

AGRICO UK LIMITED

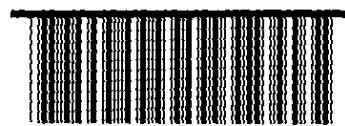
Report and Abbreviated Accounts

31 July 2001

Registration Number: SC183233

 ERNST & YOUNG





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COMPANIES HOUSE 11/05/02

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 July 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £243,312 (2000: loss £189,173). No dividend is recommended.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is seed potato growing and selling.

FIXED ASSETS

Details of the company's fixed assets are shown in notes 8, 9 and 10 of the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 31 July 2001 were:

Mr R M Reiss (Secretary)

Mr C J M van Arendonk

No director was interested in the ordinary share capital of the company or the ultimate parent undertaking at any point during the year.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board

Secretary



2 May 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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.

INDEPENDENT AUDITORS' REPORT TO AGRICO UK LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the company's abbreviated accounts for the year ended 31 July 2001 which comprise the Abbreviated Profit and Loss Account, Abbreviated Balance Sheet, and the related notes 1 to 21, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 July 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

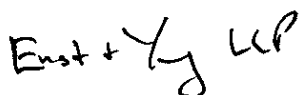
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and 246(6) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with those provisions.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Registered Auditor
Edinburgh

2 May 2002

Agrico UK Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 July 2001

	<i>Notes</i>	<i>2001</i> £	<i>2000</i> £
GROSS PROFIT		1,132,967	337,211
Administrative expenses		600,538	489,428
OPERATING PROFIT/(LOSS)		532,429	(152,218)
Interest receivable	5	24,804	22,946
Interest payable and similar charges	6	(153,320)	(106,205)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		403,913	(235,476)
Tax (charge)/credit on profit on ordinary activities	7	(160,601)	46,303
PROFIT/(LOSS) RETAINED FOR THE FINANCIAL PERIOD		243,312	(189,173)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the year ended 31 July 2001 other than those shown above.

Agrico UK Limited

ABBREVIATED BALANCE SHEET at 31 July 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Intangible assets	8	392,400	563,600
Tangible assets	9	1,105,888	1,249,440
Investments	10	100,000	-
		<u>1,598,288</u>	<u>1,813,040</u>
CURRENT ASSETS			
Stocks	11	495,188	515,889
Debtors	12	759,346	646,609
Cash at bank and in hand		562,278	765,591
		<u>1,816,812</u>	<u>1,928,089</u>
CREDITORS: amounts falling due within one year	13	438,308	268,966
NET CURRENT ASSETS		<u>1,378,504</u>	<u>1,659,123</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,976,792</u>	<u>3,472,163</u>
CREDITORS: amounts falling due after more than one year			
Loans	14	1,825,808	2,542,348
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	18	8,803	30,946
		<u>1,142,181</u>	<u>898,869</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	142,181	(101,131)
	16	<u>1,142,181</u>	<u>898,869</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Director


2 May 2002

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2001

1. ACCOUNTING POLICIES

Basis of preparation

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Land and buildings	- over 25 years
Plant and machinery	- over 4 to 10 years
Office equipment	- over 3 years
Motor vehicles	- over 5 years

Intangible assets

Intangible assets are stated at cost. Amortisation is being provided at rates calculated to write-off the cost of the assets over their estimated useful life as follows:

Goodwill	5 years
Know-how	5 years

No amortisation is provided on patents as management consider the costs incurred in maintaining these patents are sufficient to prevent any diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pensions

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

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised in the balance sheet and are depreciated over their estimated useful lives. The capital elements of future obligations under hire purchase agreements are recognised as liabilities in the balance sheet. The interest elements of hire purchase agreements are charged to the profit and loss account to give a constant rate of charge over the remaining balance of the obligation.

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2001

2. OPERATING PROFIT/(LOSS)

	2001	2000
	£	£
This is stated after charging:		
Auditors' remuneration	11,250	11,250
Directors' remuneration	66,515	63,527
Depreciation of owned assets	227,303	203,958
Amortisation of intangible assets	171,200	171,200
Operating lease rentals – motor vehicles	30,805	25,682
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

	2001	2000
	£	£
Emoluments	66,515	63,527
	<u> </u>	<u> </u>

4. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	412,936	389,161
Social security costs	41,026	32,463
Pension costs	30,772	27,300
	<u> </u>	<u> </u>
	484,734	448,924
	<u> </u>	<u> </u>

The monthly average number of employees (including executive directors) during the year was made up as follows:

	Number	Number
Office and management	12	12
Operational staff	14	14
	<u> </u>	<u> </u>
	26	26
	<u> </u>	<u> </u>

5. INTEREST RECEIVABLE

	2001	2000
	£	£
Bank interest	23,530	10,366
Other interest	1,274	12,580
	<u> </u>	<u> </u>
	24,804	22,946
	<u> </u>	<u> </u>

6. INTEREST PAYABLE

	2001	2000
	£	£
Loan from parent undertaking wholly repayable within five years	114,478	105,743
Finance charges payable under hire purchase contracts	-	178
Bank interest	38,842	284
	<u> </u>	<u> </u>
	153,320	106,205
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2001

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation (charge)/credit based on profit/(loss) for the year comprises:-

	2001	2000
	£	£
Corporation tax (charge)/credit at 30% (2000: 30%)	(163,000)	63,253
Adjustment in relation to prior years	(19,744)	13,996
Transfer from/(to) deferred tax	22,143	(30,946)
	<u>(160,601)</u>	<u>46,303</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill	Know-How	Trade mark	Total
	£	£	£	£
Cost at 31 July 2000 and 31 July 2001	256,000	600,000	50,000	906,000
Amortisation at 31 July 2000	102,400	240,000	-	342,400
Amortisation during the year	51,200	120,000	-	171,200
At 31 July 2001	<u>153,600</u>	<u>360,000</u>	<u>-</u>	<u>513,600</u>
Net book value at 31 July 2001	<u>102,400</u>	<u>240,000</u>	<u>50,000</u>	<u>392,400</u>
Net book value at 31 July 2000	<u>153,600</u>	<u>360,000</u>	<u>50,000</u>	<u>563,600</u>

9. TANGIBLE FIXED ASSETS

	Land & buildings	Plant & machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost:					
At 31 July 2000	678,895	899,116	50,477	-	1,628,488
Additions during the year	-	30,224	36,917	20,610	87,751
Disposals during the year	-	(4,000)	-	-	(4,000)
At 31 July 2001	<u>678,895</u>	<u>925,340</u>	<u>87,394</u>	<u>20,610</u>	<u>1,712,239</u>
Depreciation:					
At 31 July 2000	51,902	293,973	33,173	-	379,048
Charge for year	27,156	164,856	29,102	6,189	227,303
Disposals	-	-	-	-	-
At 31 July 2001	<u>79,058</u>	<u>458,829</u>	<u>62,275</u>	<u>6,189</u>	<u>606,351</u>
Net book value:					
At 31 July 2001	<u>599,837</u>	<u>466,511</u>	<u>25,119</u>	<u>14,421</u>	<u>1,105,888</u>
At 31 July 2000	<u>626,993</u>	<u>605,143</u>	<u>17,304</u>	<u>-</u>	<u>1,249,440</u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2001

10. INVESTMENTS

	2001	2000
	£	£
Cost		
At 31 July 2000	-	-
Acquired during the year	100,000	-
At 31 July 2001	100,000	-

The company owns 33.33% of the ordinary share capital of Pseedco Limited, a company registered in England.

At 30 April 2001 Pseedco Limited had share capital and reserves of £321,420 and retained profit of £23,831 for the year then ended.

11. STOCKS

	2001	2000
	£	£
Raw materials and consumables	9,657	12,120
Work-in-progress	447,311	503,769
Finished goods	38,220	-
	495,188	515,889

12. DEBTORS

	2001	2000
	£	£
Trade debtors	612,583	422,063
Amounts due from ultimate parent undertaking	125,676	65,767
Prepayments and accrued income	19,685	37,393
Other debtors	1,402	52,416
Corporation tax	-	68,970
	759,346	646,609

All debtors are due within one year.

13. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	232,790	127,612
Other taxes and social security costs	-	9,547
Accruals and deferred income	32,518	74,966
Other creditors	-	56,841
Corporation tax	173,000	-
	438,308	268,966

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2001

14. LOANS

	2001	2000
	£	£
Amounts due from parent undertaking	25,808	2,542,348
Bank loan	1,800,000	-
	<u>1,825,808</u>	<u>2,542,348</u>
Less: amount due within one year	-	-
	<u>1,825,808</u>	<u>2,542,348</u>

There are no fixed repayment terms for the bank loan. Interest is charged on a monthly basis.

15. SHARE CAPITAL

	2001	Authorised 2000	2001	Allotted, called up & fully paid 2000
	£	£	£	£
Ordinary Shares of £1 each	2,000,000	1,000,000	1,000,000	1,000,000

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital	Profit and loss account	Total
	£	£	£
At 31 July 2000	1,000,000	(101,131)	898,869
Profit for the year	-	243,312	243,312
At 31 July 2001	<u>1,000,000</u>	<u>142,181</u>	<u>1,142,181</u>

17. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £300,000 (2000: £Nil).

18. DEFERRED TAXATION

	2001	2000
	£	£
Capital allowances in advance of depreciation	11,987	30,946
Other timing differences	(3,184)	-
	<u>8,803</u>	<u>30,946</u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2001

19. OTHER FINANCIAL COMMITMENTS

a) Forward contracts

Due to the nature of the trade, contracts to purchase stock for the forthcoming year are entered into in advance of the crops being harvested. The amount committed at the year end is dependant upon the grade of potatoes harvested, and is sufficiently subjective to prevent accurate valuation.

b) Contract Hire Agreements

At 31 July 2001 the company had annual commitments under non-cancellable contract hire agreements as set out below:-

	<i>Motor vehicles</i>	
	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>
Contract hire agreements which expire		
In two to five years	28,599	23,439

20. RELATED PARTY TRANSACTIONS

During the year ended 31 July 2001 the company traded on normal commercial terms with Pseedco Limited. The sales and purchases during the period since acquisition of the investment in Pseedco Limited are £193,762 and £58,909 respectively. The balance due from Pseedco Limited at 31 July 2001 is £16,689 and the balance due to Pseedco Limited at 31 July 2001 is £11,961. A guarantee of £40,000 has been granted to Pseedco's bankers.

21. PARENT UNDERTAKING

The company's immediate parent undertaking is M Ypma and Z.N. B.V, a company incorporated in Holland. Its ultimate parent undertaking is Agrico BA, a company incorporated in Holland.