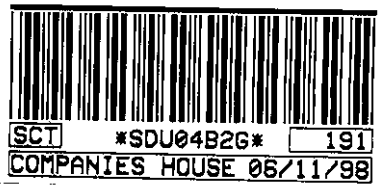
GI & PP Produce Limited

Annual report
for the year ended 31 October 1997

Registered no: SC164137



GI & PP Produce Limited

Annual report
for the year ended 31 October 1997

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GI & PP Produce Limited

Directors and advisers

Directors

P Clarkson
A J Roy

Secretary

P Clarkson

Registered auditors

Reeves & Neylan
4 Atholl Crescent
Perth
PH1 5NG

Solicitors

Thorp Parker
Martin House
High Street
Stokesley
TS9 5AD

Bankers

National Westminster Bank plc
2 Bridge Road
Stokesley
Middlesbrough
TS9 5AA

Royal Bank of Scotland plc
22 Albert Road
Middlesbrough
TS1 1PR

Registered office

4 Atholl Crescent
Perth
PH1 5NG

GI & PP Produce Limited

Report of the directors for the year ended 31 October 1997

The directors present their report and the audited financial statements for the year ended 31 October 1997. These have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

Results
The loss for the year after taxation amounted to £58,651 (1996 - £16,689).

Review of the business and future developments
The company's principal activity during the year was that of potato and vegetable merchants. This is expected to continue for the foreseeable future.

Tangible fixed assets
The movements in fixed assets are set out in note 5 to the financial statements.

Directors and their interests
The directors at 31 October 1997 had no interest in the shares of the company at any time during the year.

The interest of A J Roy in the shares of Gordon & Innes Limited are disclosed in the financial statements of that company. The interests of Mr and Mrs Clarkson in the shares of Finegrove Limited are disclosed in the financial statements of that company.

No director is required to retire by rotation in accordance with the Articles of Association.

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
A resolution to re-appoint the auditors, Reeves & Neylan, will be proposed at the annual general meeting.

By order of the board

P Clarkson
Secretary
28 October 1998

Report of the auditors to the shareholders of GI & PP Produce Limited

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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.

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 12 of the financial statements concerning the ongoing support of Gordon & Innes Limited. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

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

Reeves & Neylan
Chartered Accountants and Registered Auditors
Perth
28 October 1998

GI & PP Produce Limited

Profit and loss account
for the year ended 31 October 1997

	Note	1.11.96 to 31.10.97 £	13.3.96 to 31.10.96 £
Turnover	1	**1,005,167**	908,257
Cost of sales		**1,006,322**	865,656
Gross (loss)/profit		**(1,155)**	42,601
Administrative expenses		**57,496**	59,290
Loss for the financial year	2	**(58,651)**	(16,689)

All amounts relate to continuing activities.
All recognised gains and losses for the two years are included in the profit and loss account.

The accounting policies and notes on pages 6 to 9 form part of these financial statements.

GI & PP Produce Limited

Balance sheet
at 31 October 1997

	Note	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	5		**25,882**		29,483
Current assets					
Stocks	6	**6,506**		5,461	
Debtors	7	**89,809**		87,533	
Cash at bank and in hand		**1,576**		3,015	
		97,891		96,009	
Creditors: amounts falling due within one year	8	**198,113**		141,181	
Net current liabilities			**(100,222)**		(45,172)
Net liabilities			**(74,340)**		(15,689)
Capital and reserves					
Called up share capital	9		**1,000**		1,000
Profit and loss account	10		**(75,340)**		(16,689)
			(74,340)		(15,689)

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and in accordance with the Financial Reporting Standard for Smaller Entities, were approved by the board of directors on 28 October 1998 and signed on its behalf by:

P Clarkson
Director

The accounting policies and notes on pages 6 to 9 form part of these financial statements.

GI & PP Produce Limited

Principal accounting policies

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase price, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Motor vehicles	20
Fixtures and fittings	20
Plant and equipment	20
Computer	20

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Deferred taxation

Provision is made for deferred tax, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

GI & PP Produce Limited

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

1 Turnover

Turnover consists entirely of sales made in the United Kingdom.

2 Operating loss

Operating loss is stated after charging/(crediting):

	1.11.96 to 31.10.97 £	13.3.96 to 31.10.96 £
Depreciation of owned fixed assets	4,874	2,505
Auditors' remuneration	3,000	2,500
Loss/(profit) on disposal of fixed assets	2,890	(50)

3 Directors' emoluments

	1.11.96 to 31.10.97 £	13.3.96 to 31.10.96 £
Salaries	28,600	-

4 Employee information

The average weekly number of persons (including directors) employed by the company during the year was:

	1.11.96 to 31.10.97 Number	13.3.96 to 31.10.96 Number
By activity:		
Drivers	7	6
Administration	3	3
	10	9

Staff costs (for the above persons)

	1.11.96 to 31.10.97 £	13.3.96 to 31.10.96 £
Wages and salaries	133,105	70,903
Social security costs	14,789	6,248
	147,894	77,151

GI & PP Produce Limited

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

5 Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Plant & equipment £	Computer £	Total £
Cost					
At 1 November 1996	17,500	6,774	5,300	2,414	31,988
Additions	7,000	663	-	-	7,663
Disposals	6,500	-	-	-	6,500
At 31 October 1997	**18,000**	**7,437**	**5,300**	**2,414**	**33,151**
Depreciation					
At 1 November 1996	1,572	180	512	241	2,505
Charge for year	2,156	1,327	957	434	4,874
Adjustment re disposals	110	-	-	-	110
At 31 October 1997	**3,618**	**1,507**	**1,469**	**675**	**7,269**
Written down value					
At 31 October 1997	**14,382**	**5,930**	**3,831**	**1,739**	**25,882**
At 31 October 1996	15,928	6,594	4,788	2,173	29,483

6 Stocks

	1997 £	1996 £
Produce	**6,506**	5,461

7 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	**81,509**	77,612
Other debtors and prepayments	**7,300**	8,921
Unpaid share capital	**1,000**	1,000
	89,809	87,533

8 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	**122,946**	89,672
Bank overdraft	**1,835**	16,256
Other creditors and accruals	**36,540**	31,523
Other taxes and social security	**6,792**	3,730
Inter-company loan	**20,000**	-
Director's loan account	**10,000**	-
	198,113	141,181

The inter-company loan relates to an amount of £20,000 from Gordon & Innes Limited which remained outstanding at the year end.

GI & PP Produce Limited

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

9 Called up share capital

	1997 £	1996 £
Authorised		
Ordinary shares of £0.05 each	**10,000**	10,000
Allotted, called up and unpaid		
Ordinary shares of £0.05 each	**1,000**	1,000

10 Reserves

	1997 £	1996 £
At 1 November 1996	**(16,689)**	-
Loss for the year	**(58,651)**	(16,689)
At 31 October 1997	**(75,340)**	(16,689)

11 Related party transactions

During the year, the company purchased potatoes from Gordon & Innes Limited, one of the company's shareholders. Total purchases during the year amounted to £67,366 and an amount of £14,980 was due to Gordon & Innes Limited at 31 October 1997. Gordon & Innes Limited had also advanced a loan of £20,000 to GI & PP Produce Limited, which remained outstanding at the year end (note 8).

12 Going concern

In order to continue trading the company may be dependant upon the financial support of Gordon & Innes Limited. The company have intimated that this support will be available. On the basis that the directors consider that it is appropriate, the accounts have been prepared on the going concern basis.