

Company Registration No. 2026430 (England and Wales)

**ENGINE FARM LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**



# ENGINE FARM LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Greens of Soham Limited A C Green P J Neal C Judd T C Green
<b>Secretary</b>	Brenda May
<b>Company number</b>	2026430
<b>Registered office</b>	50 High Street, Soham Ely Cambridgeshire CB7 5HF
<b>Auditors</b>	Larking Gowen King Street House 15 Upper King Street Norwich NR3 1RB
<b>Bankers</b>	Barclays Bank Plc 15 Bene't Street Cambridge CB2 3PZ
<b>Solicitors</b>	Rustons & Lloyd 136 High Street Newmarket Suffolk CB8 8NN

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# ENGINE FARM LIMITED

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# ENGINE FARM LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

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The directors present their report and financial statements for the year ended 31 December 2001.

### Principal activities and review of the business

The principal activity of the company continued to be that of arable farming and growing.

### Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

### Directors

The following directors have held office since 1 January 2001:

Greens of Soham Limited

A C Green

P J Neal

C Judd

T C Green

In accordance with the company's Articles of Association, A C Green and T C Green retire by rotation and, being eligible, offer themselves for re-election.

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of 10p each	
	31 December 2001	1 January 2001
Greens of Soham Limited	4,000,000	4,000,000
A C Green	-	-
P J Neal	-	-
C Judd	-	-
T C Green	-	-

A C Green and T C Green are directors of Spearhead International Limited, the ultimate parent company, and other group undertakings. Their interests in the shares of those undertakings are disclosed in their respective accounts.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Larking Gowen be reappointed as auditors of the company will be put to the Annual General Meeting.

# ENGINE FARM LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

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### 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;
- 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.

By order of the board

*Brenda May*

.....  
Brenda May

Secretary

26-4-02



CHARTERED  
ACCOUNTANTS

## ENGINE FARM LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENGINE FARM LIMITED

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We have audited the financial statements of Engine Farm Limited on pages 5 to 15 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

## ENGINE FARM LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF ENGINE FARM LIMITED

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#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Larking Gowen*

Larking Gowen

Chartered Accountants

Registered Auditors

Norwich

*29 April 2002*

# ENGINE FARM LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

		Year ended 31 December 2001 £	17 Months ended 31 December 2000 £
	Notes		
Turnover	2	5,957,677	8,508,624
Cost of sales		(5,179,269)	(8,177,053)
Gross profit		778,408	331,571
Administrative expenses		(337,014)	(408,344)
Operating profit/(loss)	3	441,394	(76,773)
Other interest receivable and similar income		-	449
Interest payable and similar charges	4	(67,343)	(95,702)
Profit/(loss) on ordinary activities before taxation		374,051	(172,026)
Tax on profit/(loss) on ordinary activities	5	(78,479)	26,591
Profit/(loss) on ordinary activities after taxation		295,572	(145,435)
Dividends	6	-	(50,000)
Retained profit/(loss) for the year	15	295,572	(195,435)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# ENGINE FARM LIMITED

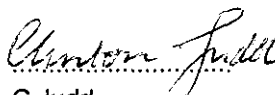
## BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £	£	2000 £	£
<b>Fixed assets</b>					
Tangible assets	7		1,667,768		1,996,203
<b>Current assets</b>					
Stocks	8	1,303,801		1,250,687	
Debtors	9	1,744,607		2,144,179	
Cash at bank and in hand		259,121		122,457	
		<u>3,307,529</u>		<u>3,517,323</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,883,152)</u>		<u>(2,629,951)</u>	
<b>Net current assets</b>			<u>1,424,377</u>		<u>887,372</u>
<b>Total assets less current liabilities</b>			3,092,145		2,883,575
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(398,336)</u>		<u>(485,338)</u>
			<u>2,693,809</u>		<u>2,398,237</u>
<b>Capital and reserves</b>					
Called up share capital	14		400,000		400,000
Profit and loss account	15		2,293,809		1,998,237
<b>Shareholders' funds - equity interests</b>	16		<u>2,693,809</u>		<u>2,398,237</u>

The financial statements were approved by the Board on 26-4-02



A C Green  
Director



C Judd  
Director

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

A cashflow statement is not included as part of these financial statements in view of the company falling outside the scope of Financial Reporting Standard No. 1

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	Land 0% / Buildings 4% straight line
Freehold property improvements	10% straight line
Plant and machinery	20% reducing balance

#### 1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Stock

Stocks of raw materials, consumables and growing crops are valued on the lower of cost and net realisable value in accordance with Statement of Standard Accounting Practice 9 (SSAP9).

In view of the international activities of the group, the directors have adopted International Accounting Standard 41 (IAS41) for agriculture in respect of harvested crops. These are therefore valued at realisable value reduced by costs still to be borne before realisation date. This valuation method is not in accordance with Schedule 4 of the Companies Act 1985 or SSAP9, the Statement of Standard Accounting Practice relating to the valuation of stocks and work in progress.

The directors are of the opinion that adoption of IAS41 is required in order to prevent distortions of annual results dependent on whether harvested crops are sold prior to 31 December each year. The directors consider that the valuation of harvested crops under the provisions of IAS41 ensures the results are reflected on a consistent basis and give a true and fair view.

#### 1.6 Pensions

The Company operates a defined contribution pension scheme under which contributions are held in trust funds separated from the company's finances.

The pension costs charged in the financial statements represent the contributions payable by the company, under the rules of the scheme, during the year in accordance with SSAP 24.

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 1.8 Income from farming partnerships

The company is in partnership with D L Clarke and T C Green under the name of Dennis Clarke Partnership. The date of the partnership deed which defines the Company's share of the partnership's profit/(loss) is 26 May 1987. The address of the partnership is Townmoor Farm, Burnt Fen, Bury St. Edmonds, Suffolk. Advantage has been taken of the exemptions under regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 as the partnership is dealt with on a consolidated basis on group accounts.

Engine Farm Limited is in partnership with Hasse Estate Farming Company Ltd using the trading name Greens Red Beet Group. Hasse Estate Limited have a 29% interest in the partnership. The total assets and liabilities of the partnership are consolidated in these financial statements. The financing of Hasse Estate Farming Company's participation is reflected in other creditors.

## 2 Turnover

The total turnover of the company for the year has been derived from its principal activity.

3	Operating profit/(loss)	2001 £	2000 £
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	298,375	509,038
	Auditors' remuneration	4,550	7,800
		<u>298,375</u>	<u>509,038</u>

4	Interest payable	2001 £	2000 £
	On other loans wholly repayable within 5 years	26,205	20,070
	On loans repayable after 5 years	18,668	36,229
	Lease finance charges	22,470	39,403
		<u>67,343</u>	<u>95,702</u>

5	Taxation	2001 £	2000 £
	Domestic current year taxation		
	Payment for prior year group relief	(57,611)	-
	Payment in respect of group relief	136,090	(26,591)
		<u>78,479</u>	<u>(26,591)</u>

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

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6	Dividends	2001 £	2000 £
	Ordinary final proposed	-	50,000

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# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

### 7 Tangible fixed assets

	Land and buildings freehold £	Freehold property improvements £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 January 2001	842,489	13,000	3,373,581	4,229,070
Additions	-	12,700	137,822	150,522
Disposals	-	-	(468,629)	(468,629)
	<u>842,489</u>	<u>25,700</u>	<u>3,042,774</u>	<u>3,910,963</u>
<b>Depreciation</b>				
At 1 January 2001	181,672	3,142	2,048,053	2,232,867
On disposals	-	-	(288,047)	(288,047)
Charge for the year	33,700	2,570	262,105	298,375
	<u>215,372</u>	<u>5,712</u>	<u>2,022,111</u>	<u>2,243,195</u>
<b>Net book value</b>				
At 31 December 2001	<u>627,117</u>	<u>19,988</u>	<u>1,020,663</u>	<u>1,667,768</u>
At 31 December 2000	<u>660,817</u>	<u>9,858</u>	<u>1,325,528</u>	<u>1,996,203</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
<b>Net book values</b>	
At 31 December 2001	<u>384,781</u>
At 31 December 2000	<u>487,423</u>
<b>Depreciation charge for the year</b>	
31 December 2001	<u>103,126</u>
31 December 2000	<u>192,968</u>

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

8	Stocks	2001 £	2000 £
	Cultivations and stores	80,170	98,489
	Harvested crops	1,130,474	1,026,044
	Sundry stocks	93,157	126,154
		<u>1,303,801</u>	<u>1,250,687</u>
9	Debtors	2001 £	2000 £
	Trade debtors	469,266	488,031
	Amounts owed by parent and fellow subsidiary undertakings	1,005,102	1,316,668
	Other debtors	92,506	165,362
	Prepayments and accrued income	177,733	174,118
		<u>1,744,607</u>	<u>2,144,179</u>
10	Creditors: amounts falling due within one year	2001 £	2000 £
	Bank loans and overdrafts	769,827	999,359
	Net obligations under finance leases	119,286	194,605
	Trade creditors	126,835	239,131
	Amounts owed to parent and fellow subsidiary undertakings	500,536	754,754
	Taxes and social security costs	-	47,195
	Other creditors	234,551	277,944
	Accruals and deferred income	132,117	116,963
		<u>1,883,152</u>	<u>2,629,951</u>

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

11 Creditors: amounts falling due after more than one year	2001 £	2000 £
Bank loans	182,500	255,500
Net obligations under finance leases	215,836	229,838
	<u>398,336</u>	<u>485,338</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	182,500	255,500
	<u>182,500</u>	<u>255,500</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	73,000	73,000
In more than two years but not more than five years	109,500	182,500
	<u>182,500</u>	<u>255,500</u>
The bank loan is secured by a charge over 10.4 acres of land and buildings at Mettleham Farm. The loan is repayable over 5 years commencing 13 September 1999. Interest is charged on the bank loan at 1% above bank base rate.		
Bank overdrafts amounting to £906,166 (2000 - £926,359) are secured by a charge on the assets of the company, dated 15 October 1986.		
<b>Net obligations under finance leases</b>		
Repayable within one year	119,286	194,605
Repayable between one and five years	215,836	229,838
	<u>335,122</u>	<u>424,443</u>
Included in liabilities falling due within one year	(119,286)	(194,605)
	<u>215,836</u>	<u>229,838</u>

## 12 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	2001 £	Not provided 2000 £	2001 £	Provided 2000 £
Accelerated capital allowances	(121,239)	(210,951)	-	-
Other timing differences	(65,551)	(23,076)	-	-
Potential liability	<u>(186,790)</u>	<u>(234,027)</u>	<u>-</u>	<u>-</u>

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

### 13 Pension costs

The company makes defined contributions in respect of employees, into a group personal pension arrangement sponsored by Greens of Soham Limited. The scheme funds are independently administered by trustees. The pension cost charge represents contributions payable by the company, and amounted to £22,717 (2000 - £27,619).

14 Share capital	2001 £	2000 £
<b>Authorised</b>		
200,000,000 Ordinary Shares of 10p each	20,000,000	20,000,000
<b>Allotted, called up and fully paid</b>		
4,000,000 Ordinary Shares of 10p each	400,000	400,000

### 15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2001	1,998,237
Retained profit for the period	295,572
Balance at 31 December 2001	2,293,809

16 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit/(Loss) for the financial year	295,572	(145,435)
Dividends	-	(50,000)
Net addition to/(depletion in) shareholders' funds	295,572	(195,435)
Opening shareholders' funds	2,398,237	2,593,672
Closing shareholders' funds	2,693,809	2,398,237



# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

### 17 Contingent liabilities

a) The company has provided a composite cross guarantee to Barclays Bank PLC to secure its borrowings and those of Greens of Soham Limited, Lords Ground Limited, Greenseed International Limited, Spearhead Marketing Limited and Ingraston Potato Technology Limited. At 31 December 2001 the total overdraft outstanding amounted to £4,934,100 (2000 - £4,288,116).

b) The company has provided a guarantee and indemnity to Lombard North Central PLC for the facilities made available to the company periodically and also those made available to other fellow group companies - namely Greens of Soham Limited, Greenseed International Limited, Lords Ground Limited, Transacre Limited, Progrow Limited, Spearhead Marketing Limited and Ingraston Potato Technology Limited. At 31 December 2001 the total facilities provided amounted to £202,229.

c) In a debenture dated 6 June 2001 the company has provided security to European Bank for Reconstruction and Development for all present and future obligations and liabilities of Top Farms Glubczyce Sp. z o.o. and Top Farms Sp. z o.o. (both limited liability companies registered in Poland) and Eurofarms s.r.o. (a limited liability company registered in the Czech Republic) in respect of a loan agreement date 6 June 2001 between the bank, the co-borrowers and Spearhead International Limited in which the bank has granted a maximum facility of €12,000,000. The total borrowings outstanding to European Bank for Reconstruction and Development at 31 December 2001 amounted to €8,000,000.

The security provided by the company represents a second fixed charge on all present and future freehold and leasehold property, fixed plant and machinery, goodwill, uncalled share capital and book debts, together with a floating charge on the remainder of the company's undertakings and assets.

18 Directors' emoluments	2001 £	2000 £
Emoluments for qualifying services	<u>47,346</u>	<u>54,879</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2000 - 1).

# ENGINE FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

### 19 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Production	43	43
Administration	2	3
	<u>45</u>	<u>46</u>

#### Employment costs

	£	£
Wages and salaries	570,995	794,264
Social security costs	43,722	99,841
Other pension costs	22,717	27,619
	<u>637,434</u>	<u>921,724</u>

### 20 Control

The immediate parent company is Greens of Soham Limited, a company registered in England and Wales, and the ultimate parent company is Spearhead International Limited, a company registered in England and Wales.

Greens of Soham Limited and Spearhead International Limited each prepare group financial statements. Copies can be obtained from - 50 High Street, Soham, Ely, Cambridgeshire, CB7 5HF.

### 21 Related party transactions

#### a) Group

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with the group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company Spearhead International Limited. Other related party transactions are detailed below.

#### b) Other

##### Bradford Foods Limited

C. Judd, a director of the company, is also a director of Bradford Foods Limited with whom Engine Farm Limited have a business relationship. Engine Farm Limited have made a loan to Bradford Foods Limited. The amount outstanding at the year end was £38,459 (2000 - £89,738). The loan is secured by a charge over the company's plant and machinery. Interest is charged on the loan at a rate of 7% p.a. the amount is scheduled for repayment in August 2002.