

AGRICO UK LIMITED

Report and Abbreviated Accounts

31 July 2002

Registration Number: SC183233

 ERNST & YOUNG



DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 July 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £186,147 (2001: £243,312). 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 2002 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

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

19 November 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 2002 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 2002 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 246A 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 246A(3) 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 246A (3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

Ernst & Young LLP

Registered Auditor
Edinburgh

19 Nov 2002

Agrico UK Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 July 2002

	<i>Notes</i>	<i>2002</i> £	<i>2001</i> £
GROSS PROFIT		1,064,948	1,132,967
Administrative expenses		666,696	600,538
OPERATING PROFIT		398,252	532,429
Loss on disposal of fixed assets		(3,320)	-
Interest receivable	5	19,864	24,804
Interest payable and similar charges	6	(80,268)	(153,320)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		334,529	403,913
Tax on profit on ordinary activities	7	(148,382)	(160,601)
PROFIT RETAINED FOR THE FINANCIAL PERIOD		186,147	243,312

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the year ended 31 July 2002 other than those shown above.

Agrico UK Limited

ABBREVIATED BALANCE SHEET at 31 July 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Intangible assets	8	221,200	392,400
Tangible assets	9	1,182,196	1,105,888
Investments	10	100,000	100,000
		<u>1,503,396</u>	<u>1,598,288</u>
CURRENT ASSETS			
Stocks	11	448,399	495,188
Debtors	12	667,927	759,346
Cash at bank and in hand		183,234	562,278
		<u>1,299,560</u>	<u>1,816,812</u>
CREDITORS: amounts falling due within one year	13	174,628	438,308
NET CURRENT ASSETS		<u>1,124,932</u>	<u>1,378,504</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,628,328</u>	<u>2,976,792</u>
CREDITORS: amounts falling due after more than one year			
Loans	14	1,300,000	1,825,808
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	18	-	8,803
		<u>1,328,328</u>	<u>1,142,181</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account	16	328,328	142,181
	16	<u>1,328,328</u>	<u>1,142,181</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

Andrew

19 Nov 2002

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2002

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

The implementation of FRS 19 has had no material impact on the financial statements.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

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

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2002

1. ACCOUNTING POLICIES
(continued)

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.

Investments

Investments are stated at cost. Provision is made in the case of a permanent diminution in value of the investment.

2. OPERATING PROFIT

	2002	2001
	£	£
This is stated after charging:		
Auditors' remuneration	11,750	11,250
Directors' remuneration	70,530	66,515
Depreciation of owned assets	239,118	227,303
Amortisation of intangible assets	171,200	171,200
Operating lease rentals – motor vehicles	32,007	30,805
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

	2002	2001
	£	£
Emoluments	70,530	66,515
	<u> </u>	<u> </u>

4. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	494,203	412,936
Social security costs	48,507	41,026
Pension costs	30,772	30,772
	<u> </u>	<u> </u>
	573,482	484,734
	<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	13	12
Operational staff	14	14
	<u> </u>	<u> </u>
	27	26
	<u> </u>	<u> </u>

5. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest	18,096	23,530
Other interest	1,768	1,274
	<u> </u>	<u> </u>
	19,864	24,804
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2002

6. INTEREST PAYABLE

	2002	2010
	£	£
Loan from parent undertaking wholly repayable within five years	-	114,478
Bank interest	80,268	38,842
	<u>80,268</u>	<u>153,320</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax

UK Corporation tax on profits of the period	167,229	163,000
Adjustments in respect of previous periods	(10,044)	19,744

Total current tax	<u>157,185</u>	<u>182,744</u>
-------------------	----------------	----------------

Deferred tax

Originating and reversal of timing differences	(8,803)	(22,143)
	<u>148,382</u>	<u>160,601</u>

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2002	2001
	£	£
Profit on ordinary activities before tax	334,529	403,913
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30.00% (2001: 30.00%)	100,359	121,174
Effect of:		
Disallowed expenses and non-taxable income	32,850	19,077
Depreciation in excess of capital allowances	37,020	19,351
Short term timing differences	(3,000)	3,184
Adjustments in respect of previous periods	(10,044)	19,744
Others	-	214
Current tax charge for the period	<u>157,185</u>	<u>182,744</u>

Factors that may affect future tax charges

Deferred tax assets of £25,034 have not been recognised as there is insufficient evidence as to their recoverability. The assets are recoverable against future trading profits but are not expected to reverse in the foreseeable future.

Agrico UK Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 July 2002

8. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i>	<i>Know-How</i>	<i>Trade mark</i>	<i>Total</i>
	£	£	£	£
Cost at 31 July 2001 and 31 July 2002	256,000	600,000	50,000	906,000
Amortisation at 31 July 2001	153,600	360,000	-	513,600
Amortisation during the year	51,200	120,000	-	171,200
At 31 July 2002	204,800	480,000	-	684,800
Net book value at 31 July 2002	51,200	120,000	50,000	221,200
Net book value at 31 July 2001	102,400	240,000	50,000	392,400

9. TANGIBLE FIXED ASSETS

	<i>Land & buildings</i>	<i>Plant & machinery</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 31 July 2001	678,895	925,340	87,394	20,610	1,712,239
Additions during the year	313,322	136	16,389	-	329,847
Disposals during the year	-	-	-	(20,610)	(20,610)
At 31 July 2002	992,217	925,476	103,783	-	2,021,476
Depreciation:					
At 31 July 2001	79,058	458,829	62,275	6,189	606,351
Charge for year	39,689	164,870	34,559	-	239,118
Disposals	-	-	-	(6,189)	(6,189)
At 31 July 2002	118,747	623,699	96,834	-	839,280
Net book value:					
At 31 July 2002	873,470	301,777	6,949	-	1,182,196
At 31 July 2001	599,837	466,511	25,119	14,421	1,105,888

10. INVESTMENTS

	<i>2002</i>	<i>2001</i>
	£	£
Cost		
At 31 July 2001	100,000	-
Acquired during the year	-	100,000
At 31 July 2002	100,000	100,000

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

At 30 June 2002 Pseedco Limited had share capital and reserves of £681,464 and retained profit of £180,044 for the year then ended.

Agrico UK Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 July 2002

11. STOCKS

	2002	2001
	£	£
Raw materials and consumables	35,848	9,657
Work-in-progress	412,551	447,311
Finished goods	-	38,220
	<u>448,399</u>	<u>495,188</u>

12. DEBTORS

	2002	2001
	£	£
Trade debtors	541,695	612,583
Amounts due from ultimate parent undertaking	81,000	125,676
Prepayments and accrued income	31,028	19,685
Other debtors	14,204	1,402
	<u>667,927</u>	<u>759,346</u>

All debtors are due within one year.

13. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	129,421	232,790
Accruals and deferred income	27,282	32,518
Other creditors	694	-
Corporation tax	17,231	173,000
	<u>174,628</u>	<u>438,308</u>

14. LOANS

	2002	2001
	£	£
Amounts due from parent undertaking	-	25,808
Bank loan	1,300,000	1,800,000
	<u>1,300,000</u>	<u>1,825,808</u>
Less: amount due within one year	-	-
	<u>1,300,000</u>	<u>1,825,808</u>

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

15. SHARE CAPITAL

	2002	Authorised 2001	2002	Allotted, called up & fully paid 2001
	£	£	£	£
Ordinary Shares of £1 each	2,000,000	1,000,000	1,000,000	1,000,000

NOTES TO THE ABBREVIATED ACCOUNTS
at 31 July 2002

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital	Profit and loss account	Total
	£	£	£
At 31 July 2001	1,000,000	142,181	1,142,181
Profit for the year	-	186,147	186,147
At 31 July 2002	1,000,000	328,328	1,328,328

17. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £Nil (2001: £300,000).

18. DEFERRED TAXATION

	2002	2001
	£	£
Undiscounted net deferred tax liability	-	8,803

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 2002 the company had annual commitments under non-cancellable contract hire agreements as set out below:-

	Motor vehicles	
	2002	2001
	£	£
Contract hire agreements which expire		
Within one year	5,707	-
In one to two years	8,497	-
In two to five years	23,910	28,599
	38,114	28,599

20. RELATED PARTY TRANSACTIONS

During the year ended 31 July 2002 the company traded on normal commercial terms with Pseedco Limited. The sales and purchases during the year are £206,572 and £12,795 respectively. The balance due from Pseedco Limited at 31 July 2002 is £3,389 and the balance due to Pseedco Limited at 31 July 2002 is £3,200. 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.