

COLE AMBROSE LIMITED
STATEMENT OF ACCOUNTS
FOR THE YEAR TO
5th APRIL, 1996



Sharp Parsons Tallon
Chartered Accountants

167 Fleet Street London EC4A 2EA



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the company for the year to 5th April, 1996.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company's principal activity is mixed farming. During the early part of the accounting period, a very high price was obtained for potato sales. Sales later in the period were at lower figures. Nevertheless, the turnover and profit were considerably higher than in the previous year. The directors took the opportunity of rationalising assets by selling a number of properties and purchasing plant and equipment. The resultant cash flow improvement enabled the company to purchase some of its shares and to pay significant dividends. The company's position at the year end is healthy and the directors are cautiously optimistic about the future being wary of future political decisions.

TRADING RESULTS AND DIVIDENDS

	£	£
Profit for the year after Taxation was		1,406,650
The Directors have proposed an ordinary dividend for the year to 5th April, 1996 of	193,500	
The directors have paid an ordinary dividend in the year of	694,800	
The Directors have declared and paid on 1st May, 1996 a preference dividend for the year to 5th April, 1996 of	<u>1,890</u>	
		890,190
Leaving retained profit for the year transferred to reserves of		<u>£516,460</u>

MARKET VALUE OF FREEHOLD PROPERTIES

In the opinion of the Directors, the market value of the Freehold Properties is approximately £6,000,000 in excess of book value. Realisation at Market value would result in tax payable of approximately £2,000,000.

MOVEMENT ON FIXED ASSETS

The movements on Tangible Fixed Assets are detailed in note 9 on page 10 of the Financial Statements.

DIRECTORS

The Directors throughout the year have been:-

D.O.A. Morbey Esq. - Chairman and Managing Director
 Mrs J.M.P. Morbey
 A.J. Morbey Esq.
 Miss R.J. Morbey

The Directors retiring by rotation are Mr A.J Morbey and Mrs J.M.P. Morbey who being eligible, offer themselves for re-election. Mrs J.P. Andrews and Mrs E. Harding were directors until they retired on 30th November 1995.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES

	<u>Ordinary Shares of £1 each</u> <u>at 5/4/1996 and 6/4/1995</u>		<u>Preference Shares of £1 each</u> <u>at 5/4/1996 and 6/4/1995</u>	
Mrs J.P. Andrews	-	30,000	2,000	2,000
Mrs E. Harding	-	30,000	1,000	1,000
D.O.A. Morbey Esq.	7,750	32,750	8,000	8,000
Mrs J.M.P. Morbey	10,000	10,000	8,000	8,000
Mrs J.M.P. Morbey (as trustee)	10,000	10,000	10,000	10,000
A.J. Morbey Esq.	32,250	32,250	4,000	4,000
Miss R.J. Morbey	5,000	5,000	-	-
O.E.Tebbs, D Morbey & P Morbey (Trustees of A.Morbey's children)	25,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	90,000	150,000	33,000	33,000
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PURCHASE OF OWN SHARES

On 30 November 1995, the company exercised the power conferred by its articles (as amended by a special resolution passed in November 1984) to purchase its own shares.

60,000 Ordinary shares with a nominal value of £60,000 were purchased from two of the company's directors, Mrs Harding and Mrs Andrews, representing their combined shareholdings, who thereafter resigned their directorships.

The share capital purchased represented 40% of the company's issued share capital at the date of purchase.

The reason for their purchase was to allow the aforementioned parties to realise their investment in the company without relinquishing this substantial proportion of the company's issued share capital to remoter parties who would not necessarily have the required knowledge of the business.

The shares were purchased for a total consideration of £500,000. In order to maintain the capital of the company, £60,000 has been transferred to a non-distributable capital redemption reserve. The premium of £440,000, together with the stamp duty suffered of £2,500, has been applied against the company's distributable reserves.

POLITICAL AND CHARITABLE DONATIONS

Donations during the year did not exceed £200.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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.

DIRECTORS' REPORT (Continued)

SMALL COMPANY EXEMPTIONS

The directors have taken advantage in the preparation of their report of the special exemptions applicable to small companies.

AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Messrs. Sharp Parsons Tallon as auditors.

Date:

BY ORDER OF THE BOARD

REGISTERED OFFICE

Stuntney Hall,
Ely, Cambridgeshire
CB7 5TL.

Y.L. Pettitt
Y.L. Pettitt

Secretary

26. 9. 96

AUDITORS' REPORT
TO THE SHAREHOLDERS OF COLE AMBROSE LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 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 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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 5th April, 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Sharp Parsons Tallon

Sharp Parsons Tallon
Chartered Accountants and
Registered Auditors
167 Fleet Street
London EC4A 2EA.

Date: *30 September 1996*

PROFIT AND LOSS ACCOUNTYEAR TO 5th APRIL, 1996

		<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
TURNOVER	2	3,335,911	2,308,135
Cost of Sales		<u>1,699,971</u>	<u>1,048,349</u>
GROSS PROFIT		1,635,940	1,259,786
Administrative Expenses		<u>649,758</u>	<u>602,478</u>
		986,182	657,308
Other Operating Income	3	<u>154,643</u>	<u>120,976</u>
Operating Profit		1,140,825	778,284
Profit on Sale of Land		<u>605,500</u>	-
		1,746,325	778,284
Interest receivable and similar income		<u>36,363</u>	<u>5,288</u>
Profit on Ordinary Activities before Taxation	4	1,782,688	783,572
Tax on Profit on Ordinary Activities	7	376,038	274,464
Profit on Ordinary Activities after Taxation		<u>1,406,650</u>	<u>509,108</u>
<u>Dividends</u>			
Ordinary dividends on equity shares	8	888,300	18,750
Preference dividends on non-equity shares	8	<u>1,890</u>	<u>1,890</u>
		890,190	20,640
Retained Profit transferred to reserves	18	<u>£ 516,460</u>	<u>£ 488,468</u>

There were no other recognised gains or losses other than the profit for the year. All turnover was earned from continuing activities. The reported profit was found under the historical cost convention.

The notes on Pages 7 to 13 form an integral part of these financial statements.

BALANCE SHEET**AS AT 5th APRIL, 1996**

	Notes	<u>1996</u>	<u>1995</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	9	2,086,330	1,945,283
Investments	10	36	36
		<u>2,086,366</u>	<u>1,945,319</u>
<u>CURRENT ASSETS</u>			
Stock	11	767,080	1,014,864
Debtors	12	438,506	665,329
Cash at Bank and in Hand		726,479	129,434
		<u>1,932,065</u>	<u>1,809,627</u>
Creditors - amounts falling due within one year	13	1,259,990	863,247
NET CURRENT ASSETS		<u>672,075</u>	<u>946,380</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,758,441</u>	<u>2,891,699</u>
Creditors - amounts falling due after more than one year	14	763,362	867,892
		<u>1,995,079</u>	<u>2,023,807</u>
PROVISION FOR LIABILITIES AND CHARGES	16	63,152	105,840
		<u>£1,931,927</u>	<u>£1,917,967</u>
<u>CAPITAL AND RESERVES</u>			
Equity Shareholders' Funds			
Called up Share Capital	17	90,000	150,000
Profit and Loss Account	18	1,736,927	1,722,967
Capital Redemption Reserve	19	60,000	-
		<u>1,886,927</u>	<u>1,872,967</u>
Non-Equity Shareholders' Funds			
Called up share Capital	17	45,000	45,000
Shareholders' Funds	20	<u>£1,931,927</u>	<u>£1,917,967</u>

The notes on Pages 7 to 13 form an integral part of these financial statements.

The directors have taken advantage, in the preparation of these financial statements, of the special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemptions.

Approved by the Board of directors and signed on their behalf by

..... *Pauline H. H. H.*)
 *Patricia Forbey*) DIRECTORS

Date: 26. 9. 96

NOTES TO THE FINANCIAL STATEMENTS

5th APRIL, 1996

1. Accounting Policies

(a) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Depreciation

Depreciation is provided so as to write off the cost of fixed assets less their estimated residual values over their anticipated useful lives.

No depreciation has been provided on Freehold Land but depreciation has been provided on Freehold Buildings based on a life of 50 years.

Depreciation on plant and machinery has been provided at 20% on cost.

Office Equipment is depreciated at 20% p.a. on cost.

Motor Vehicles are depreciated at 25% p.a on cost.

Expenditure on drainage works is being written off at 10% p.a on written down value.

(c) Stocks

Stocks have been taken and professionally valued by Bidwells at the lower of cost and net realiseable value.

(d) Deferred Taxation

Provision is made for all tax liabilities which are deferred by timing differences, unless the reversal of such differences is considered remote.

(e) Interest Receivable and Similar Income

All such income is included in the profit and loss account in the year in which it is receivable.

(f) Pension Costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

(g) Cash Flow Statement

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

(h) Leased Assets

Fixed Assets acquired under finance leases are included in the balance sheet at cost, appropriate provision being made for depreciation. The present value of future rentals is shown as a liability. Interest payable in each period is charged to the profit and loss account in proportion to the amount outstanding under the lease. Operating lease rentals are charged to the profit and loss account as incurred.

2. Turnover

Turnover represents amounts invoiced in respect of mixed farming activities during the year, excluding V.A.T. Turnover was earned exclusively within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

5th APRIL, 1996

3. Other Operating Income

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Contracting Charges	55,052	44,154
Estate Rents less Expenses	46,963	43,165
Set aside and Compensation for use of land	52,367	33,495
Dividend Received	261	162
	<u>£ 154,643</u>	<u>£ 120,976</u>

4. Profit on Ordinary Activities before Taxation

This is stated after charging:-

Depreciation of Tangible Fixed Assets	£ 224,629	£ 175,478
	<u>£ 3,500</u>	<u>£ 3,000</u>
Auditors' Remuneration		
	<u>£ 5,054</u>	<u>£ 4,154</u>
Hire of Plant and Machinery		
	<u>£ 20,839</u>	<u>£ 19,016</u>
Finance Charges - Finance Leases		
	<u>£ 241,941</u>	<u>£ 242,730</u>
Directors' Remuneration (Note 6)		
	<u>£ 19,210</u>	<u>£ 14,410</u>
Pension Costs		

5. Employees

The average number of persons employed by the company, including directors, during the year was as follows:-

	<u>No.</u>	<u>No.</u>
Management	5	6
Administration	2	2
Production	26	26
	<u>33</u>	<u>34</u>

The aggregate payroll costs of these persons was

	<u>£</u>	<u>£</u>
Wages and Salaries	582,165	564,262
Social Security Costs	56,721	56,334
Other Pension Costs	19,210	14,410
	<u>£ 658,096</u>	<u>£ 635,006</u>

NOTES TO THE FINANCIAL STATEMENTS

5th APRIL, 1996

6. Directors' Remuneration and transactions involving directors

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Fees	-	-
Other Emoluments including Benefits in Kind	230,741	233,408
Pension Contributions	11,200	9,322
	<u>£ 241,941</u>	<u>£ 242,730</u>
The remuneration of the Chairman and highest paid director excluding pension contributions was	<u>£ 84,003</u>	<u>£ 75,598</u>

The emoluments of the directors, excluding pension contributions, were in the following ranges:-

	<u>No.</u>	<u>No.</u>
£5,001 - £10,000	2	-
£10,001 - £15,000	-	1
£15,001 - £20,000	1	2
£25,001 - £30,000	1	1
£75,001 - £80,000	-	2
£80,001 - £85,000	2	-

During the year, Mr A.J. Morbey purchased potato seeds from the company and used plant and equipment and labour supplied by the company, for a personal joint venture in growing and selling potatoes. The company has charged him for these supplies at an arms length figure. The amount outstanding at the balance sheet date and the the maximum outstanding during the year was £ 39,772. Settlement has been made on normal commercial terms.

7. Taxation

Corporation Tax at an effective rate of 33.12% on tax adjusted profit (1995 31.33%)	375,000	245,000
Over-Provision in Prior Year	-	32
Increase in Provision for Deferred Taxation	1,000	29,400
Tax Credit on Franked Investment Income	38	32
	<u>£ 376,038</u>	<u>£ 274,464</u>

8. Dividends

Ordinary Shares

Proposed at £2.15 (1995 12.5p) on Ordinary Shares for the year to 5th April 1996	193,500	18,750
Paid at £7.72 on Ordinary Shares for the year to 5th April 1996	694,800	-
	<u>888,300</u>	<u>18,750</u>

Preference Shares

Proposed at 4.2% net on Preference Shares for the year to 5th April 1996	1,890	1,890
	<u>£ 890,190</u>	<u>£ 20,640</u>

NOTES TO THE FINANCIAL STATEMENTS5th APRIL, 1996**9. Tangible Fixed Assets**

	Office Equipment	Motor Vehicles	Plant and Machinery	Drainage Works	Freehold Land & Buildings	TOTAL
<u>COST</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 6th April 1995	6,878	126,352	1,730,701	70,426	1,614,339	3,548,696
Additions	-	31,434	333,853	13,389	101,532	480,208
Disposals	-	(11,849)	(183,200)	-	(127,543)	(322,592)
	<u>6,878</u>	<u>145,937</u>	<u>1,881,354</u>	<u>83,815</u>	<u>1,588,328</u>	<u>3,706,312</u>
At 5th April 1996	<u>6,878</u>	<u>145,937</u>	<u>1,881,354</u>	<u>83,815</u>	<u>1,588,328</u>	<u>3,706,312</u>
 <u>DEPRECIATION</u>						
At 6th April 1995	5,199	114,280	1,306,068	48,104	129,762	1,603,413
Charge for Year	917	17,317	189,349	3,571	13,475	224,629
Withdrawn on Disposal	-	(11,848)	(183,200)	-	(13,012)	(208,060)
	<u>6,116</u>	<u>119,749</u>	<u>1,312,217</u>	<u>51,675</u>	<u>130,225</u>	<u>1,619,982</u>
At 5th April 1996	<u>6,116</u>	<u>119,749</u>	<u>1,312,217</u>	<u>51,675</u>	<u>130,225</u>	<u>1,619,982</u>
 <u>NET BOOK VALUE</u>						
At 5th April 1996	<u>£ 762</u>	<u>£26,188</u>	<u>£569,137</u>	<u>£32,140</u>	<u>£1,458,103</u>	<u>£2,086,330</u>
At 5th April 1995	<u>£1,679</u>	<u>£12,072</u>	<u>£424,633</u>	<u>£22,322</u>	<u>£1,484,577</u>	<u>£1,945,283</u>

Cost of freehold buildings at 5th April 1996 amounted to £673,725 (1995 £720,988). Accumulated depreciation thereon at that date amounted to £130,225 (1995 £129,762).

The net book amount of plant and machinery includes £363,360 (1995 £283,117) in respect of assets held under finance leases. Depreciation charged on those assets amounted to £108,536 (1995 £70,779).

NOTES TO THE FINANCIAL STATEMENTS5th APRIL, 1996**10. Investments**

The investments are unlisted and stated at cost. All holdings are less than 10% of the nominal value of the shares in the relevant companies.

	<u>1996</u> £	<u>1995</u> £
<u>COST</u>		
At 6th April 1995	273	253
Additions	-	20
	<hr/>	<hr/>
At 5th April 1996	£ 273	£ 273
	<hr/>	<hr/>
<u>PROVISION FOR DIMINUTION IN VALUE</u>		
At 6th April 1995	237	237
Provided in Year	-	-
	<hr/>	<hr/>
At 5th April 1996	£ 237	£ 237
	<hr/>	<hr/>
<u>NET BOOK VALUE AT 5TH APRIL 1996</u>	£ 36	£ 36
	<hr/>	<hr/>

11. Stocks

Livestock	725	725
Crops for sale	271,274	625,165
Growing crops and cultivation	495,081	388,974
	<hr/>	<hr/>
	£ 767,080	£ 1,014,864
	<hr/>	<hr/>

The directors do not consider that the replacement costs of stocks vary materially from their balance sheet values.

12. Debtors

Trade Debtors	313,134	547,487
Other Debtors	58,093	73,148
Prepayments	67,279	44,694
	<hr/>	<hr/>
	£ 438,506	£ 665,329
	<hr/>	<hr/>

13. Creditors: Amounts falling due within one year

Borrowings (Note 15)	374,297	317,186
Trade Creditors	89,501	146,524
Taxation and Social Security	40,465	43,984
Advance Corporation Taxation	227,187	7,972
Corporation Tax	197,549	241,715
Proposed Dividends	195,390	20,640
Accruals and Deferred Income	135,601	85,226
	<hr/>	<hr/>
	£ 1,259,990	£ 863,247
	<hr/>	<hr/>

14. Creditors: Amounts falling due after more than one year

Borrowings (Note 15)	£ 763,362	£ 867,892
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NOTES TO THE FINANCIAL STATEMENTS5th APRIL, 199615. Borrowings

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Due within one year		
Bank Overdraft	162,954	134,303
Bank Loans	88,333	88,333
Obligations under Finance Leases	123,010	94,550
	<u>£ 374,297</u>	<u>£317,186</u>
Due after more than one year		
Due between one and two years: bank loans	88,333	88,333
Due between two and five years: bank loans	265,000	265,000
Wholly repayable after five years: bank loans	347,501	435,834
Wholly repayable by instalments: Obligations under Finance Leases		
Due between one and five years	62,528	78,725
	<u>£ 763,362</u>	<u>£ 867,892</u>

There are two Bank loans which are secured by a mortgage over some of the company's freehold land and property. One loan is repayable in half-yearly instalments with the final payment due no later than February 2004. Interest is charged at a fixed rate of 8.8125% per annum. The other loan is repayable in monthly instalments and the final payment is due no later than April, 2009. The interest on this loan is payable at base rate plus 1.75% per annum.

16. Provision for Liabilities and Charges

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>Deferred Taxation Note 1(d)</u>		
Accelerated Capital Allowances	67,000	66,000
Rollover Relief	45,000	45,000
Advance Corporation Tax Recoverable	(48,848)	(5,160)
	<u>£ 63,152</u>	<u>£ 105,840</u>

The Provision has been calculated at a Corporation Tax rate of 33% (1995 33%) on the full potential liability.

Movements on Deferred Taxation

Provision at 5th April, 1995	105,840	78,315
Increase in ACT Recoverable	(43,688)	(1,875)
	<u>62,152</u>	<u>76,440</u>

Profit and Loss Account (Note 7)

Capital Allowances increase in provision	1,000	18,000
Rollover Relief increase in provision	-	11,400
	<u>£ 63,152</u>	<u>£ 105,840</u>

NOTES TO THE FINANCIAL STATEMENTS

5th APRIL, 1996

17. Called Up Share Capital

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>Issued, Allotted and Fully Paid</u>		
45,000 4.2% Net Cumulative Preference Shares of £1 each (Authorised - 45,000 shares)	£ 45,000	£ 45,000
90,000 Ordinary Shares of £1 each (Authorised - 150,000 shares)	£ 90,000	£ 150,000

The 4.2% net cumulative preference shares confer the right to a fixed cumulative preference dividend at the rate of 4.2% per annum. On a winding up the holders of the preference shares are entitled to the return of the capital paid up or credited as paid up on the shares, together with arrears of dividends accrued thereon, before any return is made on the ordinary shares. The holders of the preference shares do not have the right to participate further in the profits or assets in respect of those shares. The 4.2% net cumulative preference shares entitle the holders thereof to attend or vote at any general meeting.

18. Profit and Loss Account

Retained Profit at 6th April, 1995	1,722,967	1,234,499
Profit for the Financial Year	516,460	488,468
	2,239,427	1,722,967
Purchase of own Shares - Premium	442,500	-
Transfer to Capital Redemption Reserve	60,000	-
Retained Profit at 5th April, 1996	£1,736,927	£1,722,967

19. Capital Redemption Reserve

At 6th April 1995	-	-
Transferred from Profit and Loss Account Reserve	60,000	-
At 5th April 1996	£ 60,000	£ -

20. Reconciliation of Movements in Shareholders' Funds

Profit for the Financial Year	1,421,650	509,108
Dividends	890,190	20,640
Net addition to shareholders' funds	516,460	488,468
Purchase of own shares	(502,500)	-
Opening shareholders' funds	1,917,967	1,429,499
Closing shareholders' funds	£1,931,927	£1,917,967

21. Capital Commitments

The Directors had placed no contracts for capital expenditure at 5th April, 1996 (1995 Nil). They had authorised capital expenditure without placing contracts of £212,000. (1995 £122,000)