

Report of the Directors and
Financial Statements for the Year Ended 31st May 2000
for
James Kingan and Sons Limited

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James Kingan and Sons Limited

Contents of the Financial Statements
for the Year Ended 31st May 2000

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the Financial Statements	9

James Kingan and Sons Limited

Company Information
for the Year Ended 31st May 2000

DIRECTORS: I J Kingan
D S Kingan
R R Kingan

SECRETARY: B Jardine

REGISTERED OFFICE: 40 Main Street
New Abbey
DUMFRIES
Dumfries & Galloway
DG2 8BY

REGISTERED NUMBER: 24140 (Scotland)

AUDITORS: FARRIES, KIRK & McVEAN
Registered Auditors
Chartered Accountants
30 Castle Street
DUMFRIES
DG1 1EN

James Kingan and Sons Limited

Report of the Directors
for the Year Ended 31st May 2000

The directors present their report with the financial statements of the company for the year ended 31st May 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of Farming, the manufacture and sale of Animal Feed, and Timber Operations.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31st May 2000.

DIRECTORS

The directors during the year under review were:

I J Kingan	
J Kingan	- deceased 17/6/99
D S Kingan	
R R Kingan	

The beneficial interests of the directors holding office on 31st May 2000 in the issued share capital of the company were as follows:

	31.5.00	1.6.99
Ordinary Shares £1 shares		
I J Kingan	21,500	21,500
D S Kingan	88,500	88,500
R R Kingan	60,833	60,833

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

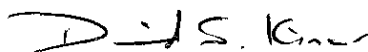
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, FARRIES, KIRK & McVEAN, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



D S Kingan - DIRECTOR

Dated: 10th August 2000

James Kingan and Sons Limited

Report of the Auditors to the Shareholders of
James Kingan and Sons Limited

We have audited the financial statements on pages four to thirteen which have been prepared under the historical cost convention and the accounting policies set out on page nine.

Respective responsibilities of directors and auditors

As described on page two 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.

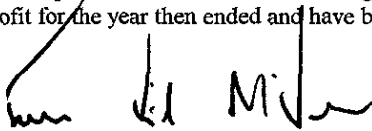
Basis of opinion

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 as at 31st May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FARRIES, KIRK & McVEAN
Registered Auditors
Chartered Accountants
30 Castle Street
DUMFRIES
DG1 1EN

Dated: 10th August 2000

James Kingan and Sons Limited

Profit and Loss Account
for the Year Ended 31st May 2000

1999			2000
£		Notes	£
6,534,850	TURNOVER		7,411,418
4,464,898	Cost of sales		5,085,840
2,069,952	GROSS PROFIT		2,325,578
2,019,819	Administrative expenses		2,314,309
50,133	OPERATING PROFIT	3	11,269
10,026	Interest receivable and similar income		1,357
60,159			12,626
51,398	Interest payable and similar charges	4	68,871
8,761	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(56,245)
6,687	Tax on (loss)/profit on ordinary activities	5	(60,205)
2,074	PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		3,960
1,405,449	Retained profit brought forward		1,407,523
<u>£1,407,523</u>	RETAINED PROFIT CARRIED FORWARD		<u>£1,411,483</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

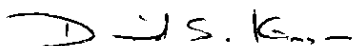
The notes form part of these financial statements

James Kingan and Sons Limited

Balance Sheet
31st May 2000

1999			2000	
£	£		£	£
		FIXED ASSETS:		
1,871,118		Tangible assets		2,134,594
		CURRENT ASSETS:		
	650,677	Stocks	691,324	
	1,033,251	Debtors	1,032,857	
	1,059	Cash at bank and in hand	2,033	
	1,684,987		1,726,214	
	746,818	CREDITORS: Amounts falling due within one year	1,127,994	
938,169		NET CURRENT ASSETS:		598,220
2,809,287		TOTAL ASSETS LESS CURRENT LIABILITIES:		2,732,814
(264,099)		CREDITORS: Amounts falling due after more than one year		(241,053)
(137,665)		PROVISIONS FOR LIABILITIES AND CHARGES:		(80,278)
<u>£2,407,523</u>				<u>£2,411,483</u>
		CAPITAL AND RESERVES:		
220,000		Called up share capital		220,000
780,000		Share premium		780,000
1,407,523		Profit and loss account		1,411,483
<u>£2,407,523</u>		SHAREHOLDERS' FUNDS:		<u>£2,411,483</u>

ON BEHALF OF THE BOARD:



D S Kingan - DIRECTOR

Approved by the Board on 10th August 2000

The notes form part of these financial statements

James Kingan and Sons Limited

Cash Flow Statement
for the Year Ended 31st May 2000

<u>1999</u>			<u>2000</u>
£		Notes	£
34,338	Net cash inflow from operating activities	1	280,468
(41,372)	Returns on investments and servicing of finance	2	(67,514)
-	Taxation		2,479
(395,323)	Capital expenditure	2	(418,661)
<u>(402,357)</u>			<u>(203,228)</u>
879,765	Financing	2	(21,165)
<u>£477,408</u>	(Decrease)/Increase in cash in the period		<u>£(224,393)</u>
	Reconciliation of net cash flow to movement in net debt	3	
<u>477,408</u>	(Decrease)/Increase in cash in the period		<u>(224,393)</u>
<u>477,408</u>	Change in net debt resulting from cash flows		<u>(224,393)</u>
<u>477,408</u>	Movement in net debt in the period		<u>(224,393)</u>
<u>(768,848)</u>	Net debt at 1st June		<u>(291,440)</u>
<u>£(291,440)</u>	Net debt at 31st May		<u>£(515,833)</u>

The notes form part of these financial statements

James Kingan and Sons Limited

Notes to the Cash Flow Statement
for the Year Ended 31st May 2000

1. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2000 £	1999 £
Operating profit	11,269	50,133
Depreciation charges	137,864	121,564
Loss on sale of fixed assets	17,320	-
(Increase)/Decrease in stocks	(40,647)	53,923
Decrease/(Increase) in debtors	733	(188,566)
Increase/(Decrease) in creditors	153,929	(2,716)
Net cash inflow from operating activities	280,468	34,338

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	1,357	10,026
Interest paid	(68,871)	(51,398)
Net cash outflow for returns on investments and servicing of finance	(67,514)	(41,372)
Capital expenditure		
Purchase of tangible fixed assets	(447,611)	(397,823)
Sale of tangible fixed assets	28,950	2,500
Net cash outflow for capital expenditure	(418,661)	(395,323)
Financing		
New loan taken out in year	-	285,265
Loan repayments in year	(21,165)	-
Amount withdrawn by directors	-	(305,500)
Ordinary shares subscribed	-	120,000
Share premium	-	780,000
Net cash (outflow)/inflow from financing	(21,165)	879,765

James Kingan and Sons Limited

Notes to the Cash Flow Statement
for the Year Ended 31st May 2000

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1/6/99 £	Cash flow £	At 31/5/00 £
Net cash:			
Cash at bank and in hand	1,059	974	2,033
Bank overdraft	(292,499)	(225,367)	(517,866)
	<u>(291,440)</u>	<u>(224,393)</u>	<u>(515,833)</u>
Total	<u>(291,440)</u>	<u>(224,393)</u>	<u>(515,833)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	1,059		2,033
Bank overdraft	(292,499)		(517,866)
	<u>(291,440)</u>		<u>(515,833)</u>

The notes form part of these financial statements

James Kingan and Sons Limited

Notes to the Financial Statements
for the Year Ended 31st May 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	- 2% on cost
Improvements to property	- 2% on cost
Plant & Machinery	- 7 1/2% on reducing balance
Motor vehicles	- 15% on reducing balance
Office Equipment	- 7 1/2% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	811,958	796,857
Social security costs	77,747	72,573
Other pension costs	76,576	78,403
	<u>966,281</u>	<u>947,833</u>

The average monthly number of employees during the year was as follows:

	2000	1999
Office and Management	7	8
Direct Employees	63	56
	<u>70</u>	<u>64</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2000	1999
	£	£
Hire of plant and machinery	19,246	15,405
Depreciation - owned assets	137,864	121,564
Loss on disposal of fixed assets	17,320	-
Auditors' remuneration	5,200	5,000
	<u>179,630</u>	<u>141,969</u>
Directors' emoluments	<u>42,123</u>	<u>63,401</u>

James Kingan and Sons Limited

Notes to the Financial Statements
for the Year Ended 31st May 2000

4. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2000	1999
	£	£
Bank interest	21,009	8,360
Bank loan interest	23,862	19,038
Loan interest	24,000	24,000
	<u>68,871</u>	<u>51,398</u>

5. **TAXATION**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2000	1999
	£	£
UK corporation tax	(339)	-
Over accrual of previous year	(2,479)	-
Deferred taxation	<u>(57,387)</u>	<u>6,687</u>
	<u>(60,205)</u>	<u>6,687</u>

UK corporation tax has been charged at 20% (1999 - not applicable).

6. **TANGIBLE FIXED ASSETS**

	Totals	Buildings	Improvements to property
	£	£	£
COST:			
At 1st June 1999	3,544,636	1,036,458	-
Additions	447,611	-	79,610
Disposals	<u>(83,895)</u>	<u>-</u>	<u>-</u>
At 31st May 2000	<u>3,908,352</u>	<u>1,036,458</u>	<u>79,610</u>
DEPRECIATION:			
At 1st June 1999	1,673,519	114,966	-
Charge for year	137,864	20,728	1,610
Eliminated on disposals	<u>(37,625)</u>	<u>-</u>	<u>-</u>
At 31st May 2000	<u>1,773,758</u>	<u>135,694</u>	<u>1,610</u>
NET BOOK VALUE:			
At 31st May 2000	<u>2,134,594</u>	<u>900,764</u>	<u>78,000</u>
At 31st May 1999	<u>1,871,118</u>	<u>921,493</u>	<u>-</u>

James Kingan and Sons Limited

Notes to the Financial Statements
for the Year Ended 31st May 2000

6. **TANGIBLE FIXED ASSETS - continued**

	Plant & Machinery	Motor vehicles	Office Equipment
	£	£	£
COST:			
At 1st June 1999	1,474,405	1,024,549	9,224
Additions	311,911	54,140	1,950
Disposals	(10,900)	(72,995)	-
At 31st May 2000	1,775,416	1,005,694	11,174
DEPRECIATION:			
At 1st June 1999	781,265	774,279	3,009
Charge for year	74,516	40,400	610
Eliminated on disposals	-	(37,625)	-
At 31st May 2000	855,781	777,054	3,619
NET BOOK VALUE:			
At 31st May 2000	919,635	228,640	7,555
At 31st May 1999	693,140	250,270	6,215

7. **STOCKS**

	2000 £	1999 £
Livestock	337,455	362,585
Feeding	137,769	86,592
Timber	216,100	201,500
	691,324	650,677

8. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Trade debtors	1,032,518	1,033,251
Corporation tax repayable	339	-
	1,032,857	1,033,251

9. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000 £	1999 £
Bank loans and overdrafts (see note 11)	540,913	313,666
Trade creditors	263,223	154,286
Directors current accounts	240,000	240,000
Social security & other taxes	32,118	32,961
Accrued expenses	51,740	5,905
	1,127,994	746,818

James Kingan and Sons Limited

Notes to the Financial Statements
for the Year Ended 31st May 2000

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Bank loans (see note 11)	<u>241,053</u>	<u>264,099</u>

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2000 £	1999 £
Amounts falling due within one year or on demand:		
Bank overdrafts	517,866	292,499
Bank loans	<u>23,047</u>	<u>21,167</u>
	<u>540,913</u>	<u>313,666</u>

Amounts falling due between one and two years:

Bank loans	<u>52,416</u>	<u>44,213</u>
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Amounts falling due between two and five years:

Bank loans	<u>97,407</u>	<u>147,447</u>
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Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>91,230</u>	<u>72,439</u>

12. SECURED DEBTS

The Bank of Scotland holds a bond & floating charge over whole company assets in respect of the bank overdraft and term loan.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2000 £	1999 £
Deferred taxation	70,253	127,640
Bad debt provision	<u>10,025</u>	<u>10,025</u>
	<u>80,278</u>	<u>137,665</u>
	Deferred taxation	Bad Debt Provision
	£	£
Balance at 1st June 1999	127,640	10,025
Decrease in Provision	<u>(57,387)</u>	<u>-</u>
Balance at 31st May 2000	<u>70,253</u>	<u>10,025</u>

James Kingan and Sons Limited

Notes to the Financial Statements
for the Year Ended 31st May 2000

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	2000	1999
		value:	£	£
500,000	Ordinary Shares	£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	2000	1999
		value:	£	£
220,000	Ordinary Shares	£1	<u>220,000</u>	<u>220,000</u>

15. SHARE PREMIUM

	2000	1999
	£	£
Cash share issue	<u>780,000</u>	<u>780,000</u>

16. TRANSACTIONS WITH DIRECTORS

D S Kingan and R R Kingan are both owed £120,000 by the company (1999 - £120,000 each). Interest is payable at 10% per annum.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	3,960	2,074
Ordinary shares issued	-	120,000
Premium on shares issued	-	780,000
Net addition to shareholders' funds	<u>3,960</u>	<u>902,074</u>
Opening shareholders' funds	<u>2,407,523</u>	<u>1,505,449</u>
Closing shareholders' funds	<u>2,411,483</u>	<u>2,407,523</u>
 Equity interests	 <u>2,411,483</u>	 <u>2,407,523</u>