

Ellismoss Farms Limited

**Annual report
for the year ended 31 July 1997**

Company No: SC34342

IAM



SCT *S6X2W5ZX* 168
COMPANIES HOUSE 07/05/98

COMPANIES HOUSE 28/04/98

Ellismoss Farms Limited

Annual report for the year ended 31 July 1997

	Page
Directors and general information	1
Report of the directors	2
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Principal accounting policies	7
Notes to the financial statements	8

Ellismoss Farms Limited**Directors and general information****Directors**

W J Argo
Mrs E J Argo
D W Argo

Secretary

Adam Cochran & Co
6 Bon Accord Square
Aberdeen

Auditors

Messrs Reeves & Neylan
Chartered Accountants
Westby
64 West High Street
Forfar
Angus

Bankers

Clydesdale Bank PLC
18 Ann Street
Stonehaven
Kincardineshire

Registered office

Harvieston
Stonehaven
Kincardineshire

Ellismoss Farms Limited

Report of the directors for the year ended 31 July 1997

The directors present their annual report and the audited accounts of the company for the year ended 31 July 1997.

Principal activities

The principal activity of the company is farming. The company also continues as a farming partner in the Firm of W J Argo.

Results and dividends

The trading profit for the year, after taxation, amounted to £180,454 (1996-£155,394).

The directors do not recommend the payment of a dividend.

Fixed assets

Details of changes in tangible fixed assets are contained in note 6 to the accounts.

Directors and their interests

The directors who held office during the year, together with their interests in the share capital of the company at the beginning and end of the year, were as follows:

	1997	1996
Ordinary shares of £1 each fully paid		
W J Argo	-	-
Mrs E J Argo	-	-
Mrs J Henderson	16	16
Mrs S Archibald	16	16
D W Argo	52	52
Mrs C Armstrong	16	16

**Report of the directors
for the year ended 31 July 1997**

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:

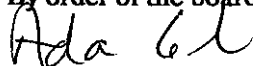
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the 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 to 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.

Auditors

In accordance with Section 384(1) Companies Act 1985, Messrs Reeves & Neylan retire from office. A resolution to re-appoint them for the following year will be put to the members at the annual general meeting.

By order of the board



Adam Cochran
Company Secretaries
7 April 1998

Ellismoss Farms Limited

Report of the auditors to the shareholders of Ellismoss Farms Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

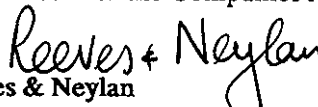
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Reeves & Neylan
Chartered Accountants and Registered Auditors
Forfar
8 April 1998

**Profit and loss account
for the year ended 31 July 1997**

	Note	1997 £	1996 £
Turnover	1	1,956,871	1,812,323
Cost of sales		(1,205,997)	(1,133,711)
Gross profit		750,874	678,612
Other direct costs		(83,711)	(75,674)
		667,163	602,938
Administration expenses		(418,258)	(420,716)
		248,905	182,222
Other operating income	2	9,997	48,063
Operating profit	3	258,902	230,285
Interest payable	4	(23,846)	(21,863)
Profit on ordinary activities before taxation		235,056	208,422
Tax on profit on ordinary activities	7	(54,602)	(53,028)
Profit on ordinary activities after tax		180,454	155,394
Retained profits brought forward		481,896	326,502
Retained profits carried forward		662,350	481,896

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The accounting policies and notes on pages 7 to 11 form part of the financial statements.

**Balance sheet
at 31 July 1997**

	Note	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	8	475,630		412,808	
Investments	9	120		120	
		<u>475,750</u>		<u>412,928</u>	
Current assets					
Stocks	10	477,605		470,957	
Debtors	11	165,588		106,176	
Grampian Pig Producers Ltd loan		18,705		15,683	
Firm of W J Argo current account		59,060		49,920	
Cash in hand		93		103	
		<u>721,051</u>		<u>642,839</u>	
Creditors: amounts falling due within one year	12	<u>433,804</u>		<u>428,425</u>	
Net current assets			<u>287,247</u>		<u>214,414</u>
Total assets less current liabilities			<u>762,997</u>		<u>627,342</u>
Creditors: amounts falling due after more than one year	13		<u>(99,847)</u>		<u>(144,346)</u>
			663,150		482,996
Provision for liabilities and charges					
Deferred taxation	14		<u>(700)</u>		<u>(1,000)</u>
			<u>662,450</u>		<u>481,996</u>
Capital and reserves					
Called up share capital	15	100		100	
Profit and loss account	16	662,350		481,896	
		<u>662,450</u>		<u>481,996</u>	

The financial statements were approved by the board of directors on 7 April 1998 and signed on their behalf by:-

W J Argo
Director



The accounting policies and notes on pages 7 to 11 form part of the financial statements.

Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

A summary of the more important accounting policies which have been applied consistently, are set out below.

Turnover

Turnover arises wholly within the UK from the company's main activity.

Accounting convention

The accounts have been prepared under the historical cost convention.

Depreciation

Depreciation has been calculated on cost at rates estimated to write off the tangible fixed assets, by equal instalments, over their expected working lives as follows:

Tenants improvements	over 10 years
Plant and equipment	over 8 years
Motor vehicles	over 5 years

No depreciation has been provided on heritable land and buildings.

Stocks

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

Deferred taxation

Deferred tax is provided, using the liability method for corporation tax deferred due to material timing differences, other than timing differences which can be demonstrated with reasonable probability to continue for the foreseeable future.

Cashflow statement

The company is exempt from the requirement to produce a cashflow statement under the terms of FRS 1.

**Notes to the financial statements
for the year ended 31 July 1997**

2 Other operating income	1997	1996
	£	£
Rent received	850	850
Trade dividends and bonuses	7	7
Wayleaves	-	147
Share of profit from Firm of WJ Argo	9,140	47,059
	<u>9,997</u>	<u>48,063</u>
3 Operating profit	1997	1996
	£	£
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	33,292	25,658
Profit on disposal of tangible fixed assets	(825)	(199)
Auditors' remuneration	7,500	4,600
Directors' remuneration (see note 4)	16,482	16,802
	<u>16,482</u>	<u>16,802</u>
4 Interest payable	1997	1996
	£	£
Bank interest	12,361	12,619
Loan interest	7,500	8,819
Hire purchase interest	-	425
ACT interest	3,985	-
	<u>23,846</u>	<u>21,863</u>
5 Staff costs		
The average number of persons employed by the company during the year was:		
	1997	1996
Management	8	8
Farm workers	19	21
	<u>27</u>	<u>29</u>
	1997	1996
	£	£
Wages	276,974	282,987
Social security costs	19,507	23,477
	<u>296,481</u>	<u>306,464</u>
6 Directors' remuneration	1997	1996
	£	£
Fees and other emoluments	16,482	16,802

**Notes to the financial statements
for the year ended 31 July 1997**

7 Tax on profit on ordinary activities

	1997 £	1996 £
Corporation tax payable at 24% and 21%	54,894	52,559
Under provision in year	8	919
Provision for deferred tax	(300)	(450)
	<u>54,602</u>	<u>53,028</u>

8 Tangible fixed assets

	Total £	Heritable land and buildings £	Tenants improvements £	Plant and equipment £	Motor vehicles £
Cost					
At 1 August 1996	635,005	315,421	56,600	228,043	34,941
Additions	98,288	-	34,501	63,787	-
Disposals	(5,800)	(-)	(-)	(5,800)	(-)
At 31 July 1997	<u>727,493</u>	<u>315,421</u>	<u>91,101</u>	<u>286,030</u>	<u>34,941</u>
Depreciation					
At 1 August 1996	222,196	-	48,243	158,410	15,543
Charge for period	33,292	-	5,148	22,606	5,538
Adjust re disposals	(3,625)	(-)	(-)	(3,625)	(-)
At 31 July 1997	<u>251,863</u>	<u>-</u>	<u>53,391</u>	<u>177,391</u>	<u>21,081</u>
Written down value					
At 31 July 1997	<u>475,630</u>	<u>315,421</u>	<u>37,710</u>	<u>108,639</u>	<u>13,860</u>
At 1 August 1996	<u>412,808</u>	<u>315,421</u>	<u>8,356</u>	<u>69,633</u>	<u>19,398</u>

9 Investments

	1997 £	1996 £
Grampian Pig Producers Ltd	100	100
Aberdeen Northern Marts Ltd	10	10
North Eastern Farmers Ltd	10	10
	<u>120</u>	<u>120</u>

**Notes to the financial statements
for the year ended 31 July 1997**

10 Stocks

	1997 £	1996 £
Pig	416,881	423,156
Cattle	19,869	15,981
Feed	39,040	29,870
Grass	1,815	1,950
	<u>477,605</u>	<u>470,957</u>

11 Debtors: amounts falling due within one year

	1997 £	1996 £
Trade debtors	138,789	83,097
Other debtors	16,198	10,334
Prepayments	10,601	12,745
	<u>165,588</u>	<u>106,176</u>

12 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank overdraft (see below)	223,448	213,050
Corporation tax	54,894	52,559
Trade creditors	129,349	139,877
Tax and other social security costs	5,961	-
Accruals	20,152	22,939
	<u>433,804</u>	<u>428,425</u>

The bank overdraft is secured by a floating charge over the company's assets and a standard security over Ellismoss Farm, Woodburn Cottages and Heathland Farm.

13 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Directors' loan account (see below)	99,847	144,346
	<u>99,847</u>	<u>144,346</u>
	1997 £	1996 £
Due to Mrs C Armstrong	36,500	75,000
Due to Mrs S Archibald	63,347	69,346
	<u></u>	<u></u>

The directors' loan is for a period of 10 years and bears interest on the balance outstanding. There are no fixed terms for the repayment of capital during the 10 years. The loans are secured over Ellismoss and Heathland Farms, the security ranking after the security to the Clydesdale Bank.

Notes to the financial statements for the year ended 31 July 1997

14 Deferred taxation

Deferred tax provided in the financial statements and the amounts unprovided of the total potential liability, are as follows:

	Amount provided £	1997 Full potential liability £	Amount provided £	1996 Full potential liability £
Excess of tax allowances over depreciation	<u>700</u>	<u>695</u>	<u>1,000</u>	<u>977</u>

15 Called up share capital

	1997 £	1996 £
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted called up and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

16 Profit and loss account

	1997 £	1996 £
At 1 August 1996	481,896	326,502
Profit for the year	<u>180,454</u>	<u>155,394</u>
At 31 July 1997	<u>662,350</u>	<u>481,896</u>

17 Reconciliation of movements in shareholders funds

	1997 £	1996 £
Profit for the financial year	180,454	155,394
Opening shareholders' funds	<u>481,996</u>	<u>326,602</u>
Closing shareholders' funds	<u>662,450</u>	<u>481,996</u>

18 Related party transactions

During the year the company made sales to Grampian Pig Producers Limited of £1,350,078. A director of the company, W J Argo, is also a director of Grampian Pig Producers Limited. All sales were made on standard commercial terms. The sales ledger balance at the year end was £73,989.

The company is also a partner in the Firm of W J Argo, a farming partnership. Three of the directors, W J Argo, D W Argo and Mrs E J Argo, are also partners of the partnership in their own right. During the year the company purchased goods totalling £120,957 from the partnership on a commercial basis.