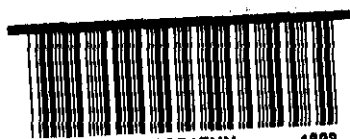


Company Registration No. 32243 (Scotland)

GEORGE MARSHALL (ANCRUM) LTD
DIRECTORS' REPORT
AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005



SCT 8QSF1EUY 1323
COMPANIES HOUSE 24/04/06

GEORGE MARSHALL (ANCRUM) LTD

COMPANY INFORMATION

Directors	Mrs C Marshall Mr R W G Marshall Mr E S Marshall
Secretary	Mr 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

CONTENTS

	Page
Directors' report	1
Accountants' report	2
Profit and loss account	3
Balance sheet	4 - 5
Notes to the financial statements	6 - 11

GEORGE MARSHALL (ANCRUM) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The directors present their report and financial statements for the year ended 30 June 2005.

Principal activities

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

Directors

The following directors have held office since 1 July 2004:

Mr G Marshall (Died 27 June 2005)
Mrs C Marshall
Mr R W G Marshall
Mr E S Marshall

It is with great sadness that the directors report that on 27 June 2005 Mr George Marshall died.

Directors' interests

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

	Ordinary of £ 1 each	
	30 June 2005	1 July 2004
Mrs C Marshall	5	5
Mr R W G Marshall	45	45
Mr E S Marshall	45	45

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:

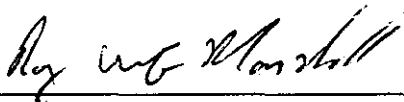
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

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

Mr R W G Marshall
Director
14 April 2006



GEORGE MARSHALL (ANCRUM) LTD

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF GEORGE MARSHALL (ANCRUM) LTD

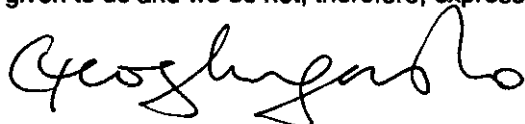
In accordance with the engagement letter dated 1 February 2005, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of George Marshall (Ancrum) Ltd for the year ended 30 June 2005, set out on pages 3 to 11 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants of Scotland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 30 June 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Geoghegan & Co

Accountants

14 April 2006

6 St Colme Street
Edinburgh
EH3 6AD

GEORGE MARSHALL (ANCRUM) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 £	2004 £
Turnover		634,878	630,996
Change in stocks		(38,746)	848
		596,132	631,844
Other operating income		17,693	50,020
		613,825	681,864
Raw materials and other consumables		328,727	382,015
Other external charges		97,623	88,074
		426,350	470,089
		187,475	211,775
Staff costs		92,107	100,075
Depreciation and amortisation		47,195	45,497
Other operating charges		38,434	23,438
		177,736	169,010
Operating profit	2	9,739	42,765
Other interest receivable and similar income	3	108	146
Interest payable and similar charges		(18,988)	(16,631)
(Loss)/profit on ordinary activities before taxation		(9,141)	26,280
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit on ordinary activities after taxation	15	(9,141)	26,280

GEORGE MARSHALL (ANCRUM) LTD

BALANCE SHEET AS AT 30 JUNE 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Intangible assets	5		-		7,312
Tangible assets	6		584,227		582,299
Investments	7		50		50
			<u>584,277</u>		<u>589,661</u>
Current assets					
Stocks		230,983		268,331	
Debtors	8	24,150		15,064	
		<u>255,133</u>		<u>283,395</u>	
Creditors: amounts falling due within one year	9	<u>(296,339)</u>		<u>(309,736)</u>	
Net current liabilities			<u>(41,206)</u>		<u>(26,341)</u>
Total assets less current liabilities			543,071		563,320
Creditors: amounts falling due after more than one year	10		(28,005)		(39,063)
Accruals and deferred income	12		(280)		(330)
			<u>514,786</u>		<u>523,927</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		514,686		523,827
Shareholders' funds			<u>514,786</u>		<u>523,927</u>

GEORGE MARSHALL (ANCRUM) LTD

BALANCE SHEET (CONTINUED) AS AT 30 JUNE 2005

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 14 April 2006



Mr E S Marshall
Director

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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, which have been applied consistently (except as otherwise stated).

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 & 15% reducing balance on property improvements
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 company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

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 profit

2005	2004
£	£

Operating profit is stated after charging:

Depreciation of tangible assets	47,195	45,497
Accountancy fees	5,000	5,000
Directors' emoluments	73,751	79,956

and after crediting:

Government grants	49	58
-------------------	----	----

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2004 - 3).

3 Investment income

2005	2004
£	£

Bank interest	108	146
---------------	-----	-----

4 Taxation

The company has estimated losses of £ 91,485 (2004: £ 112,653) available for carry forward against future trading profits.

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

5 Intangible fixed assets

	Intangible assets £
Cost	
At 1 July 2004	7,312
Disposals	(7,312)
At 30 June 2005	-
Net book value	
At 30 June 2005	-
At 30 June 2004	7,312

6 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 July 2004	498,830	429,144	927,974
Additions	1,911	58,063	59,974
Disposals	-	(36,250)	(36,250)
At 30 June 2005	500,741	450,957	951,698
Depreciation			
At 1 July 2004	66,937	278,738	345,675
On disposals	-	(25,399)	(25,399)
Charge for the year	7,217	39,978	47,195
At 30 June 2005	74,154	293,317	367,471
Net book value			
At 30 June 2005	426,587	157,640	584,227
At 30 June 2004	431,893	150,406	582,299

The net book value of other tangible fixed assets includes £66,818 (2004 - £82,558) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £16,704 (2004 - £20,640) for the year.

The directors consider the market value of land and buildings to be approximately £2,800,000 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 2005

7 Fixed asset investments

	Unlisted investments £
Cost	
At 1 July 2004 & at 30 June 2005	50
Net book value	
At 30 June 2005	50
	<u>50</u>
At 30 June 2004	<u>50</u>

8 Debtors	2005 £	2004 £
Trade debtors	19,074	6,576
Other debtors	5,076	8,488
	<u>24,150</u>	<u>15,064</u>

9 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	206,262	234,013
Net obligations under hire purchase contracts	23,222	17,171
Trade creditors	18,928	13,313
Taxation and social security	2,803	2,459
Other creditors	45,124	42,780
	<u>296,339</u>	<u>309,736</u>

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

10 Creditors: amounts falling due after more than one year	2005 £	2004 £
Net obligations under hire purchase contracts	<u>28,005</u>	<u>39,063</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

11 Provisions for liabilities and charges

Deferred taxation movements not provided in the financial statements are as follows:

	2005 £	2004 £
Accelerated depreciation	(5,283)	(1,972)
Tax losses available	(17,382)	(17,382)
Deferred tax asset (at 19%)	<u>(22,665)</u>	<u>(19,354)</u>

No provision has been made for the deferred tax asset due to the uncertainty of future taxable profits being available to utilise the relief.

12 Accruals and deferred income

	Government grants £
Balance at 1 July 2004	329
Amortisation in the year	<u>(49)</u>
Balance at 30 June 2005	<u>280</u>

13 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.

	2005 £	2004 £
Contributions payable by the company for the year	<u>5,647</u>	<u>5,647</u>

GEORGE MARSHALL (ANCRUM) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2005

14 Share capital	2005 £	2004 £
Authorised		
100 Ordinary of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100 Ordinary of £1 each	100	100
	<u> </u>	<u> </u>

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2004	523,827
Retained loss for the year	(9,141)
	<u> </u>
Balance at 30 June 2005	514,686
	<u> </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.