Landell Mills Limited

Directors' report and consolidated financial statements

Registered number 1574821

Year ended 31 December 2000



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COMPANIES HOUSE 08/09/01

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors to the members of Landell Mills Limited	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Company balance sheet	6
Consolidated cash flow statement	7
Consolidated statement of total recognised gains and losses	8
Reconciliation of movements in shareholders' funds	8
Notes	9

Directors' report

The Landell Mills' directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Financial results

The result for the year is shown in the profit and loss account on page 4.

On 10th August 2000 the group acquired the entire share capital of Marketpower Limited.

On 31st August the trade, assets and liabilities of this company were transferred to Landell Mills Limited. These financial statements include the results of Marketpower Limited from the date of acquisition.

Principal activities, business review and future developments

The principal activities of the company continue to be commercial research and management consultancy in the areas of agribusiness, food and nutrition, economic development and the environment.

Proposed dividend

The company does not propose to pay a dividend for the year (*1999: no dividend*).

Directors and directors' interests

The directors who held office during the year were as follows:

M Boyd (Non-executive) (Chairman)
T Bowen (Non-executive)
Lynda, Baroness Chalker of Wallasey (Non-executive)
C Knee, Chief Executive
JV Landell Mills (Non-executive) (Resigned 6.12.00)
R Field (Appointed 3.2.00)

No director held shares in the company during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

P Ingram
Secretary

Bryer-Ash Business Park
Bradford Road
Trowbridge
Wiltshire
BA14 8HE

29 May 2001

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 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;
- 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.

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of Landell Mills Limited

We have audited the financial statements on pages 4 to 20.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you 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.

Basis of audit 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 group'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 and the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

29 May 2001

Consolidated profit and loss account

for the year ended 31 December 2000

	Note	**2000** €	1999 €
Turnover	*1-2*	**9,407,758**	7,085,105
Cost of sales		**(6,934,598)**	(4,969,418)
Gross profit		**2,473,160**	2,115,687
Administrative expenses		**(2,317,326)**	(1,889,582)
Operating profit		**155,834**	226,105
Profit/(loss) on disposal of fixed assets		**410**	(39,491)
Interest payable and similar charges	*6*	**(63,111)**	(60,375)
Profit on ordinary activities before taxation	*2-5*	**93,133**	126,239
Taxation	*7*	**-**	-
Profit on ordinary activities after taxation		**93,133**	126,239
Dividends on equity and non-equity shares	*8*	**-**	-
Retained profit for the year		**93,133**	126,239
Profits brought forward		**733,833**	607,594
Retained profits carried forward		**826,966**	733,833

All results arose from continuing operations. An acquisition in the year contributed turnover and operating profit of € 566,072 and € 39,158 respectively.

Consolidated balance sheet

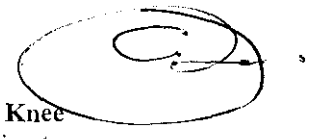
at 31 December 2000

	Note	2000		1999	
		€	€	€	€
Fixed assets					
Intangible assets	9		**607,404**		128,564
Tangible assets	10		**187,523**		154,704
			794,927		283,268
Current assets					
Debtors	12	**3,507,471**		2,681,214	
Cash at bank and in hand		**47,867**		465,075	
		3,555,338		3,146,289	
Creditors: amounts falling due within one year	13	**(2,361,810)**		(1,771,503)	
Net current assets			**1,193,528**		1,374,786
Creditors: amounts falling due after more than one year	14		**(237,268)**		-
Total assets less current liabilities			**1,751,187**		1,658,054
Creditors: amounts falling due after more than one year			-		-
Net assets			**1,751,187**		1,658,054
Capital and reserves					
Called up share capital	16		**782,521**		782,521
Capital redemption reserve	17		**141,700**		141,700
Profit and loss account	17		**826,966**		733,833
Shareholders' funds			**1,751,187**		1,658,054
Equity			**1,117,451**		1,024,318
Non-equity			**633,736**		633,736
			1,751,187		1,658,054

Company balance sheet
at 31 December 2000

	Note	2000		1999	
		€	€	€	€
Fixed assets					
Investment	*11*		**546,198**		-
Tangible assets	*10*		**187,523**		154,704
			733,721		154,704
Current assets					
Debtors	*12*	**3,507,471**		2,680,518	
Cash at bank and in hand		**47,867**		465,075	
		3,555,338		3,145,593	
Creditors: amounts falling due within one year	*13*	**(2,361,810)**		(1,771,503)	
Net current assets			**1,193,528**		1,374,090
Creditors: amounts falling due after more than one year	*14*		**(237,268)**		-
Net assets			**1,689,981**		1,582,794
Capital and reserves					
Called up share capital	*16*		**782,521**		782,521
Capital redemption reserve	*17*		**141,700**		141,700
Profit and loss account	*17*		**765,760**		604,573
Shareholders' funds			**1,689,981**		1,528,794
Equity			**1,056,245**		895,058
Non-equity			**633,736**		633,736
			1,689,981		1,528,794

These financial statements were approved by the board of directors on 29 May 2001 and were signed on its behalf by:



C Knee
Director

Consolidated cash flow statement

for the year ended 31 December 2000

	Note	**2000**	1999
		€	€
Cash flow statement			
Cash (outflow)/inflow from operating activities	*21*	**(152,160)**	1,216,684
Returns on investments and servicing of finance	*22*	**(63,111)**	(60,375)
Capital expenditure and financial investment	*22*	**(154,630)**	54,278
Acquisition		**(310,402)**	-
Cash inflow before management of liquid resources and financing		**(680,303)**	1,210,587
Financing	*22*	**(37,813)**	(79,275)
(Decrease)/increase in cash in the year		**(718,116)**	1,131,312
Reconciliation of net cash flow to movement in net debt	*24*		
(Decrease)/increase in cash in the year		**(718,116)**	1,131,312
Cash outflow from decrease in debt and lease financing		**37,813**	79,275
Movement in net debt in the year		**(680,303)**	1,210,587
Net funds/(debt) at the start of the year		**419,636**	(790,951)
Net (debt)/funds at the end of the year		**(260,667)**	419,636

Consolidated statement of total recognised gains and losses

for the year ended 31 December 2000

	2000	1999
	€	€
Profit for the financial year	**93,133**	126,239

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2000

	Group		Company	
	2000	1999	**2000**	1999
	€	€	€	€
Profit for the financial year/period	**93,133**	126,239	**161,187**	276,405
Dividends	-	-	-	-
Net addition to shareholders' funds	**93,133**	126,239	**161,187**	276,405,
Opening shareholders' funds	**1,658,054**	1,531,815	**1,528,794**	1,252,389
Closing shareholders' funds	**1,751,187**	1,658,054	**1,689,981**	1,528,794

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2000.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Goodwill

Goodwill is the difference between the amount paid on acquisition of a business and the aggregate fair value of the separable net assets. Goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful life being 10 years.

Revenue recognition

Revenue and profit on consultancy and market research projects is taken as the work is carried out. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as project activity progresses.

Turnover is calculated as that proportion of total contract value which costs incurred to date bear relative to the expected costs of the project. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer.

Full provision is made for losses on all projects in the year in which they are first foreseen.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment and motor vehicles	-	3 to 10 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The exchange rate at 31 December 2000 was 1.591 Euros to the pound (*1999: €1.608*)

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Segmental information

The table below sets out information for each of the group's industry segments and geographic areas of operation.

	Profit/(loss) before taxation		Turnover	
	2000	1999	**2000**	1999
	€	€	**€**	€
By activity:				
Consultancy and project management	**769,149**	399,388	**7,881,573**	6,280,941
Market research	**141,163**	51,410	**1,526,185**	804,164
	910,312	450,798	**9,407,758**	7,085,105
Common costs	**(686,424)**	(174,846)		
Goodwill amortisation	**(68,054)**	(49,847)		
Interest payable	**(63,111)**	(60,375)		
Profit/(loss) on disposal of fixed asset	**410**	(39,491)		
	93,133	126,239	**9,407,758**	7,085,105
By geographical area:				
United Kingdom			**1,262,728**	104,093
North America			**12,878**	243,766
Africa			**3,219,649**	1,526,849
Asia			**2,481,895**	1,274,296
Europe			**2,364,420**	3,019,181
Latin America			**66,188**	916,920
			9,407,758	7,085,105

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2000 €	1999 €
Profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration:	**24,180**	19,725
Depreciation and other amounts written off tangible fixed assets:		
Owned	**61,588**	23,487
Held under hire purchase contracts	**144,003**	53,139
Amortisation of goodwill	**67,356**	49,847
Exchange (gains)/losses	**(156,259)**	107,544

4 Remuneration of directors

	2000 €	1999 €
Directors' emoluments	**241,039**	217,830
Compensation for loss of office	**-**	44,521
Company contributions to money purchase pension schemes	**15,894**	15,799

The aggregate of emoluments of the highest paid director was € 123,542 *(31 December 1999: € 92,920)* and company pension contributions of € 9,230 *(31 December 1999 : € 8,529)* were made to a money purchase scheme on his behalf.

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	1

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Head office staff	**26**	24
Overseas staff	**12**	18
	38	42

The aggregate payroll costs of these persons were as follows:

	2000	1999
	€	€
Wages and salaries	**1,184,294**	990,144
Social security costs	**149,030**	100,584
Other pension costs	**52,188**	56,160
	1,385,512	1,146,888

6 Interest payable and similar charges - Group

	2000	1999
	€	€
On bank loans and overdrafts	**57,328**	48,790
Finance charges payable in respect of finance leases and hire purchase contracts	**5,783**	11,585
	63,111	60,375

Notes *(continued)*

7 Taxation

	2000 €	1999 €
UK corporation tax	-	-
Deferred taxation	-	-
Advance corporation tax	-	-
	-	-

No tax charge arose in the current or previous year due to availability of loss brought forward and available for offset.

8 Dividends

No dividends have been paid or proposed in respect of either the current or previous year, all dividend entitlements being waived.

9 Intangible fixed assets

	Goodwill €
Group	
Cost	
At beginning of year	498,473
Addition in year	546,198
At end of year	1,044,671
Amortisation	
At beginning of year	369,911
Charged in year	67,356
At end of year	437,267
Net book value	
At 31 December 2000	**607,404**
At 31 December 1999	128,564

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. Goodwill is being amortised over 10 years in accordance with the directors' estimate of its useful life.

Notes *(continued)*

10 Tangible fixed assets

	Office equipment and motor vehicles €
Group and company	
Cost	
At beginning of year	779,762
Additions	238,412
At end of year	1,018,174
Depreciation	
At beginning of year	625,058
Charge for year	205,591
At end of year	830,649
Net book value	
At 31 December 2000	**187,523**
At 31 December 1999	154,704

Included in the above are assets held under hire purchase contracts with net book value of €24,185 (*31 December 1999: €138,403).*

Notes *(continued)*

11 Fixed asset investment

	Investment in subsidiary undertaking €
Company	
Net book value	
At beginning of year	-
Purchase of Marketpower Limited	**313,838**
Balance arising on hive up of Marketpower Limited	**232,360**
At end of year	**546,198**

Details of the subsidiary undertaking is as follows:

	Country of incorporation	Principal activity	Proportion of ordinary shares held
Subsidiary undertaking			
Marketpower Limited	United Kingdom	Dormant	100%

12 Debtors

	Group		Company	
	2000	1999	**2000**	1999
	€	€	€	€
Trade debtors	**1,136,026**	1,715,386	**1,136,026**	1,715,386
Amounts recoverable under contracts	**2,233,314**	848,389	**2,223,314**	848,389
Prepayments and accrued income	**95,453**	68,551	**95,453**	68,551
VAT recoverable	**37,098**	43,865	**37,098**	43,865
Amounts owed by parent undertaking	**5,580**	5,023	**5,580**	5,023
	3,507,471	2,681,214	**3,507,471**	2,681,214

Notes *(continued)*

13 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	**2000**	1999
	€	€	**€**	€
Bank loan	**63,640**	-	**63,640**	-
Obligations under hire purchase contracts	**7,626**	45,437	**7,626**	45,437
Trade creditors	**206,227**	314,133	**206,227**	314,133
Taxation and social security	**42,677**	25,360	**42,677**	25,360
Other creditors	**169,448**	217,993	**169,448**	217,993
Accruals and deferred income	**1,532,161**	973,784	**1,532,161**	973,784
Amounts owed to group undertakings	**340,031**	194,796	**340,041**	194,796
	2,361,810	1,771,503	**2,361,810**	1,771,503

The group's bank overdraft is secured by fixed and floating charges over the assets of the subsidiary undertakings and the company.

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	**2000**	1999
	€	€	**€**	€
Bank loan	**237,268**	-	**237,268**	-

The bank loan is repayable as follows:

	2000
	€
In one year or less	**63,640**
Between one and two years	**63,640**
Between two and five years	**173,628**
	300,908

The maturity of obligations under hire purchase contracts is as follows:

	Group	
	2000	1999
	€	€
Within one year	**7,626**	45,437
In the second to fifth years	**-**	-
	7,626	45,437

Notes *(continued)*

15 Provisions for liabilities and charges

	Deferred taxation €
Group	
At beginning and end of year	-

There is an unprovided deferred tax asset of € 105,000 in respect of trading losses available for offset (€ 94,000) and accelerated capital allowances (€ 11,000).

16 Called up share capital

	Authorised		*Allotted, called up and fully paid*	
	2000	1999	**2000**	1999
	€	€	€	€
Company and group				
£1 ordinary shares :-				
Ordinary	**375,506**	375,506	**148,785**	148,785
A ordinary	**70,017**	70,017	**70,017**	70,017
£1 cumulative redeemable:-				
B Preference shares	**177,124**	177,124	**63,603**	63,603
£1 cumulative redeemable:-				
C Preference shares	**500,116**	500,116	**500,116**	500,116
	1,122,763	1,122,763	**782,521**	782,521

The C Preference shares were redeemable at the option of the company at any date up to 30 June 1997 by giving 14 days notice to the shareholders. From 30 June 1997 the shares are redeemable in 10 equal half yearly instalments, although to date no redemption's have taken place. Accordingly there are €100,016 of C Preference share redemption arrears. An annual dividend of 10 % of the paid up value of the shares is payable 6 monthly. This increases to 12% if redemption has not occurred in accordance with prescribed timetable. On a winding up the holders will receive the amount paid up together with a sum equal to the arrears and or accruals of the Preference dividend.

The A ordinary shares attract a dividend of 10.6% of the adjusted net profit for the financial year, subject to a minimum dividend being 8% of the paid up value of those shares. The shares rank behind C Preference shares on a winding up and holders will receive an amount equal to the subscription price together with a sum equal to the arrears and or accruals of any dividend before participating with the Ordinary share in the distribution of the surplus. The shareholders of the A Ordinary shares have the right to convert their shares into Ordinary shares. The conversion will be on a one for one basis.

The B Preference shares were redeemable at par by the company in 10 equal half yearly instalments from 30 June 1997, although to date no redemption's have taken place. Accordingly there are €18,023 of B Preference share redemption arrears. An annual dividend is payable at 3% over bank base rate on the winding up and holders will receive the amount paid up together with a sum equal to the arrears and or accruals of the Preference dividend.

B and C Preference shares do not carry voting rights except upon the happening of one or more of the events as described in section 3,4 of the company's New Articles of Association.

Notes *(continued)*

17 Reserves

Group	Capital redemption reserve €	Profit and loss account €
At beginning of year	141,700	733,833
Retained profit for the year (page 4)	-	93,133
At end of year	141,700	826,966

Company	Capital redemption reserve €	Profit and loss account €
At beginning of year	141,700	604,573
Profit for the year	-	161,187
At end of year	141,700	765,760

18 Contingent liabilities

The group has given counter indemnities of €2,058,273 *(1999: €1,218,086)* in respect of guarantees given by its bankers to third parties.

The company has entered into an arrangement with the group's bankers to guarantee borrowing of group companies. At 31 December 2000 the total amount guaranteed by the company under this arrangement was €66,058 *(1999: €217,469)*.

19 Commitments

Capital commitments at the end of the financial period, for which no provision has been made, are as follows:

	Group		Company	
	2000 €	1999 €	2000 €	1999 €
Contracted	-	-	-	-

20 Pension scheme

It is the policy of the group to provide individual retirement funds on behalf of certain employees. The group makes payments into the individual retirement funds which are defined contribution schemes managed by independent insurance companies; the individuals concerned are entitled to make additional contributions. The group's contributions to the funds are charged against profits in the year in which they are made.

The pension cost charge for the year is set out in note 5.

Notes *(continued)*

21 Reconciliation of operating profit to operating cash flows

	2000 €	1999 €
Operating profit	**155,834**	226,105
Depreciation, amortisation and impairment charges	**272,947**	126,473
Profit on sale of fixed assets	**410**	(39,491)
(Increase)/decrease in debtors	**(546,610)**	718,836
Increase/(decrease) in creditors	**(34,741)**	184,761
Net cash (outflow)/inflow from operating activities	**(152,160)**	1,216,684

22 Analysis of cash flows

	2000 €	€	1999 €	€
Returns on investment and servicing of finance				
Interest paid	**(57,328)**		(48,790)	
Interest element of finance lease payments	**(5,783)**		(11,585)	
		(63,111)		(60,375)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(154,630)**		(28,924)	
Sale of tangible fixed assets	**-**		83,202	
		(154,630)		54,278
Financing				
Repayment of capital element of hire purchase contracts		**(37,813)**		(79,275)

Notes *(continued)*

23 Purchase of Marketpower Limited

	2000
	€
Fixed assets	
Cash	**83,780**
Debtors	**3,471**
Creditors	**279,647**
	(599,223)
Net liabilities	**(232,325)**
Goodwill	**546,198**
Consideration satisfied in cash	**313,873**
Net cash consideration	**310,402**

24 Analysis of net debt

	At beginning of period	Cash flow	At end of period
	€	€	€
Cash in hand, at bank	465,075	(417,208)	47,867
Overdrafts	-	(300,908)	(300,908)
	465,075	(718,116)	(253,041)
Finance leases	(45,439)	37,813	(7,626)
Total	419,636	(680,303)	(260,667)

25 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of Development Consultants International Limited which is the ultimate parent company incorporated in Ireland.