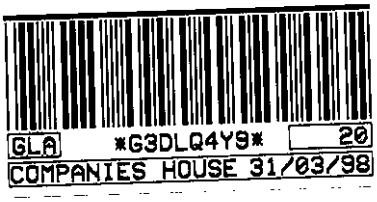
A.J. ALLAN (BLAIRNYLE) LTD.

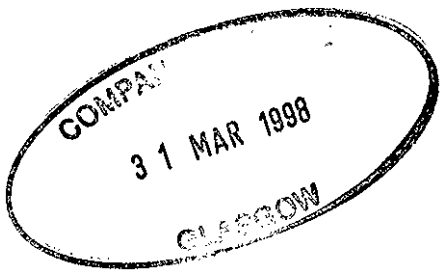
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

Registered number: 32256



IAM.



DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31st May 1997.

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 1997 Ordinary shares	1st June 1996 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 1997 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

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

On behalf of the board

E K Allan

E.K. ALLAN
Secretary

26th March 1998

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS

ON THE UNAUDITED FINANCIAL STATEMENTS OF

A.J. ALLAN (BLAIRNYLE) LTD.

We report on the financial statements for the year ended 31st May 1997 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 No. 12.

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) 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).

ALEXANDER SLOAN & CO.
Reporting Accountants

GLASGOW: 26th March 1998.

A.J. ALLAN (BLAIRNYLE) LTD.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 1997

	Note	1997 £	1996 £
Turnover	2	144,059	126,684
Cost of sales		(47,740)	(39,564)
Gross profit		96,319	87,120
Net operating expenses			
Administrative expenses		(87,326)	(75,670)
Other operating income		8,490	6,384
Operating profit	3	17,483	17,834
Interest payable	5	(15,445)	(16,787)
Profit on ordinary activities before taxation		2,038	1,047
Taxation	6	(865)	(891)
Profit on ordinary activities after taxation retained for the year	15	1,173	156

Recognised Gains and Losses

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

A.J. ALLAN (BLAIRNYLE) LTD.

BALANCE SHEET

AT 31ST MAY 1997

	Note	1997 £	1997 £	1996 £	1996 £
FIXED ASSETS					
Tangible assets	7		235,327		227,136
Investments	8		432		416
			235,759		227,552
CURRENT ASSETS					
Stocks	9	107,106		115,720	
Debtors	10	11,848		16,665	
		118,954		132,385	
CREDITORS: amounts falling due within one year	11	(133,318)		(133,047)	
NET CURRENT LIABILITIES			(14,364)		(662)
TOTAL ASSETS LESS CURRENT LIABILITIES			221,395		226,890
CREDITORS: amounts falling due after more than one year	12		(72,777)		(79,444)
			148,618		147,446
CAPITAL AND RESERVES					
Called up share capital	14		100		100
Profit and loss account	15		148,518		147,346
TOTAL SHAREHOLDERS' FUNDS	13		148,618		147,446

continued .....

A.J. ALLAN (BLAIRNYLE) LTD.

BALANCE SHEET
(continued)

AT 31ST MAY 1997

The directors consider that for the year ended 31st May 1997 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.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 3 to 11 were approved by the board of directors on 26th March 1998 and signed on its behalf by:

A.T. Allan.

A.T. Allan
Director

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

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 £4487 (1996 - £6331)

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. (1996 nil)

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

3 OPERATING PROFIT

	1997 £	1996 £
Operating profit is stated after crediting		
Interest receivable	16	15
and after charging		
Loss on sale of assets	2,100	2,291
Depreciation of tangible fixed assets (note 7)		
owned assets	5,517	5,153
leased assets	10,177	5,012
	15,694	10,165
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

4 DIRECTORS

	1997 £	1996 £
Directors' emoluments	29,300	28,150

5 INTEREST PAYABLE

	1997 £	1996 £
Finance lease and hire purchase contracts	1,906	1,646
Other interest payable	13,539	15,141
	15,445	16,787

6 TAXATION

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 23.5% (1996 24.8%)	862	891
Under provision in earlier years	3	-
	865	891

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

7 TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Machinery etc £	Total £
Cost			
1st June 1996	170,992	125,121	296,113
Additions	-	30,885	30,885
Disposals	-	(7,000)	(7,000)
31st May 1997	170,992	149,006	319,998
Depreciation			
1st June 1996	-	68,977	68,977
Charge for year	-	15,694	15,694
31st May 1997	-	84,671	84,671
Net book amount			
31st May 1997	170,992	64,335	235,327
1st June 1996	170,992	56,144	227,136

The net book amount of fixed assets includes £40,179 (1996 £22,956) 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 1996	416
Additions	16
31st May 1997	432
Net book amount	
31st May 1997	432
1st June 1996	416

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

9 STOCKS

	1997 £	1996 £
Stocks	107,106	115,720

10 DEBTORS

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	10,249	13,417
Other debtors	1,599	3,248
	11,848	16,665

11 CREDITORS: amounts falling due within one year

	1997 £	1996 £
Bank loans	6,667	6,667
Bank overdraft	73,834	69,572
Trade creditors	37,329	36,009
Corporation tax	1,756	4,828
Other creditors	13,732	15,971
	133,318	133,047

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

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

	1997 £	1996 £
Bank loans	72,777	79,444
	72,777	79,444
Maturity of debt included above		
In one year or less, or on demand	6,667	6,667
Between one and two years	6,667	(20,000)
Between two and five years	20,000	(52,777)
In five years or more	46,110	152,221
	79,444	86,111
Creditors other than finance lease and hire purchase contracts		
Amounts falling due after more than five years	46,110	152,221
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	8,371	-

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

	1997 £	1996 £
Profit for the financial year representing a **Net addition to shareholders' funds**	1,173	156
Opening shareholders' funds	147,445	147,290
Closing shareholders' funds	148,618	147,446

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1997

14 CALLED UP SHARE CAPITAL

	1997 £	1996 £
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

	1997 £
1st June 1996	147,345
Retained profit for the year	1,173
31st May 1997	148,518

16 DIRECTORS' LOANS

	A T Allan £	W W Allan £	Total £
As at 1st June 1996	149	852	1001
Advanced in year	1,000	1,000	2,000
	1,149	1,852	3,001
Repaid in year	556	1,051	1,607
As at 31st May 1997	593	801	1,394

A.J. ALLAN (BLAIRNYLE) LTD.

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 1997

	1997		1996	
	£	£	£	£
Turnover				
Cattle		43,118		35,795
Milk		100,941		90,889
		144,059		126,684
Cost of sales				
Purchases (Adjusted for stock)	44,940		33,116	
Grazing	800		4,448	
Wages	2,000		2,000	
		47,740		39,564
Gross profit		96,319		87,120
Other operating income				
Wayleave	110		106	
Grants and Subsidies	8,364		6,263	
Interest Receivable	16		15	
		8,490		6,384
		104,809		93,504
Less overheads				
Directors' emoluments	19,931		20,425	
Employer's National Insurance	1,781		3,054	
Rates & Insurance	6,874		7,637	
Heat & Light	6,090		6,446	
Veterinary,Medicine & A.I. costs	2,668		1,642	
General	819		810	
Repairs & Upkeep	25,406		18,371	
Accountancy	1,982		1,350	
Commission	1,119		1,086	
Telephone	1,284		1,479	
Depreciation - Motor Vehicles	486		607	
Depreciation - Plant and Machinery	15,208		9,558	
Bank charges	1,478		801	
Bank interest	6,756		5,512	
Bank loan interest	6,075		8,510	
Other interest	708		1,119	
Hire purchase interest	1,906		1,646	
Legal and professional fees	100		113	
Loss on sale of assets	2,100		2,291	
		102,771		92,457
Net profit for the year		2,038		1,047