

APPLEBY FARMS LIMITED
Company Number: 2027689

REPORT AND FINANCIAL STATEMENTS

31 December 1998



APPLEBY FARMS LIMITED
DIRECTORS AND ADVISERS

Executive directors

Lord St Oswald
Lady St Oswald

Secretary and registered office

Lord St Oswald
Nostell Estate Office
Nostell
WAKEFIELD
WF4 1QD

Auditors

PricewaterhouseCoopers
Queen Victoria House
Guildhall Road
HULL
HU1 1HH

Solicitors

Currey & Co
21 Buckingham Gate
LONDON
SW1 6LS

Bankers

National Westminster Bank plc
14 Market Place
BRIGG
DN20 8EU

APPLEBY FARMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is that of farming.

RESULTS AND DIVIDENDS

The results for the year are set out on page 4.

The directors do not recommend the payment of dividend.

DIRECTORS AND THEIR INTERESTS

The directors and their interests in the shares of the company at 31 December 1998, were:

	31 December 1997 and 1998 Ordinary Class 'A' shares of £1 each
Lord St Oswald	100,000
Lady St Oswald	—
	<u>100,000</u>

In accordance with the Articles of Association Lord St Oswald retires by rotation and being eligible offers himself for re-election.

As a result of a settlement in favour of the issue of Lord St Oswald, he has an interest in the 50 'B' ordinary shares of £1 each.

G W Middlemiss, a partner in PricewaterhouseCoopers the company's auditors, had a non-beneficial interest in the 50 'B' ordinary shares of £1 each at 31 December 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; and
- 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.

APPLEBY FARMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

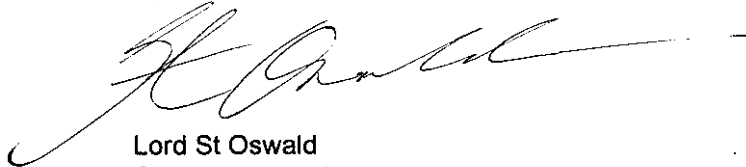
YEAR 2000

The directors have assessed the risks and uncertainties associated with the Year 2000 problem and consider that these are not material. Plans have been formulated to address any Year 2000 issues relating to the operations of the company and the directors consider that the cost of these plans, including amounts to be spent on future periods, will not be significant.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue to act as the company's auditors and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board



Lord St Oswald
Company secretary

7th July 1999

AUDITORS' REPORT TO THE MEMBERS OF APPLEBY FARMS LIMITED

PricewaterhouseCoopers
Queen Victoria House
PO Box 88
Guildhall Road
Hull HU1 1HH
Telephone +44 (0) 1482 224111
Facsimile +44 (0) 1482 327479
Direct fax 01482 327479

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report, including as described on page 1, the financial statements. Our responsibilities as independent auditors, are established by statute, the Auditing Practices Board and 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 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

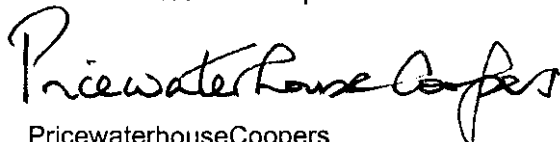
BASIS OF OPINION

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 as at 31 December 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.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

8 July 1999

APPLEBY FARMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998	1997
TURNOVER - continuing operations		522,690	564,795
Cost of sales		<u>(286,878)</u>	<u>(253,670)</u>
GROSS PROFIT		235,812	311,125
Administrative expenses		<u>(200,867)</u>	<u>(171,757)</u>
OPERATING PROFIT - continuing operations	2	34,945	139,368
Interest receivable and similar income		39,389	30,104
Interest payable and similar charges		<u>(17)</u>	<u>(381)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		74,317	169,091
Tax on profit on ordinary activities	3	<u>(16,490)</u>	<u>(39,434)</u>
PROFIT FOR THE FINANCIAL YEAR	8	<u>£57,827</u>	<u>£129,657</u>

There is no material difference between the result disclosed in the profit and loss account above and the result on an unmodified historical cost basis and a note of historical cost profits and losses is not therefore included on these financial statements.

APPLEBY FARMS LIMITED

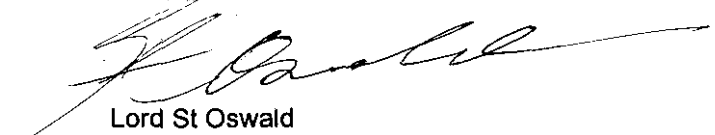
BALANCE SHEET - 31 DECEMBER 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	4	75,110	111,569
CURRENT ASSETS			
Stocks		221,921	246,882
Debtors	5	96,453	101,315
Cash at bank and in hand		<u>590,213</u>	<u>510,381</u>
		908,587	858,578
CREDITORS - Amounts falling due within one year	6	<u>(258,851)</u>	<u>(303,128)</u>
NET CURRENT ASSETS		<u>649,736</u>	<u>555,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£724,846</u>	<u>£667,019</u>
CAPITAL AND RESERVES			
Called up share capital-	7	100,050	100,050
Profit and loss account	8	<u>624,796</u>	<u>566,969</u>
Equity shareholders' funds		724,796	666,969
Non-equity shareholders' funds		50	50
TOTAL AMOUNT OF SHAREHOLDERS' FUNDS	9	<u>£724,846</u>	<u>£667,019</u>

The directors have taken advantage in the preparation of these financial statements of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985 ("the Act") and with the Financial Reporting Standard for Smaller Entities on the grounds that the company meets the qualifying conditions as small under Section 247 and is not ineligible for such exemptions under Section 246 of the Act .

APPROVED BY THE BOARD ON

7th July 1999


Lord St Oswald

DIRECTOR

APPLEBY FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998

1 PRINCIPAL ACCOUNTING POLICIES

(1) Basis of accounting

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

(2) Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value.

The rates used are as follows:

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

(3) Finance leases and hire purchase contracts

Fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease or contract in accordance with the straight line method.

(4) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

(5) Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

(6) Agricultural subsidies

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 OPERATING PROFIT	1998	1997
Profit on ordinary activities before taxation is stated after crediting:		
Profit on sale of tangible fixed assets	£480	£10,440
Subsidies receivable	£180,534	£178,768
Rental income	£8,455	£11,270
and after charging		
Auditors' remuneration		
- audit	£4,200	£4,600
- other	£1,500	£1,600
Directors' emoluments	£9,396	£7,435
Operating lease rentals		
- Land	87,000	90,000
- Plant and machinery	38,204	46,422
	£125,204	£136,422
Depreciation of tangible fixed assets		
Owned	£36,571	£42,151

APPLEBY FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (CONTINUED)

3	TAXATION				1998	1997
	Corporation tax on ordinary activities at 21% (1997: 24%)				18,500	43,000
	Deferred taxation				<u>-</u>	<u>-</u>
					18,500	43,000
	Over provision in prior years				<u>(2,010)</u>	<u>(3,566)</u>
					<u>£16,490</u>	<u>£39,434</u>
4	TANGIBLE FIXED ASSETS	Leasehold property improvements	Farm machinery	Motor vehicles	General Equipment	Total
	Cost					
	1 January 1998	15,477	282,640	45,561	2,012	345,690
	Additions	-	1,863	183	-	2,046
	Disposals	<u>-</u>	<u>(14,695)</u>	<u>-</u>	<u>(500)</u>	<u>(15,195)</u>
	31 December 1998	<u>£15,477</u>	<u>£269,808</u>	<u>£45,744</u>	<u>£1,512</u>	<u>£332,541</u>
	Depreciation					
	1 January 1998	2,720	213,251	16,440	1,710	234,121
	Charge for year	773	25,892	9,754	152	36,571
	Disposals	<u>-</u>	<u>(12,762)</u>	<u>-</u>	<u>(499)</u>	<u>(13,261)</u>
	31 December 1998	<u>£3,493</u>	<u>£226,381</u>	<u>£26,194</u>	<u>£1,363</u>	<u>£257,431</u>
	Net book value					
	31 December 1998	<u>£11,984</u>	<u>£43,427</u>	<u>£19,550</u>	<u>£149</u>	<u>£75,110</u>
	Net book value					
	At 31 December 1997	<u>£12,757</u>	<u>£69,389</u>	<u>£29,121</u>	<u>£302</u>	<u>£111,569</u>
5	DEBTORS					
	Trade debtors				66,329	68,314
	Other debtors				<u>30,124</u>	<u>33,001</u>
					<u>£96,453</u>	<u>£101,315</u>
6	CREDITORS - Amounts falling due within one year					
	Bank overdraft				28,666	291
	Trade creditors				21,879	61,480
	Corporation tax				18,500	43,000
	Other creditors				<u>189,806</u>	<u>198,357</u>
					<u>£258,851</u>	<u>£303,128</u>

APPLEBY FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (CONTINUED)

7	CALLED UP SHARE CAPITAL	31 December 1997 and 31 December 1998	
		Class 'A'	Class 'B'
	Authorised, allotted, called up and fully paid		
	Ordinary shares of £1 each	100,000	50
		<u> </u>	<u> </u>
The 'A' ordinary shares are entitled to received 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.			
8	PROFIT AND LOSS ACCOUNT		
	1 January 1998		566,969
	Retained profit for the year		<u>57,827</u>
	31 December 1998		<u>£624,796</u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1998	1997
	Retained profit for the year	57,827	129,657
	Opening shareholders' funds	<u>667,019</u>	<u>537,362</u>
	Closing shareholders' funds	<u>£724,846</u>	<u>£667,019</u>
10	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 rent payable is £99,000 per annum.		

APPLEBY FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (CONTINUED)

11 RELATED PARTY TRANSACTIONS

Nostell Home Farm and Nostell Estate are subject to the common control of Lord St Oswald, 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. Aggregated purchases including a management charge amounted to £47,451 (1997 £32,537). The balance outstanding at the year end was £39,490 (1997 £29,592) and is included within "other creditors".
- purchase of management services and the hire of equipment from Nostell Estate, totalling £11,865. At 30 September 1998 the amount of £11,853 was due to Nostell Estate.

12 ULTIMATE CONTROLLING PARTY

Lord St Oswald is the controlling party by virtue of his controlling interest in the company's 'A' ordinary shares.