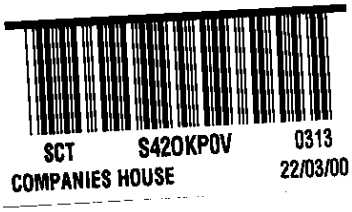
A.J. ALLAN (BLAIRNYLE) LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1999

Registered number: 32256





A.J. ALLAN (BLAIRNYLE) LTD.

DIRECTORS' REPORT

31st May 1999

The directors present their report and the financial statements for the year ended 31st May 1999.

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 1999 Ordinary shares	1st June 1998 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.

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

A.T. Allan.

A.T. ALLAN
Secretary

2nd February 2000

A.J. ALLAN (BLAIRNYLE) LTD.

ACCOUNTANTS' REPORT

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

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31st May 1999, set out on pages 3 to 9, and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Alexander Sloan & Co.
Chartered Accountants
Glasgow
2nd February 2000

A.J. ALLAN (BLAIRNYLE) LTD.

PROFIT AND LOSS ACCOUNT

for the year ended 31st May 1999

	Note	1999 £	1998 £
Turnover		77,888	94,573
Cost of sales		(19,557)	(21,574)
Gross profit		58,331	72,999
Net operating expenses			
Administrative expenses		(59,361)	(80,145)
Other operating income		5,365	14,603
Operating profit	2	4,335	7,457
Investment income	4	-	144
Interest payable		(15,874)	(16,947)
Loss on ordinary activities before taxation		(11,539)	(9,346)
Taxation	5	(17)	1,080
Loss on ordinary activities after taxation retained for the year	12	(11,556)	(8,266)

A.J. ALLAN (BLAIRNYLE) LTD.

BALANCE SHEET

at 31st May 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Tangible assets	6		218,408		225,902
Investments	7		70		70
			218,478		225,972
Current assets					
Stocks		102,706		105,655	
Debtors	8	14,538		16,668	
		117,244		122,323	
Creditors: amounts falling due within one year	9	(147,481)		(141,830)	
Net current liabilities			(30,237)		(19,507)
Total assets less current liabilities			188,241		206,465
Creditors: amounts falling due after more than one year	10		(59,444)		(66,111)
			128,797		140,354
Capital and reserves					
Called up share capital	11		100		100
Profit and loss account	12		128,697		140,254
Total shareholders' funds			128,797		140,354

continued .....

A.J. ALLAN (BLAIRNYLE) LTD.

BALANCE SHEET
(continued)

at 31st May 1999

The directors consider that for the year ended 31st May 1999 the company was entitled to exemption under subsection 1 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 and with the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 3 to 9 were approved by the board of directors on 2nd February 2000 and signed on its behalf by:

A.T. Allan.

A.T. Allan
Chairman

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1999

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 as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover
Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the U.K. (1998 nil).

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 as the directors are of the opinion that the current market value of the property exceeds book value.

Deferred Taxation
The Directors consider that it is unlikely that a liability for Deferred Tax will arise in the foreseeable future and no provision has been made. The potential liability not provided for amounts to £1172 (1998 £3586).

2 Operating profit

	1999 £	1998 £
Operating profit is stated after crediting:		
Interest receivable	-	35
and after charging:		
Depreciation of tangible fixed assets (note 6):		
Owned assets	8,664	5,772
Leased assets	130	4,883
	8,794	10,655

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1999

3 Directors

	1999 £	1998 £
Directors' emoluments	25,760	29,344

4 Investment income

	1999 £	1998 £
Other non-trading income	-	144
	-	144

5 Taxation

	1999 £	1998 £
Corporation tax on loss on ordinary activities at 21% (1998 21%)	17	(1,080)

6 Tangible fixed assets

Cost	Land and Buildings £	Plant and Machinery etc £	Total £
1st June 1998	170,992	150,236	321,228
Additions	-	1,300	1,300
31st May 1999	170,992	151,536	322,528
Depreciation			
1st June 1998	-	95,326	95,326
Charge for the year	-	8,794	8,794
31st May 1999	-	104,120	104,120
Net book amount			
31st May 1999	170,992	47,416	218,408
1st June 1998	170,992	54,910	225,902

The net book amount of fixed assets includes £1,170 (1998 £17,402) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 2.

7 Fixed asset investments

	Investments other than loans £
Cost	
As at 1st June 1998 and at 31st May 1999	432
Amounts written off	
As at 31st May 1999	362
Net book amount	
As at 31st May 1999	70
As at 1st June 1998	70

8 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	9,698	14,038
Other debtors	4,840	2,630
	14,538	16,668

9 **Creditors:** amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	116,784	97,347
Trade creditors	21,518	33,739
Obligations under finance leases and hire purchase contracts - note 10	1,192	1,573
Other taxation and social security	600	2,366
Other creditors	7,387	6,805
	147,481	141,830

Bank loans and overdrafts are secured.

10 **Creditors:** amounts falling due after more than one year

	1999 £	1998 £
Bank loans	59,444	66,111
	59,444	66,111
Creditors other than finance lease and hire purchase contracts		
Amounts falling due after more than five years	32,777	39,444

11 **Called up share capital**

	1999 £	1998 £
Authorised		
Ordinary shares of £1 each	100	100
Allotted called up and fully paid		
Ordinary Shares of £1 each	100	100

A.J. ALLAN (BLAIRNYLE) LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 1999

12 **Profit and loss account**

	1999 £
1st June 1998	140,253
Retained loss for the year	(11,556)
31st May 1999	128,697

A.J. ALLAN (BLAIRNYLE) LTD.

TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 31st May 1999

	1999		1998	
	£	£	£	£
Turnover				
Cattle		14,553		22,819
Milk		46,414		71,754
Quota leasing and sales		16,921		-
		77,888		94,573
Cost of sales				
Purchases (adjusted for stock)	16,757		18,774	
Grazing	800		800	
Salaries and wages	2,000		2,000	
		19,557		21,574
Gross profit		58,331		72,999
Other operating income				
Wayleaves	162		155	
Grants and Subsidies	5,203		14,413	
Interest Receivable	-		35	
		5,365		14,603
		63,696		87,602
Less overheads				
Contracting Costs	3,095		-	
Rates and Insurance	7,425		8,475	
Heat and Light	5,731		6,217	
Veterinary, Medicine and A.I. costs	3,747		1,438	
General Expenditure	1,053		1,115	
Repairs and Upkeep	7,104		26,375	
Accountancy Fees	2,047		1,875	
Commission	1,249		859	
Telephone charges	1,035		1,043	
Directors' emoluments	15,657		19,814	
Employer's National insurance	1,504		1,780	
Depreciation motor vehicles	311		389	
Depreciation plant and machinery	8,483		10,266	
Bank charges	920		499	
Bank interest	8,582		7,728	
Bank loan interest	6,648		7,657	
Other interest	518		1,284	
Hire purchase interest	126		278	
		75,235		97,092
Net trading loss for the year		(11,539)		(9,490)
Other income				
Profit on sale of investments		-		144
Net loss for the year		(11,539)		(9,346)