

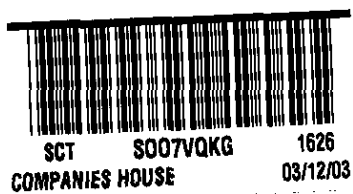
Agrico UK Limited

Report and Abbreviated Accounts

31 July 2003

Registration Number: SC183233

 ERNST & YOUNG



Directors' report

The directors submit their report and accounts for the year ended 31 July 2003.

Results and dividends

The loss for the year, after taxation, amounted to £217,981 (2002: profit £186,147). 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 2003 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



21/11/03

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 2003 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 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

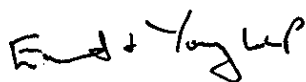
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246A(3) of 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.



Registered Auditor
Edinburgh

21 November 2003

Abbreviated profit and loss account

for the year ended 31 July 2003

	Notes	2003 £	2002 £
Gross profit		497,124	1,064,948
Administrative expenses		740,982	666,696
Operating (loss)/profit		(243,858)	398,252
Loss on disposal of fixed assets		-	(3,320)
Interest receivable	5	11,296	19,864
Interest payable and similar charges	6	(72,156)	(80,268)
(Loss)/profit on ordinary activities before taxation		(304,718)	334,529
Tax on (loss)/profit on ordinary activities	7	86,737	(148,382)
(Loss)/profit retained for the financial period		(217,981)	186,147

Statement of total recognised gains and losses

There are no recognised gains and losses for the year ended 31 July 2003 other than those shown above.

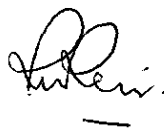
Abbreviated balance sheet

at 31 July 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible assets	8	50,000	221,200
Tangible assets	9	1,004,319	1,182,196
Investments	10	100,000	100,000
		<u>1,154,319</u>	<u>1,503,396</u>
Current assets			
Stocks	11	583,225	448,399
Debtors	12	731,774	667,927
Cash at bank and in hand		167,203	183,234
		<u>1,482,202</u>	<u>1,299,560</u>
Creditors: amounts falling due within one year	14	726,174	174,628
Net current assets		<u>756,028</u>	<u>1,124,932</u>
Total assets less current liabilities		<u>1,910,347</u>	<u>2,628,328</u>
Creditors: amounts falling due after more than one year			
Loans	15	800,000	1,300,000
		<u>1,110,347</u>	<u>1,328,328</u>
Capital and reserves			
Called up share capital	16	1,000,000	1,000,000
Profit and loss account	17	110,347	328,328
	17	<u>1,110,347</u>	<u>1,328,328</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



21/11/03

Notes to the abbreviated accounts

at 31 July 2003

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 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 2003

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

	2003 £	2002 £
This is stated after charging:		
Auditors' remuneration	11,750	11,750
Directors' remuneration	69,365	70,530
Depreciation of owned assets	222,592	239,118
Amortisation of intangible assets	171,200	171,200
Operating lease rentals – motor vehicles	42,341	32,007
	<u>423,248</u>	<u>524,605</u>

3. Directors' remuneration

	2003 £	2002 £
Emoluments	69,365	70,530
	<u>69,365</u>	<u>70,530</u>

4. Staff costs

	2003 £	2002 £
Wages and salaries	463,117	494,203
Social security costs	45,604	48,507
Pension costs	42,766	30,772
	<u>551,487</u>	<u>573,482</u>

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

	Number	Number
Office and management	14	13
Operational staff	12	14
	<u>26</u>	<u>27</u>

Notes to the abbreviated accounts

at 31 July 2003

5. Interest receivable

	2003	2002
	£	£
Bank interest	11,296	18,096
Other interest	-	1,768
	<u>11,296</u>	<u>19,864</u>

6. Interest payable

	2003	2002
	£	£
Bank interest	72,156	80,268
	<u>72,156</u>	<u>80,268</u>

7. Tax on profit on ordinary activities

	2003	2002
	£	£
UK corporation tax		
UK Corporation tax on profits of the period	(18,963)	167,229
Adjustments in respect of previous periods	3,145	(10,044)
Total current tax	<u>(15,818)</u>	<u>157,185</u>
Deferred tax		
Originating and reversal of timing differences	(70,919)	(8,803)
	<u>(86,737)</u>	<u>148,382</u>

Factors affecting the tax credit/charge for the period

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2003	2002
	£	£
(Loss)/profit on ordinary activities before tax	(304,718)	334,529
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.00% (2002: 30.00%)	(91,415)	100,359
Effect of:		
Disallowed expenses and non-taxable income	30,468	32,850
Depreciation in excess of capital allowances	42,734	37,020
Other timing differences	(750)	(3,000)
Adjustments in respect of previous periods	3,145	(10,044)
Current tax (credit)/charge for the year	<u>(15,818)</u>	<u>157,185</u>

Factors that may affect future tax charges

The deferred tax asset of £70,919 has been recognised as the directors consider that it is more likely than not that on reversal of the underlying timing difference there will be trading profits of the company from which it can be deducted.

Notes to the abbreviated accounts

at 31 July 2003

8. Intangible fixed assets

	<i>Goodwill</i>	<i>Know-How</i>	<i>Trade mark</i>	<i>Total</i>
	£	£	£	£
Cost at 31 July 2002 and 31 July 2003	256,000	600,000	50,000	906,000
Amortisation at 31 July 2002	204,800	480,000	-	684,800
Amortisation during the year	51,200	120,000	-	171,200
At 31 July 2003	256,000	600,000	-	856,000
Net book value at 31 July 2003	-	-	50,000	50,000
Net book value at 31 July 2002	51,200	120,000	50,000	221,200

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 2002	992,217	925,476	103,783	2,021,476	
Additions during the year	-	5,700	39,015	44,715	
At 31 July 2003	992,217	931,176	142,798	2,066,191	
Depreciation:					
At 31 July 2002	118,747	623,699	96,834	839,280	
Charge for year	39,689	168,871	14,032	222,592	
At 31 July 2003	158,436	792,570	110,866	1,061,872	
Net book value:					
At 31 July 2003	833,781	138,606	31,932	1,004,319	
At 31 July 2002	873,470	301,777	6,949	1,182,196	

10. Investments

	<i>2003</i>	<i>2002</i>
	£	£
Cost		
At 31 July 2002	100,000	100,000
At 31 July 2003	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 2003 Pseedco Limited had share capital and reserves of £605,620 and a retained loss of £75,844 for the year then ended.

Notes to the abbreviated accounts

at 31 July 2003

11. Stocks

	2003	2002
	£	£
Raw materials and consumables	32,736	35,848
Work-in-progress	550,489	412,551
	<u>583,225</u>	<u>448,399</u>

12. Debtors

	2003	2002
	£	£
Trade debtors	599,051	541,695
Amounts due from ultimate parent undertaking	-	81,000
Prepayments and accrued income	23,016	31,028
Other debtors	19,825	14,204
Corporation tax	18,963	-
Deferred tax asset (note 13)	70,919	-
	<u>731,774</u>	<u>667,927</u>

All debtors are due within one year.

13. Deferred taxation

	2003	2002
	£	£
Accelerated capital allowances	(67,769)	-
Other timing differences	(3,150)	-
	<u>(70,919)</u>	<u>-</u>

14. Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	253,349	129,421
Amounts due to ultimate parent undertaking	193,518	-
Other taxes and social security costs	15,058	-
Accruals and deferred income	264,249	27,282
Other creditors	-	694
Corporation tax	-	17,231
	<u>726,174</u>	<u>174,628</u>

Notes to the abbreviated accounts

at 31 July 2003

15. Loans

	2003 £	2002 £
Bank loan	800,000	1,300,000
	<u>800,000</u>	<u>1,300,000</u>
Less: amount due within one year	-	-
	<u>800,000</u>	<u>1,300,000</u>
Amount due after more than one year	800,000	1,300,000
	<u>800,000</u>	<u>1,300,000</u>

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

16. Share capital

	2003 £	Authorised 2002 £	2003 £	Allotted, called up & fully paid 2002 £
Ordinary Shares of £1 each	2,000,000	2,000,000	1,000,000	1,000,000
	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

17. Reconciliation of shareholders' funds and movements on reserves

	Share	Profit and capital loss account	Total
	£	£	£
At 31 July 2002	1,000,000	328,328	1,328,328
(Loss) for the year	-	(217,981)	(217,981)
	<u>1,000,000</u>	<u>110,347</u>	<u>1,110,347</u>
At 31 July 2003	1,000,000	110,347	1,110,347

18. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £Nil (2002: £Nil).

Notes to the abbreviated accounts

at 31 July 2003

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 2003 the company had annual commitments under non-cancellable contract hire agreements as set out below:-

	<i>Motor vehicles</i>	
	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Contract hire agreements which expire		
Within one year	8,497	5,707
In one to two years	16,512	8,497
In two to five years	14,567	23,910
	<u>39,576</u>	<u>38,114</u>

20. Related party transactions

During the year ended 31 July 2003 the company traded on normal commercial terms with Pseedco Limited. The sales and purchases during the year are £126,161 and £56,161 respectively. The balance due from Pseedco Limited at 31 July 2003 is £Nil and the balance due to Pseedco Limited at 31 July 2003 is £Nil. 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.