

Registered no: 2027689

Appleby Farms Limited

Annual report

for the year ended 31 December 1997



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Appleby Farms Limited

1

Directors and advisers

Executive directors

The Hon C R A Winn
Mrs L A Winn

Secretary and registered office

The Hon C R A Winn
Nostell Estate Office
Nostell
WAKEFIELD
WF4 1QD

Auditors

PricewaterhouseCoopers
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Solicitors

Currey & Co
21 Buckingham Gate
LONDON
SW1 6LS

Bankers

National Westminster Bank Plc
14 Market Place
BRIGG
DN20 8EU

**Directors' report
for the year ended 31 December 1997**

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

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.

Directors

The directors of the company at 31 December 1997, all of whom have been directors for the whole of the year ended on that date unless stated, were:

Baron Saint Oswald	(resigned 4 September 1997)
Baroness Saint Oswald	(resigned 4 September 1997)
The Hon 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 1997 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 1997 and 31 December 1996 Number
Ordinary Class "A" shares of £1 each	
The Hon 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 PricewaterhouseCoopers, has a non-beneficial interest in the 50 'B' ordinary shares of £1 each at 31 December 1997.

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 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

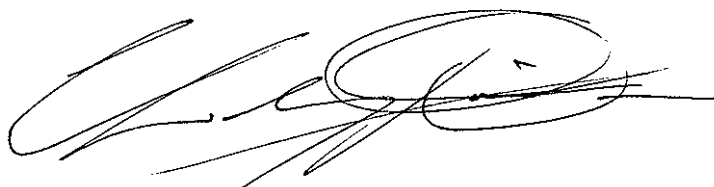
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July, following which Coopers & Lybrand resigned and the directors appointed the new firm PricewaterhouseCoopers, as auditors.

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the annual general meeting.

By order of the board



Company Secretary
15th October 1998

Report of the auditors to the members of Appleby Farms Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 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 1997 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

16 October 1998

**Profit and loss account
for the year ended 31 December 1997**

	Notes	1997 £	1996 £
Turnover	2	564,795	799,132
Cost of sales		253,670	291,573
Gross profit		311,125	507,559
Administrative expenses		171,757	181,198
Operating profit before interest and taxation		139,368	326,361
Interest receivable and similar income	5	30,104	9,656
Interest payable and similar charges	6	(381)	(730)
Profit on ordinary activities before taxation	7	169,091	335,287
Tax on profit on ordinary activities	8	(39,434)	(107,658)
Retained profit for the year	14	129,657	227,629

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.

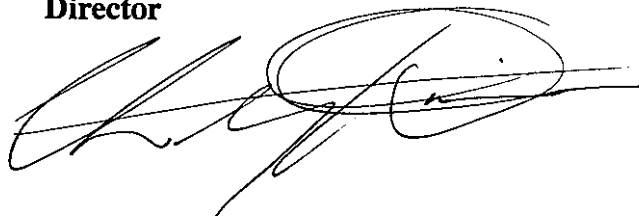
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Balance Sheet at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	9	111,569	113,728
Current assets			
Stocks	10	246,882	242,724
Debtors	11	101,315	184,898
Cash at bank and in hand		510,381	324,308
		858,578	751,930
Creditors: amounts falling due within one year	12	303,128	328,296
Net current assets		555,450	423,634
Net assets		667,019	537,362
Capital and reserves			
Called up share capital	13	100,050	100,050
Profit and loss account	14	566,969	437,312
Equity shareholders' funds		666,969	537,312
Non-equity shareholders' funds		50	50
Total shareholders' funds	15	667,019	537,362

The financial statements on pages 5 to 13 were approved by the board of directors on 15th October 1998 and were signed on its behalf by:

Director



**Notes to the financial statements
for the year ended 31 December 1997****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 and agricultural grants received.

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

	1997 £	1996 £
Salary payments (including benefits in kind)	<u>7,435</u>	<u>5,718</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:

	1997 Number	1996 Number
Production	4	4
Administration	4	4
	<u>8</u>	<u>8</u>

Employment costs of all employees included above:

	1997 £	1996 £
Wages and salaries	45,579	45,362
Social security costs	4,387	4,470
	<u>49,966</u>	<u>49,832</u>

5 Interest receivable and similar income

Interest receivable and similar income consists of interest on the deposit account.

6 Interest payable and similar charges

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

	1997 £	1996 £
Bank overdraft	381	730
	<u>381</u>	<u>730</u>

7 Profit on ordinary activities before taxation

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on sale of tangible fixed assets	10,440	-
Grants receivable	178,768	233,515
Rental income	11,270	10,367
	<u> </u>	<u> </u>
And after charging:		
Auditors' remuneration		
- audit	4,600	4,200
- other	1,600	1,550
Operating lease rentals		
- land	90,000	87,000
- plant and machinery	46,422	38,204
Depreciation of tangible fixed assets		
- owned	42,151	43,727
- asset under finance lease	-	6,000
Loss on sale of tangible fixed assets	-	3,525
	<u> </u>	<u> </u>

8 Tax on profit on ordinary activities

	1997 £	1996 £
United Kingdom corporation tax at 24% (1996: 25%)		
Current	43,000	112,000
Deferred	-	(4,000)
	<u> </u>	<u> </u>
	43,000	108,000
Over provision in respect of prior years	(3,566)	(342)
	<u> </u>	<u> </u>
	39,434	107,658
	<u> </u>	<u> </u>

9 Tangible fixed assets

	Leasehold property improvements £	Farm machinery £	Motor vehicles £	General equipment £	Total £
Cost					
At 1 January 1997	15,477	278,481	34,891	1,770	330,619
Additions	-	10,059	38,826	242	49,127
Disposals	-	(5,900)	(28,156)	-	(34,056)
At 31 December 1997	15,477	282,640	45,561	2,012	345,690
Depreciation					
At 1 January 1997	1,947	187,633	25,756	1,555	216,891
Charge for year	773	31,517	9,706	155	42,151
Disposals	-	(5,899)	(19,022)	-	(24,921)
At 31 December 1997	2,720	213,251	16,440	1,710	234,121
Net book value					
At 31 December 1997	12,757	69,389	29,121	302	111,569
Net book value					
At 31 December 1996	13,530	90,848	9,135	215	113,728

There are no assets held under finance lease (1996 : the net book value of one asset under finance lease was £18,000).

10 Stocks

	1997 £	1996 £
Raw materials and consumables	31,232	51,951
Work in progress	79,862	85,633
Finished goods and goods for resale	135,788	105,140
	246,882	242,724

11 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	68,314	156,840
Value added tax	6,719	6,835
Prepayments and accrued income	13,588	14,233
Other debtors	12,694	6,990
	101,315	184,898

12 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank overdraft	291	-
Trade creditors	61,480	26,047
Corporation tax	43,000	112,000
Other taxation and social security	621	776
Accruals and deferred income	197,736	181,649
Obligations under finance lease	-	7,824
	<u>303,128</u>	<u>328,296</u>

13 Called up share capital

	31 December 1997 and 31 December 1996	
	Class 'A'	Class 'B'
Authorised, allotted, called up and fully paid		
Ordinary shares at £1 each	<u>100,000</u>	<u>50</u>

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 after payment of the nominal value of the B shares in a winding up and are entitled to 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.

14 Statement of retained profits

	£
At 1 January 1997	437,312
Retained profit for the year	129,657
At 31 December 1997	<u>566,969</u>

15 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Retained profit for the year	129,657	227,629
Opening shareholders' funds	<u>537,362</u>	<u>309,733</u>
Closing shareholders' funds	<u>667,019</u>	<u>537,362</u>

16 Contingent liabilities and financial commitments**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 £99,000 per annum.

17 Related Party Transactions

Nostell Home Farm is subject to the common control of The Hon C R A Winn, a director of the company.

During the year the company entered into the following transactions:

- purchases of labour, materials and machinery hire from Nostell Home Farm on an arms' length basis at market value. Aggregated purchases including management charge amounted to £32,537. The balance outstanding at the year end was £29,592 and is included within accruals and deferred income.

18 Ultimate controlling party

The Hon C R A Winn is the controlling party by virtue of his controlling interest in the company's "A" ordinary shares.