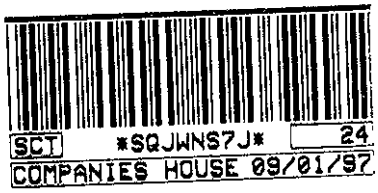
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JOHN STUART (MURRIAL) LIMITED
(Company Number: 123021)

DIRECTORS' REPORT AND ACCOUNTS

5 APRIL 1996



Anderson Anderson & Brown
Chartered Accountants

JOHN STUART (MURRIAL) LIMITED
DIRECTORS' REPORT

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Directors:	G E Stuart J R Stuart Mrs C M Stuart
Secretaries:	Houghton Melvin & Co
Registered office:	15A Victoria Street, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 5 April 1996.

RESULTS AND DIVIDENDS

The profit for the year, amounting to £34,327, is dealt with as shown in the profit and loss account. The directors recommend the payment of a dividend of £23,000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity is that of farming.

During the year the company disposed of its interest in certain land, realising a substantial profit. The underlying trading results show a significant improvement on the previous year.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year were as listed above.

According to the register maintained as required under the Companies Act 1985, none of the directors held any interest in the share capital of the company during the year.

HOLDING COMPANY

The company is a wholly owned subsidiary of Codepart Limited.

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

John R Stuart

Director

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ANDERSON
ANDERSON
& BROWN

CHARTERED
ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN STUART (MURRIAL) LIMITED

We have audited the accounts on pages 3 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors
As described on page 5 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether or not 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 accounts 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of the company's affairs as at 5 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Anderson Anderson & Brown

Registered Auditor
Aberdeen

20 December 1996

JOHN STUART (MURRIAL) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 5 APRIL 1996

	Note	1996 £	1995 £
TURNOVER		184,503	154,609
Other operating income		6,764	1,596
		191,267	156,205
Operating costs	3	197,143	183,756
OPERATING LOSS	4	(5,876)	(27,551)
Other income	5	5,946	4,289
		70	(23,262)
Interest and finance costs	6	6,577	7,038
LOSS BEFORE EXCEPTIONAL ITEM		(6,507)	(30,300)
Exceptional item	7	49,950	67,500
PROFIT BEFORE TAXATION		43,443	37,200
Taxation	8	9,116	7,280
PROFIT AFTER TAXATION		34,327	29,920
Dividends	9	23,000	25,000
PROFIT FOR THE YEAR		£ 11,327	£ 4,920

Movements in reserves are set out in Note 16.

The company has made no gains or losses other than as reported above.

JOHN STUART (MURRIAL) LIMITED
BALANCE SHEET - 5 APRIL 1996

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	Note	1996 £	1995 £
TANGIBLE FIXED ASSETS	10	254,419	259,529
CURRENT ASSETS			
Cattle herd		64,515	64,030
Stocks	11	45,350	68,383
Debtors	12	42,938	16,716
		152,803	149,129
CREDITORS: *amounts falling due within one year*	13	141,362	109,875
NET CURRENT ASSETS		11,441	39,254
TOTAL ASSETS LESS CURRENT LIABILITIES		265,860	298,783
CREDITORS: *amounts falling due after more than one year*	14	5,250	49,500
TOTAL ASSETS LESS LIABILITIES		£ 260,610	£ 249,283
CAPITAL AND RESERVES			
Called up share capital	15	247,865	247,865
Profit and loss account	16	12,745	1,418
SHAREHOLDERS' FUNDS	16	£ 260,610	£ 249,283

Signed on behalf of the board of directors

.....John R Stuart.....
Director - John R Stuart

.....George E Stuart.....
Director - George E Stuart

.....20/12/96..... *Date*

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and,

(d) prepare the accounts 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 which enable them to ensure that the accounts 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.

2. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Leased assets*

Assets held under finance leases are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account at a constant rate over the period.

(c) *Depreciation*

The cost of fixed assets is, except in the case of freehold land and buildings, written off by equal annual instalments over their expected useful lives as follows:

Implements and plant	3-6 years
Motor vehicles	4 years

2. ACCOUNTING POLICIES (continued)

(c) *Depreciation (continued)*

Freehold land is not depreciated and no depreciation has been provided on buildings and improvements as their cost is small in relation to the total cost of the properties.

Assets held under finance leases are depreciated over their expected useful lives.

(d) *Farm valuations*

Livestock is valued at cost or realisable value, if lower; crops at cost of seed, fertilisers and labour.

(e) *Grants*

Revenue grants are credited to the profit and loss account as received; capital grants are applied to reduce the cost of the relevant expenditure.

(f) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(g) *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

3. OPERATING COSTS

	1996 £	1995 £
Decrease in crop and livestock valuations	23,531	444
Transfers to herd	(5,352)	(3,030)
Seeds, fertilisers and other crop expenses	41,493	30,241
Livestock purchases	15,210	13,462
Feeding stuffs, veterinary and other livestock expenses	18,632	16,744
Gain on sale of fixed assets	(1,530)	(2,513)
Depreciation	19,466	19,007
Staff costs - wages, salaries and expenses	31,583	35,817
- social security costs	1,631	1,318
- pension costs	-	17,000
Other operating charges	52,479	55,266
	£ 197,143	£ 183,756

4. OPERATING LOSS *is stated after charging:*

	1996 £	1995 £
Auditors' remuneration - audit fees	1,500	1,500
- non audit fees	1,250	500
Emoluments of the directors (including benefits in kind)	26,938	44,199

5. OTHER INCOME

	1996	1995
Rent and wayleaves	£ 5,946	£ 4,289

6. INTEREST AND FINANCE COSTS

	1996	1995
	£	£
Overdraft interest	6,067	6,538
Hire purchase interest	510	500
	£ 6,577	£ 7,038

7. EXCEPTIONAL ITEM

	1996	1995
Gain on sale of freehold land	£ 49,950	£ 67,500

During the year the company disposed of its interest in one plot of land.

8. TAXATION *based on the profit for the year comprises:*

	1996	1995
	£	£
UK corporation tax	9,552	5,030
Prior year UK corporation tax	1,814	-
Irrecoverable ACT	(2,250)	2,250
	£ 9,116	£ 7,280

9. DIVIDENDS

	1996	1995
Ordinary - final proposed	£ 23,000	£ 25,000

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Implements and plant £	Leased assets £	Total £
COST					
At 5 April 1995	212,937	22,754	52,889	40,000	328,580
Additions	-	-	23,826	-	23,826
Disposals	-	-	(14,135)	-	(14,135)
At 5 April 1996	212,937	22,754	62,580	40,000	338,271
DEPRECIATION					
At 5 April 1995	-	9,294	26,425	33,332	69,051
Charge for year	-	4,028	8,770	6,668	19,466
Relating to disposals	-	-	(4,665)	-	(4,665)
At 5 April 1996	-	13,322	30,530	40,000	83,852
Net book amounts at:					
5 April 1996	£ 212,937	£ 9,432	£ 32,050	£ -	£ 254,419
5 April 1995	£ 212,937	£ 13,460	£ 26,464	£ 6,668	£ 259,529

Included in implements and plant is equipment with a net book amount of £19,250 (1995- £8,666) held under a hire purchase agreement.

11. STOCKS

	1996 £	1995 £
Cattle	14,637	32,334
Sheep	9,814	17,715
Dogs	300	-
Crops	6,367	4,300
Seeds, packaging and fertilisers	13,832	13,634
Fuel	400	400
	£ 45,350	£ 68,383

12. DEBTORS

	1996 £	1995 £
Trade debtors	9,978	9,451
Other debtors	9,725	7,065
Directors' loan	23,035	-
Unquoted investment	200	200
	£ 42,938	£ 16,716

13. CREDITORS: *amounts falling due within one year*

	1996 £	1995 £
Bank overdraft (see below)	80,195	43,766
Trade creditors	15,039	10,595
Accruals and deferred income	2,000	5,593
Obligations under finance leases and hire purchase	5,250	5,000
Due to holding company	76	76
Advance corporation tax	6,250	6,520
Directors' loan	-	8,295
Corporation tax	9,552	5,030
Proposed final dividend	23,000	25,000
	£ 141,362	£ 109,875

The bank overdraft is secured by a standard security over Murrial, Insch and a floating charge on the whole property and undertaking.

14. CREDITORS: *amounts falling due after more than one year*

	1996 £	1995 £
Obligations under finance leases and hire purchase contracts	5,250	-
Directors' loan	-	49,500
	£ 5,250	£ 49,500

15. CALLED UP SHARE CAPITAL

	1996 & 1995
Authorised: Ordinary shares of £1 each	£ 500,000
Allotted, called up and fully paid: Ordinary shares of £1 each	£ 247,865

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 5 April 1994	247,865	(3,502)	244,363
Profit for year	-	29,920	29,920
Dividends	-	(25,000)	(25,000)
At 5 April 1995	247,865	1,418	249,283
Profit for year	-	34,327	34,327
Dividends	-	(23,000)	(23,000)
At 5 April 1996	£ 247,865	£ 12,745	£ 260,610

17. STAFF NUMBERS

The average number of persons employed by the company, including directors, during the year was 4.

18. ULTIMATE HOLDING COMPANY

The company's whole issued share capital is owned by Codepart Limited which is a company registered in Scotland.