

GEORGE MARSHALL (ANCRUM) LTD
DIRECTORS' REPORT
AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003



GEORGE MARSHALL (ANCRUM) LTD

COMPANY INFORMATION

Directors	G Marshall C Marshall R W G Marshall E S Marshall
Secretary	D P Sturrock
Company number	32243
Registered office	Camieston St Boswells Melrose Roxburghshire TD6 0HJ
Accountants	Geoghegan & Co 6 St Colme Street Edinburgh EH3 6AD
Bankers	Bank of Scotland 40 High Street Jedburgh Roxburghshire TD8 6BR
Solicitors	Turnbull, Simson & Sturrock W.S. 26 High Street Jedburgh Roxburghshire TD8 6AE

GEORGE MARSHALL (ANCRUM) LTD

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GEORGE MARSHALL (ANCRUM) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report and financial statements for the year ended 30 June 2003.

Principal activities

The principal activity of the company continued to be that of farming and livestock dealing.

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.

Directors

The following directors have held office since 1 July 2002:

G Marshall
C Marshall
R W G Marshall
E S Marshall

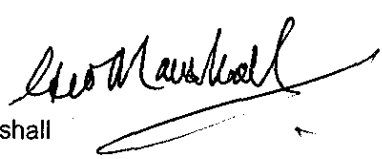
Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	30 June 2003	1 July 2002
G Marshall	5	5
C Marshall	5	5
R W G Marshall	45	45
E S Marshall	45	45

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board


G Marshall
Director
16 April 2004

GEORGE MARSHALL (ANCRUM) LTD

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF GEORGE MARSHALL (ANCRUM) LTD

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 30 June 2003, set out on pages 3 to 11 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.



Geoghegan & Co

Chartered Accountants

16 April 2004

6 St Colme Street
Edinburgh
EH3 6AD

GEORGE MARSHALL (ANCRUM) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 £	2002 £
Turnover		542,279	487,709
Change in stocks		97,385	(53,170)
		<u>639,664</u>	<u>434,539</u>
Other operating income		1,873	1,205
		<u>641,537</u>	<u>435,744</u>
Raw materials and other consumables		423,707	228,216
Other external charges		81,469	66,940
		<u>505,176</u>	<u>295,156</u>
		<u>136,361</u>	<u>140,588</u>
Staff costs		102,379	97,444
Depreciation and amortisation		52,895	34,521
Other operating charges		21,146	27,347
		<u>176,420</u>	<u>159,312</u>
Operating loss	2	(40,059)	(18,724)
Other interest receivable and similar income		61	33
Interest payable and similar charges		<u>(18,176)</u>	<u>(14,523)</u>
Loss on ordinary activities before taxation		(58,174)	(33,214)
Tax on loss on ordinary activities	3	-	(28)
Loss on ordinary activities after taxation		(58,174)	(33,242)
Dividends		-	(5,000)
Retained loss for the year	14	(58,174)	(38,242)

All transactions are in respect of continuing operations.

The company had no recognised gains or losses in the years ended 30 June 2002 and 30 June 2003 other than disclosed above.

GEORGE MARSHALL (ANCRUM) LTD

BALANCE SHEET AS AT 30 JUNE 2003

		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		7,312		7,312
Tangible assets	5		601,639		540,237
Investments	6		50		50
			<u>609,001</u>		<u>547,599</u>
Current assets					
Stocks		273,175		172,130	
Debtors	7	<u>24,828</u>		<u>40,712</u>	
		298,003		212,842	
Creditors: amounts falling due within one year	8	<u>(352,159)</u>		<u>(196,331)</u>	
Net current (liabilities)/assets			<u>(54,156)</u>		<u>16,511</u>
Total assets less current liabilities			554,845		564,110
Creditors: amounts falling due after more than one year	9		(56,810)		(7,833)
Accruals and deferred income	11		<u>(388)</u>		<u>(456)</u>
			<u>497,647</u>		<u>555,821</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		<u>497,547</u>		<u>555,721</u>
Shareholders' funds			<u>497,647</u>		<u>555,821</u>

GEORGE MARSHALL (ANCRUM) LTD

BALANCE SHEET (CONTINUED) AS AT 30 JUNE 2003

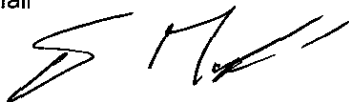
In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 16 April 2004

E S Marshall
Director



GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.4 Intangible assets

Intangible assets are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight line
Plant and machinery	20% Reducing balance
Motor vehicles	25% Reducing balance

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies

(continued)

1.10 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.11 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.

2	Operating loss	2003 £	2002 £
	Operating loss is stated after charging:		
	Depreciation of tangible assets	52,895	34,521
	Accountancy fees	5,250	4,250
	Auditors' remuneration	-	1,000
	Directors' emoluments	80,772	92,551
	and after crediting:		
	Government grants	68	80

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002- 3).

3	Taxation	2003 £	2002 £
	Domestic current year tax		
	Adjustment for prior years	-	28
	Current tax charge	-	28

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the year would decrease by £ 10,757 (2002: £ 5,669).

The company has estimated losses of £ 179,071 (2002: £ 106,529) available for carry forward against future trading profits.

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

4 Intangible fixed assets

	Intangible assets £
Cost	
At 1 July 2002 & at 30 June 2003	7,312
Net book value	
At 30 June 2003	7,312
At 30 June 2002	7,312

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 July 2002	480,367	337,619	817,986
Additions	-	122,871	122,871
Disposals	-	(37,150)	(37,150)
At 30 June 2003	480,367	423,340	903,707
Depreciation			
At 1 July 2002	54,225	223,524	277,749
On disposals	-	(28,576)	(28,576)
Charge for the year	5,253	47,642	52,895
At 30 June 2003	59,478	242,590	302,068
Net book value			
At 30 June 2003	420,889	180,750	601,639
At 30 June 2002	426,142	114,095	540,237

The net book value of other tangible fixed assets includes £105,008 (2002- £34,760) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £26,253 (2002- £8,690) for the year.

The directors consider the market value of land and buildings to be around £1,100,000 compared with the net book value of £420,889 shown in the accounts.

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

6 Fixed asset investments

	Unlisted investments £
Cost	
At 1 July 2002 & at 30 June 2003	50

7 Debtors	2003 £	2002 £
Trade debtors	17,128	10,100
Other debtors	7,700	30,612
	<u>24,828</u>	<u>40,712</u>

8 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	248,272	112,824
Net obligations under hire purchase contracts	25,481	16,597
Trade creditors	33,208	21,585
Taxation and social security	3,397	5,853
Other creditors	41,801	39,472
	<u>352,159</u>	<u>196,331</u>

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

9 Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under hire purchase contracts	<u>56,810</u>	<u>7,833</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

10 Provisions for liabilities and charges

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Accelerated capital allowances	14,502	11,477
Tax losses available	(14,502)	(11,477)
	<u>-</u>	<u>-</u>

11 Accruals and deferred income

	Government grants £
Balance at 1 July 2002	456
Amortisation in the year	(68)
Balance at 30 June 2003	<u>388</u>

12 Pension costs

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.

	2003 £	2002 £
Contributions payable by the company for the year	<u>5,647</u>	<u>5,647</u>

13 Share capital

	2003 £	2002 £
Authorised		
100 Ordinary of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary of £1 each	<u>100</u>	<u>100</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2002	555,721
Retained loss for the year	(58,174)
	<u>497,547</u>
Balance at 30 June 2003	<u>497,547</u>

15 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans is as follows:

	Amount outstanding		Maximum
	2003	2002	in year
	£	£	£
R Marshall	-	9,261	9,261
E Marshall	-	8,911	8,911
	<u>-</u>	<u>18,172</u>	<u>18,172</u>

16 Control

By virtue of the share ownership split of the company, it is the opinion of the directors that there is no ultimate controlling party.