2002 £
UK Corporation Tax at 0.0% (2002 - 10.0%)	-	450
Transfer (from)/to deferred taxation	(1,983)	6,597
	<u>(1,983)</u>	<u>7,047</u>
 5 Dividends		
	2003 £	2002 £
Dividends totalling £4.80 per share (2002 - £6.00)	<u>48,000</u>	<u>60,000</u>

E P BRAND (FARMERS) LIMITED

Notes to the financial statements continued

6	Intangible fixed assets	Goodwill £
	Cost	
	At 1 June 2002	58,000
	At 31 May 2003	<u>58,000</u>
	Amortisation	
	At 1 June 2002	53,952
	Charge for year	4,048
	At 31 May 2003	<u>58,000</u>
	Net Book Values	
	At 31 May 2003	<u><u>-</u></u>
	At 31 May 2002	<u><u>4,048</u></u>

E P BRAND (FARMERS) LIMITED

Notes to the financial statements continued

7 Tangible fixed assets

	Land & Buildings £	Plant & Machinery £	Total £
Cost			
At 1 June 2002	506,419	409,659	916,078
Additions	675,737	20,496	696,233
Disposals	(12)	(52,780)	(52,792)
At 31 May 2003	<u>1,182,144</u>	<u>377,375</u>	<u>1,559,519</u>
Depreciation			
At 1 June 2003	7,111	235,262	242,373
Disposals	-	(20,731)	(20,731)
Annual Charge	5,937	33,464	39,401
At 31 May 2003	<u>13,048</u>	<u>247,995</u>	<u>261,043</u>
Net Book Values			
At 31 May 2003	<u>1,169,096</u>	<u>129,380</u>	<u>1,298,476</u>
At 31 May 2002	<u>499,308</u>	<u>174,397</u>	<u>673,705</u>

Included above are plant and machinery held under finance leases or hire purchase contracts amounting to £14,272 (2002 - £71,139).

Included in Land & Buildings is land at cost of £970,161 (2002 - £444,526) which is not depreciated.

E P BRAND (FARMERS) LIMITED

Notes to the financial statements continued

8 Debtors

	2003 £	2002 £
Trade Debtors	118,441	97,504
Other Debtors	18,481	18,919
	<u>136,922</u>	<u>116,423</u>

9 Creditors amounts falling due within one year

	2002 £	2002 £
Loans and overdrafts (secured)	186,058	283,121
Net obligations under finance lease and hire purchase contracts (secured)	4,267	21,888
Trade Creditors	152,869	92,154
Corporation Tax	-	450
Other Creditors	76,839	129,998
	<u>420,033</u>	<u>527,611</u>

Included within other creditors is an amount of £8,008 (2002 - £20,754) relating to social security and other taxes.

10 Creditors amounts falling due after more than one year

	2003 £	2002 £
Loans (secured)	1,115,575	299,488
Net obligations under finance lease and hire purchase contracts (secured)	4,463	18,727
	<u>1,120,038</u>	<u>318,215</u>

Bank loans outstanding at the year end amounted to £1,008,693 (2002 - £364,141) which are payable as follows:-

	2003 £	2002 £
Within one year and on demand	52,119	64,653
Between one and two years	54,464	48,587
Between two and five years	178,543	91,852
After more than five years	723,567	159,049
	<u>1,008,693</u>	<u>364,141</u>

E P BRAND (FARMERS) LIMITED

Notes to the financial statements continued

11 Obligations under finance leases and hire purchase contracts

	2003 £	2002 £
The maturity of these amounts are as follows:-		
Amounts payable:-		
Within one year	4,660	23,851
Within two to five years	<u>4,660</u>	<u>19,820</u>
	9,320	43,671
Less: finance charges allocated to future periods	590	3,056
	<u><u>8,730</u></u>	<u><u>40,615</u></u>

Finance leases and hire purchase contracts are analysed as follows:-

Current obligations	4,267	21,888
Non-current obligations	4,463	18,727
	<u><u>8,730</u></u>	<u><u>40,615</u></u>

12 Deferred taxation

	2003 £	2002 £
Balance at 1 June	6,597	-
(Credit)/Charge for the year	(1,983)	6,597
Balance at 31 May	<u><u>4,614</u></u>	<u><u>6,597</u></u>

The provision for deferred taxation is made up of accelerated capital allowances.

13 Called up share capital

	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

E P BRAND (FARMERS) LIMITED

Notes to the financial statements continued

14 Movement on Shareholders' Funds

	2003	2002
	£	£
Profit for the Year	10,622	87,564
Less: Dividends	48,000	60,000
	<u>(37,378)</u>	<u>27,564</u>
Opening shareholders' funds	282,277	254,713
Closing shareholders' funds	<u>244,899</u>	<u>282,277</u>

15 Related Parties

The controlling party's are the directors', Mr A J Rule and Mr C D Dyer, by virtue of each owning 50% of the issued share capital in the company.

CDR Properties is a partnership, in which Mr A J Rule and Mr C D Dyer, each own 25%. E P Brand (Farmers) Ltd is currently renting office space from CDR Properties, paying £6,600 (2002 - £3,300) during the year. Included in Other Debtors is the balance on CDR Properties loan accounts totalling £nil (2002 - £4,918).

At the balance sheet date, included in other creditors is the amount outstanding on the directors loan account of £63,097 (2002 - £52,456).

Included in Loans (due after more than one year) is the balance on R Dyer's loan account (father of C D Dyer) totalling £133,000 (2002 - £nil).