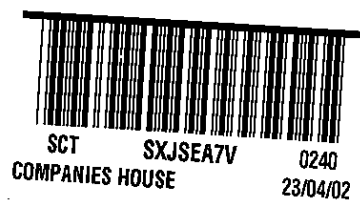


**GEORGE MARSHALL (ANCRUM) LTD
CAMIESTON, ST BOSWELLS**

REPORT AND ACCOUNTS

for the year ended 30 June 2001

Company No SC32243



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GEORGE MARSHALL (ANCRUM) LTD

REPORT OF THE DIRECTORS for the year ended 30 June 2001

DIRECTORS: Mr George Marshall
Mrs Christina Marshall
Mr Roy W G Marshall
Mr Eric S Marshall

SECRETARY: Mr David P Sturrock

REGISTERED OFFICE: 26 High Street, Jedburgh

The directors present their annual report and accounts for the year ended 30 June 2001.

FINANCIAL RESULTS

Profit for the year after taxation. £ 22,046

The directors recommend that no dividend be paid.

PRINCIPAL ACTIVITIES

The company's principal activities are farming and livestock dealing.

REVIEW OF BUSINESS

While not considered satisfactory, the results for the year were to be expected given the prevailing economic and market conditions and the directors expect that the present level of activity will be sustained for the foreseeable future.

FIXED ASSETS

Movements in fixed assets during the year are set out in note 6 to the accounts. The directors consider the market value of land and buildings to be around £1,100,000 compared with the net book value of £431,971 shown in the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 30 June 2001 and their interests in the share capital of the company were as follows:

	At 30 June 2001 Ordinary Shares	At 30 June 2000 Ordinary Shares
Mr George Marshall	5	5
Mrs Christina Marshall	5	5
Mr Roy Marshall	45	45
Mr Eric Marshall	<u>45</u>	<u>45</u>

GEORGE MARSHALL (ANCRUM) LTD

REPORT OF THE DIRECTORS

for the year ended 30 June 2001 (contd)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, 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 accounts.
- Prepare the accounts 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 accounts 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

A resolution proposing the re-appointment of Geoghegan & Co, CA, as auditors of the company will be submitted at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



George Marshall
Chairman

Camieston
ST BOSWELLS

6 April 2002

GEORGE MARSHALL (ANCRUM) LIMITED

REPORT OF THE AUDITORS

To the Members of George Marshall (Ancrum) Ltd

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Geoghegan & Co
Chartered Accountants and
Registered Auditors

6 St Colme Street
EDINBURGH EH3 6AD

8 April 2002

GEORGE MARSHALL (ANCRUM) LTD

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2001

	Notes	2001	2000
Turnover	2	475,140	497,393
Changes in stocks		<u>56,680</u>	<u>11,200</u>
		531,820	508,593
Other operating income		<u>4,159</u>	<u>1,924</u>
		535,979	<u>510,517</u>
Raw materials and consumables		291,640	321,192
Other external charges		<u>53,675</u>	<u>54,720</u>
		345,315	<u>375,912</u>
		190,664	134,605
Staff costs	3	89,806	90,127
Depreciation		41,191	44,425
Other operating charges		<u>28,365</u>	<u>27,038</u>
		159,362	<u>161,590</u>
Operating profit/(loss)		31,302	<u>(26,985)</u>
Interest receivable		285	414
Interest payable	6	<u>9,541</u>	<u>3,335</u>
		<u>(9,256)</u>	<u>(2,921)</u>
Profit/(Loss) on ordinary activities before taxation		22,046	(29,906)
Tax on profit/(loss) on ordinary activities	7	<u>-</u>	<u>-</u>
Retained profit/(loss) for the financial year		22,046	(29,906)
Retained profit brought forward		<u>571,917</u>	<u>601,823</u>
Retained profit carried forward		<u>£593,963</u>	<u>£571,917</u>

All transactions are in respect of continuing operations.

The company had no recognised gains or losses in the years ended 30 June 2000 and 30 June 2001 other than disclosed above.

GEORGE MARSHALL (ANCRUM) LTD

BALANCE SHEET **as at 30 June 2001**

FIXED ASSETS	Notes	2001	2000
Tangible assets	8	565,668	504,143
Intangible assets - sheep quota at cost		6,654	<u>6,246</u>
CURRENT ASSETS			
Stocks		227,445	170,200
Debtors	9	17,300	16,253
Cash at bank and in hand		-	3,149
		<u>244,745</u>	<u>189,602</u>
CREDITORS: Amounts falling due within one year	10	<u>206,254</u>	<u>98,661</u>
NET CURRENT ASSETS		<u>38,491</u>	<u>90,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>610,813</u>	<u>601,330</u>
CREDITORS: Amounts falling due after more than one year	10	<u>16,214</u>	<u>28,682</u>
		<u>594,599</u>	<u>572,648</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	-	-
Deferred income	12	536	631
		<u>536</u>	<u>631</u>
NET ASSETS		<u><u>£594,063</u></u>	<u><u>£572,017</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		593,963	571,917
EQUITY SHAREHOLDERS' FUNDS		<u><u>£594,063</u></u>	<u><u>£572,017</u></u>

The accounts on pages 4 to 10 were approved by the board of directors on 6 April 2002 and are signed on its behalf by :



Eric S Marshall
Director

6 April 2002

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of goods sold and services provided, exclusive of value added tax.

Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition and under deduction of capital grants received before 1994. Depreciation is charged as follows:

	Rate %	
Buildings	2	Straight line
Improvements	15	Reducing balance
Implements	20	Reducing balance
Motor vehicles	25	Reducing balance

Depreciation of buildings commenced in the year ended 30 June 1994 and depreciation is not provided on freehold land.

Deferred government grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets. Prior to 30 June 1994 capital grants were deducted from the cost of the relevant assets. Grants of a revenue nature are credited to income in the period to which they relate.

Stocks

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

Deferred Taxation

Deferred taxation is provided by the liability method on all timing differences arising between profits as reported and those computed for tax purposes.

Pension

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 TURNOVER

The turnover and pre-tax profit are attributable to UK sales and to one activity, farming and livestock dealing.

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE ACCOUNTS (Cont'd)

3	STAFF COSTS	2001	2000
	Wages and salaries	75,733	76,228
	Social security costs	8,426	8,252
	Other pension costs	<u>5,647</u>	<u>5,647</u>
		<u>£89,806</u>	<u>£90,127</u>

The average weekly number of employees was 6 6

4	DIRECTORS' EMOLUMENTS	2001	2000
	Fees	-	-
	Other emoluments (including pension contributions)	<u>87,056</u>	<u>82,221</u>
		<u>£87,056</u>	<u>£82,221</u>

There are three directors to whom benefits are accruing under a money purchase pension scheme.

5	OPERATING PROFIT	2001	2000
	This is stated after charging/(crediting) :		
	Depreciation – owned fixed assets	£ 37,911	£ 40,037
	– assets held under finance lease	3,375	4,500
	Directors' remuneration	87,056	82,221
	Auditors' remuneration – audit services	1,000	1,000
	– non audit service	3,750	3,250
	Gain on sale of fixed assets	(2,019)	(574)
	Capital grant released	<u>(95)</u>	<u>(112)</u>

Directors' remuneration consists of :

Remuneration for executive services	81,409	76,574
Pension contributions	<u>5,647</u>	<u>5,647</u>
	<u>£ 87,056</u>	<u>£ 82,221</u>

6	INTEREST PAYABLE	2001	2000
	Bank overdraft interest	8,647	2,128
	Hire purchase interests	847	847
	Finance lease interest	<u>47</u>	<u>360</u>
		<u>£ 9,541</u>	<u>£ 3,335</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE ACCOUNTS (Cont'd)

7	TAX ON PROFIT ON ORDINARY ACTIVITIES	2001	2000
	In respect of the year under review :		
	Corporation tax	-	-
	Deferred taxation	-	-
		<u>£ -</u>	<u>£ -</u>

8	TANGIBLE ASSETS	Heritable property & improvements	Plant machinery & vehicles	Total
	Cost :			
	At 30 June 2000	397,442	353,016	750,458
	Additions	82,925	20,267	103,192
	Disposals	-	(3,081)	(3,081)
		<u>480,367</u>	<u>370,202</u>	<u>850,569</u>
	At 30 June 2001			
	Depreciation :			
	At 30 June 2000	41,890	204,425	246,315
	Disposals	0	(2,700)	(2,700)
	Charge for year	6,506	34,780	41,286
		<u>48,396</u>	<u>236,505</u>	<u>284,901</u>
	At 30 June 2001			
	Net book value at 30 June 2001	<u>£431,971</u>	<u>£133,697</u>	<u>£565,668</u>
	Net book value at 30 June 2000	<u>£355,552</u>	<u>£148,591</u>	<u>£504,143</u>

The net book value of tangible assets includes an amount of £10,125 (2000 £13,500) in respect of assets held under finance leases.

9	DEBTORS	2001	2000
	Trade debtors	9,178	6,017
	Other debtors	6,342	6,106
	Prepayments	1,780	4,130
		<u>£ 17,300</u>	<u>£ 16,253</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE ACCOUNTS (Cont'd)

10 CREDITORS	2001		2000	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
Bank overdraft	137,380	-	-	-
Hire purchase and finance lease obligations	12,466	16,214	16,965	28,682
Trade creditors	16,622	-	40,245	-
Loans from directors	23,527	-	24,719	-
Corporation tax	-	-	-	-
Other taxation and social security	4,902	-	4,765	-
Accruals and deferred income	11,357	-	11,967	-
	<u>£ 206,254</u>	<u>£ 16,214</u>	<u>£ 98,661</u>	<u>£ 28,682</u>
Payable within five years		<u>£ 16,214</u>		<u>£ 28,682</u>

The bank overdraft is secured by a bond and floating charge over the whole assets of the company

11 DEFERRED TAXATION

Deferred taxation provided in the accounts and the amount of the total potential liability unprovided are as follows :

	Amount provided		Amount not provided	
	2001	2000	2001	2000
Capital allowances in advance of depreciation	11,379	12,000	-	-
Trading losses	(11,379)	(12,000)	-	-
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

12 DEFERRED INCOME

Deferred government grants
2001 2000

Balance as at 30 June 2000	631	743
Released during year	(95)	(112)
Balance as at 30 June 2001	<u>£ 536</u>	<u>£ 631</u>

13 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>	<u>£ 100</u>	<u>£ 100</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE ACCOUNTS (Cont'd)

14	CAPITAL COMMITMENTS	2001	2000
	Contracted	£ -	£ 5,300
	Authorised but not contracted	<u>-</u>	<u>-</u>

15 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund.