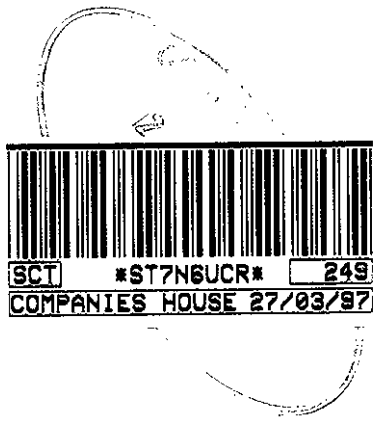
A.J. ALLAN (BLAIRNYLE) LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

Registered number: 32256



A.J. ALLAN (BLAIRNYLE) LTD.

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31st May 1996.

Principal activity

The principal activity of the company is Farming.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31st May 1996 Ordinary shares	1st June 1995 Ordinary shares
A.T. Allan	50	50
W.W. Allan	50	50

In accordance with the Articles of Association, both directors retire by rotation and offer themselves for re-election.

Reporting Accountants

The directors consider that for the year ended 31st May 1996 the company was entitled to exemption from a statutory audit under section 249A of the Companies Act 1985. Under the provisions of the Act, the directors have appointed Alexander Sloan & Co. as Reporting Accountants.
Their report is shown on page 2 of the financial statements.

Small company exemptions

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the board

E K Allan

E.K. ALLAN
Secretary

26th March 1997

A.J. ALLAN (BLAIRNYLE) LTD.

ACCOUNTANTS' REPORT

Accountants' report to the members on the unaudited financial statements of A.J. Allan (Blairnyle) Ltd.

We report on the financial statements for the year ended 31st May 1996 set out on pages 3 to 11.

Respective responsibilities of directors and reporting accountants
As described on page 5 the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion
Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion
As stated in Note 1, depreciation has not been provided on freehold property as required by Statement of Standard Accounting Practice No12.

In our opinion:

(a) the financial statements are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;

(b) having regard only to, and on the basis of, the information contained in those accounting records:

(i) Except for the absence of the provision for depreciation referred to above, the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and

(ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Glasgow
26th March 1997

Alexander Sloan & Co.
Reporting Accountants

A.J. ALLAN (BLAIRNYLE) LTD.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 1996

	Note	1996 £	1995 £
Turnover	2	126,684	148,258
Cost of sales		(39,564)	(46,227)
Gross profit		87,120	102,031
Net operating expenses			
Administrative expenses		(75,670)	(81,647)
Other operating income		6,384	9,895
Operating profit	3	17,834	30,279
Interest payable	5	(16,787)	(15,734)
Profit on ordinary activities before taxation		1,047	14,545
Taxation	6	(891)	(3,937)
Profit on ordinary activities after taxation and retained for the year	15	156	10,608

Recognised Gains and Losses

There are no recognised gains and losses in 1996 or 1995 other than the profit for the year.

A.J. ALLAN (BLAIRNYLE) LTD.

BALANCE SHEET

AT 31ST MAY 1996

	Note	1996 £	1996 £	1995 £	1995 £
Fixed assets					
Tangible assets	7		227,136		230,082
Investments	8		416		401
			227,552		230,483
Current assets					
Stocks	9	115,720		104,719	
Debtors	10	16,665		26,809	
		132,385		131,528	
Creditors: amounts falling due within one year	11	(133,047)		(122,109)	
Net current (liabilities)/assets			(662)		9,419
Total assets less current liabilities			226,890		239,902
Creditors: amounts falling due after more than one year	12		(79,444)		(92,611)
			147,446		147,291
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		147,346		147,191
Total shareholders' funds	13		147,446		147,291

continued .....

A.J. ALLAN (BLAIRNYLE) LTD.

BALANCE SHEET
(continued)

AT 31ST MAY 1996

The directors consider that for the year ended 31st May 1996 the company was entitled to exemption under subsection 2 of section 249A of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial year under subsection 2 of section 249B of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and preparing financial statements 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 the Act relating to financial statements, so far as applicable to the company.

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The financial statements on pages 3 to 11 were approved by the board of directors on 26th March 1997.

A.T. Allan,
A.T. Allan
Director

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

All results arise from continuing activities.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	5% to 22.5% Reducing Balance
Motor vehicles	20% Reducing Balance

No depreciation has been charged on Farmland and Buildings.

Stocks and work in progress

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

Deferred taxation

The Directors consider that it is unlikely that a liability for Deferred Tax will arise in the forseeable future and no provision has been made. The potential liability not provided for amounts to £6331 (1995 - £6890)

2 TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1995 nil)

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

3 OPERATING PROFIT

	1996 £	1995 £
Operating profit is stated after crediting		
Interest receivable	(15)	(10)
and after charging		
Loss on sale of assets	2,291	-
Depreciation of tangible fixed assets (note 7)		
owned assets	5,153	3,882
leased assets	5,012	7,748
	10,165	11,630
The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 5)	6,658	9,087

4 DIRECTORS

	1996 £	1995 £
Directors' emoluments	28,150	32,390

5 INTEREST PAYABLE

	1996 £	1995 £
Finance lease and hire purchase contracts	1,646	1,339
Other interest payable	15,141	14,395
	16,787	15,734

6 TAXATION

	1996 £	1995 £
Corporation tax on profit on ordinary activities at 24.8% (1995 25%)	891	3,937

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

7 TANGIBLE FIXED ASSETS

	Land and Buildings	Plant and Machinery etc	Total
		£	
Cost			
1st June 1995	170,992	119,261	290,253
Additions	-	13,010	13,010
Disposals	-	(7,150)	(7,150)
31st May 1996	170,992	125,121	296,113
Depreciation			
1st June 1995	-	60,171	60,171
Charge for year	-	10,165	10,165
Disposals	-	(1,359)	(1,359)
31st May 1996	-	68,977	68,977
Net book amount			
31st May 1996	170,992	56,144	227,136
1st June 1995	170,992	59,090	230,082

The net book amount of fixed assets includes £22,956 (1995 £30,258) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

8 FIXED ASSET INVESTMENTS

	Investments other than loans
	£
Cost	
1st June 1995	401
Additions	15
31st May 1996	416
Net book amount	
31st May 1996	416
1st June 1995	401

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

9 STOCKS

	1996 £	1995 £
Stocks	115,720	104,719

10 DEBTORS

	1996 £	1995 £
Amounts falling due within one year		
Trade debtors	13,417	23,087
Other debtors	3,248	3,722
	16,665	26,809

11 CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank loans	6,667	6,667
Bank overdraft	69,572	60,583
Trade creditors	36,009	32,772
Corporation tax	4,828	3,937
Other creditors	15,971	18,150
	133,047	122,109

Included in other creditors are Directors' loans. The movement in Directors' loans is shown in note 16.

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

12 **CREDITORS:** amounts falling due after more than one year

	1996 £	1995 £
Bank loans	79,444	86,111
Other creditors	-	6,500
	79,444	92,611

Maturity of debt included above

In one year or less, or on demand	6,667	6,667
Between one and two years	6,667	6,667
Between two and five years	20,000	20,000
In five years or more	52,777	59,444
	86,111	92,778

Obligations under finance leases and hire purchase contracts

Amounts included above are repayable over varying periods by monthly instalments as follows:		
In the next year	-	6,500

13 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £	1995 £
Profit for the financial year representing a **Net addition to shareholders' funds**	156	10,608
Opening shareholders' funds	147,290	136,683
Closing shareholders' funds	147,446	147,291

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1996

14 CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised		
Ordinary Shares of £1 each	100	100
Allotted called up and fully paid		
Ordinary shares of £1 each	100	100

15 PROFIT AND LOSS ACCOUNT

	1996 £
1st June 1995	147,190
Retained profit for the year	156
31st May 1996	147,346

16 DIRECTORS' LOANS

	A T Allan £	W W Allan £	Total £
As at 1st June 1994	303	68	371
Advanced in year	1,000	1,000	2,000
	1,303	1,068	2,371
Repaid in year	1,154	216	1,370
As at 31st May 1995	149	852	1,001

A.J. ALLAN (BLAIRNYLE) LTD.

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 1996

	1996		1995	
	£	£	£	£
Turnover				
Cattle		35,795		47,208
Grazing		-		1,500
Milk		90,889		99,550
		126,684		148,258
Cost of sales				
Purchases (Adjusted for stock)	33,116		39,146	
Grazing	4,448		5,081	
Wages	2,000		2,000	
		39,564		46,227
Gross profit		87,120		102,031
Other operating income				
Wayleave	106		95	
Grants and Subsidies	6,263		7,190	
Other Income	-		2,600	
Interest Receivable	15		10	
		6,384		9,895
		93,504		111,926
Less overheads				
Directors'Salaries & Pension	20,425		24,918	
Employer's National Insurance	3,054		4,542	
Rates & Insurance	7,637		6,640	
Heat & Light	6,446		6,698	
Veterinary,Medicine & A.I. costs	1,642		1,963	
General	810		967	
Repairs & Upkeep	18,371		18,927	
Accountancy	1,350		1,361	
Commission	1,086		1,558	
Telephone	1,479		1,099	
Depreciation - Motor Vehicles	607		759	
Depreciation - Plant and Machinery	9,558		10,871	
Bank charges	801		1,214	
Bank interest	5,512		5,135	
Bank loan interest	8,510		8,667	
Other interest	1,119		593	
Hire purchase interest	1,646		1,339	
Legal and professional fees	113		130	
Loss on sale of assets	2,291		-	
		92,457		97,381
Net profit for the year		1,047		14,545