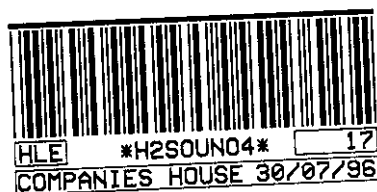


Appleby Farms Limited

Annual report for the year ended 31 December 1995

2028689

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Directors and advisers

Executive directors

Chairman

Baron Saint Oswald

Baroness Saint Oswald
The Hon C R A Winn
Mrs L A Winn

Secretary and registered office

T Haigh Esq
Nostell Estate Office
Nostell
WAKEFIELD
WF4 1QD

Auditors

Coopers & Lybrand
Albion Court
5 Albion Place
LEEDS
LS1 6JP

Solicitors

Currey & Co
21 Buckingham Gate
LONDON
SW1 6LS

Bankers

National Westminster Bank Plc

**Directors' report
for the year ended 31 December 1995**

The directors present their report and the audited financial statements for the year ended 31 December 1995.

Principal activities

The principal activity of the company is that of farming.

Review of business and future developments

The profit and loss account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The profit for the financial year of £149,827 will be transferred to reserves.

Directors

The directors of the company at 31 December 1995, all of whom have been directors for the whole of the year ended on that date, were:-

Baron Saint Oswald
Baroness Saint Oswald
The Honourable C R A Winn
Mrs L A Winn

Directors' interests in shares of the company

The interests of the directors of the company at 31 December 1995 in shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:-

	At 31 December 1995 and 31 December 1994 Number
Ordinary Class "A" shares of £1 each	
The Honourable C R A Winn	£100,000

As a result of the settlement in favour of the issue of The Honourable C R A Winn, he has an interest in the 50 'B' ordinary shares of £1 each.

G W Middlemiss a partner in Coopers & Lybrand, has a non-beneficial interest in the 50 'B' ordinary shares of £1 each. At 31 December 1994, J P Threlfall, also a partner in Coopers & Lybrand, had a non-beneficial interest in the 50 'B' ordinary shares of £1 each.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



T Haigh
Company Secretary

17th July 1996

Report of the auditors to the members of Appleby Farms Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 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.

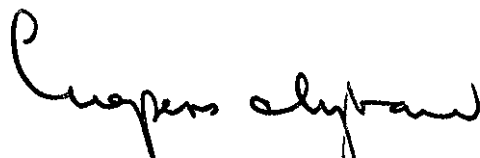
Basis of opinion

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.

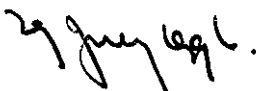
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Leeds



Profit and loss account for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	2	661,154	458,498
Cost of sales		<u>289,900</u>	<u>257,196</u>
Gross profit		371,254	201,302
Administrative expenses		<u>182,542</u>	<u>181,932</u>
Operating profit		188,712	19,370
Profit on disposal of fixed assets		<u>14,267</u>	<u>30,848</u>
Profit before interest and taxation		202,979	50,218
Interest receivable and similar income	5	4,600	-
Interest payable and similar charges	6	<u>(771)</u>	<u>(439)</u>
Profit on ordinary activities before taxation	7	206,808	49,779
Tax on ordinary activities	8	<u>(56,981)</u>	<u>(12,285)</u>
Retained profit for the year	17	<u><u>149,827</u></u>	<u><u>37,494</u></u>

All of the trading during the year related to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

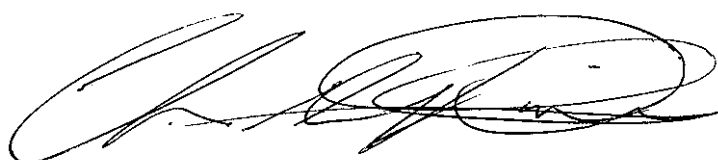
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Balance Sheet at 31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	9	111,825	80,004
Current assets			
Stocks	10	261,433	280,055
Debtors	11	334,116	78,119
Cash at bank and in hand		417	4,134
		<u>595,966</u>	<u>362,308</u>
Creditors: amounts falling due within one year	12	<u>381,252</u>	<u>271,024</u>
Net current assets		<u>214,714</u>	<u>91,284</u>
Total assets less current liabilities		<u>326,539</u>	<u>171,288</u>
Creditors: amounts falling due after more than one year	13	12,806	4,482
Provision for liabilities and charges			
Deferred taxation	14	4,000	6,900
		<u>16,806</u>	<u>11,382</u>
Net assets		<u><u>309,733</u></u>	<u><u>159,906</u></u>
Capital and reserves			
Called up share capital	15	100,050	100,050
Profit and loss account	16	209,683	59,856
		<u>309,683</u>	<u>159,856</u>
Equity shareholders' funds		<u>50</u>	<u>50</u>
Non-equity shareholders' funds			
Total shareholders' funds	17	<u><u>309,733</u></u>	<u><u>159,906</u></u>

The financial statements on pages 5 to 13 were approved by the board of directors on 17th July 1996 and were signed on its behalf by:

The Honourable C R A Winn
Director



Notes to the financial statements for the year ended 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed assets

The cost of fixed assets is their purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:

	%
Farm machinery	20
Motor vehicles	25
General equipment	20
Leasehold property improvements	5

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and production overheads based on the normal level of activity. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items and other permanent differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Cash flow

The company is exempt from preparing a cash flow statement under FRS1 because it is a small company as defined by the Companies Act 1985.

Agricultural grants

Grants due or received relating to the harvest in the financial year are accounted for on an accruals basis in relation to the proportion of the harvest sold pre year end or held in stock.

2 Turnover

Turnover arises from farming activities within the United Kingdom.

3 Directors' emoluments

	1995 £	1994 £
Salary payments (including benefits in kind)	<u>7,617</u>	<u>8,343</u>

4 Employee information

The average weekly number of persons, (including directors), employed by the company during the year is analysed by type of work below:

	1995 Number	1994 Number
Production	5	4
Administration	4	4
	<u>9</u>	<u>8</u>

Employment costs of all employees included above:

	1995 £	1994 £
Wages and salaries	48,614	39,510
Social security costs	5,506	4,510
	<u>54,120</u>	<u>44,020</u>

5 Interest receivable and similar income

Interest receivable and similar income consists of interest on the cash on deposit with the related party.

6 Interest payable and similar charges

Interest payable and similar charges relates to sums wholly repayable within 5 years, not by instalments, as follows:

	1995 £	1994 £
Bank overdraft	771	439
	<u>771</u>	<u>439</u>

7 Profit on ordinary activities before taxation

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on sale of tangible fixed assets	14,267	30,848
Grants receivable	189,319	88,753
Rental income	9,970	8,409
	<u> </u>	<u> </u>
And after charging:		
Auditors' remuneration	4,150	4,100
Operating lease rentals		
- land	87,000	87,150
- plant and machinery	32,858	44,500
Depreciation of tangible fixed assets		
- owned	37,386	34,678
- asset under finance lease	6,000	-
	<u> </u>	<u> </u>

8 Tax on profit on ordinary activities

	1995 £	1994 £
United Kingdom corporation tax at 25% (1994: 25%)		
Current	60,000	10,000
Deferred	(2,900)	2,600
	<u> </u>	<u> </u>
	57,100	12,600
Over provision in respect of prior years	(119)	(315)
	<u> </u>	<u> </u>
	56,981	12,285
	<u> </u>	<u> </u>

9 Tangible fixed assets

	Leasehold property improvements £	Farm machinery £	Motor vehicles £	General equipment £	Total £
Cost					
At 1 January 1995	8,025	188,653	38,405	1,907	236,990
Additions	7,452	54,935	18,265	-	80,652
Disposals	-	(7,304)	(21,779)	-	(29,083)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1995	15,477	236,284	34,891	1,907	288,559
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation					
At 1 January 1995	401	124,619	30,488	1,478	156,986
Charge for year	773	35,470	7,037	106	43,386
Disposals	-	(7,303)	(16,335)	-	(23,638)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1995	1,174	152,786	21,190	1,584	176,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 31 December 1995	14,303	83,498	13,701	323	111,825
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 31 December 1994	7,624	64,034	7,917	429	80,004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value of the asset under finance lease is £24,000.

10 Stocks

	1995 £	1994 £
Raw materials and consumables	50,814	55,525
Work in progress	83,723	65,285
Finished goods and goods for resale	126,896	159,245
	<u>261,433</u>	<u>280,055</u>
The replacement cost of finished goods exceeds the balance sheet value of finished goods by	<u>236,000</u>	<u>169,000</u>

11 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	72,055	43,022
Value added tax	1,525	8,674
Prepayments and accrued income	19,508	22,002
Other debtors	167,428	4,421
Payment to director (see below)	73,600	-
	<u>334,116</u>	<u>78,119</u>

The payment was made by the company to The Honourable C R A Winn, in circumstances where The Honourable C R A Winn was holding the monies on deposit, at a commercial rate of interest for the benefit of the company.

	Balance outstanding		Maximum liability during the year £
	At 1 January 1995 £	At 31 December 1995 £	
The Honourable C R A Winn	Nil	73,600	153,438

£4,600 of interest was due at 31 December 1995. In 1996 the monies were repaid together with the interest due.

12 Creditors: amounts falling due within one year

	1995 £	1994 £
Overdraft	45,377	-
Trade creditors	52,498	71,027
Corporation tax	60,000	10,000
Payroll taxes	687	608
Accruals and deferred income	214,866	189,389
Obligations under finance lease	7,824	-
	<u>381,252</u>	<u>271,024</u>

13 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Loan (see below)	4,982	4,482
Obligations under finance lease	7,824	-
	<u>12,806</u>	<u>4,482</u>

The loan from The Honourable C R A Winn is interest free, unsecured and there are no fixed terms of repayment.

The net finance lease obligations to which the company is committed are:

	1995 £	1994 £
In one year or less	7,824	-
Between two and five years	7,824	-
	<u>15,648</u>	<u>-</u>

14 Deferred taxation

Deferred taxation provided in the financial statements, which represents the full potential liability, is as follows:

	Amount provided	
	1995 £	1994 £
Accelerated capital allowances	4,000	6,900

Movements on the provision for deferred taxation are:

	£
At 1 January 1995	6,900
Transferred to profit and loss account	(2,900)
At 31 December 1995	<u>4,000</u>

15 Called up share capital

	31 December 1995 and 31 December 1994	
	Class 'A'	Class 'B'
Authorised, allotted, called up and fully paid		
Ordinary shares at £1 each	100,000	50

The A ordinary shares are entitled to receive dividends, carry voting rights except in certain circumstances set out in the Articles of Association when they carry only 25% of the total voting rights, rank second behind the B ordinary shares in a winding up and share in any surplus upon a winding up. They have been classed as equity.

The B ordinary shares are not entitled to dividends, receive no voting rights except in certain circumstances set out in the Articles of Association when they receive 75% of the total voting rights, rank first in a winding up but do not share in any surplus upon a winding up. They have been classed as non-equity.

16 Statement of retained profits

	£
At 1 January 1995	59,856
Retained profit for the year	149,827
At 31 December 1995	209,683

17 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Retained profit for the year	149,827	37,494
Opening shareholders' funds	159,906	122,412
Closing shareholders' funds	309,733	159,906

18 Contingent liabilities and financial commitments

Capital expenditure

There is no expenditure contracted for at 31 December 1995 (1994: £nil).

Lease commitments

The company has a yearly tenancy of certain land and buildings. The tenancy may be terminated by giving not less than twelve calendar months notice in writing expiring at the end of any year of the tenancy. The company pays the tenant repairs of these properties. The rent payable is £87,000 per annum.