

HIGH TREES PACKERS LIMITED

FINANCIAL STATEMENTS

31ST MAY 1999

Registered number: 693252

STUART HERD F.C.C.A.

CHARTERED CERTIFIED ACCOUNTANT.

Southend-on-Sea.



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HIGH TREES PACKERS LIMITED
FINANCIAL STATEMENTS
for the year ended 31st May 1999

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HIGH TREES PACKERS LIMITED

COMPANY INFORMATION

31st May 1999

INCORPORATED	in England on 19th May 1961.
COMPANY NUMBER	693252
DIRECTORS	D. G. Stevenson G. C. Stevenson Mrs. L. M. Stevenson J. D. Stevenson
SECRETARY	Mrs. S. Stevenson
REGISTERED OFFICE	High Trees, High Roding, Dunmow, Essex CM6 1NU
BANKERS	Barclays Bank Plc., Chelmsford Business Centre, 2 High Street, Chelmsford, Essex CM1 1BG.
AUDITOR	Stuart Herd F.C.C.A. Chartered Certified Accountant. Suite 5 Weston Chambers, Weston Road, Southend-on-Sea, Essex SS1 1AT.

HIGH TREES PACKERS LIMITED

DIRECTORS' REPORT

31st May 1999

The directors present their report and the audited financial statements for the year ended 31st May 1999.

Principal activity

The principal activity of the Company was that of Potato Merchants and Packhouse Operators.

Business review and future developments

As predicted the 1998 harvest was of a reduced tonnage but the market was exacerbated by the unwillingness of growers to keep the trade supplied regularly throughout the year. Consequently the end of season market was left with a large tonnage which was difficult to move and interfered with the start of the 1999 season. This new season is predictably not looking so promising as far as values are concerned because of an increase in planted acreage. However, the directors feel confident that overall the Company will be in a good position to handle more of the crop to export with higher values than the UK markets, which looks encouraging.

The directors and landlord both felt that the time was now right to upgrade the entire intake area of the pack-house, both internally and externally and install a completely new environmental dirty water system. All work was completed prior to the new millennium.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Directors

The directors of the Company during the year and their interests in the shares of the Company as recorded in the register of directors' interests were as follows:

	31st May 1999	1st June 1998
	Ordinary shares	Ordinary shares
D. G. Stevenson	760	760
G. C. Stevenson	490	490
Mrs. L. M. Stevenson	240	240
J. D. Stevenson	10	10

In accordance with the Articles of Association, Mr. J. D. Stevenson retires by rotation and offers himself for re-election.

continued

HIGH TREES PACKERS LIMITED

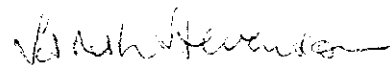
DIRECTORS' REPORT
(continued)

31st May 1999

Auditor

Stuart Herd F.C.C.A. has agreed to offer himself for re-appointment as auditor of the Company.

On behalf of the board

.....
Mrs. S. Stevenson
Secretary

High Trees,
High Roding,
Dunmow,
Essex CM6 1NU

17th January 2000.

HIGH TREES PACKERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

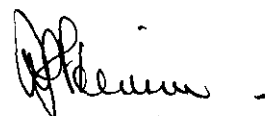
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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.

17th January 2000.

On behalf of the board



.....
D. G. Stevenson
Director

HIGH TREES PACKERS LIMITED

AUDITOR'S REPORT

Auditor's report to the members of

High Trees Packers Limited

I have audited the financial statements on pages 5 to 7 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 3, the Company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

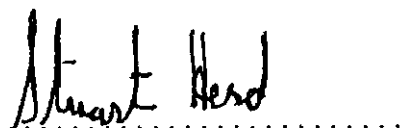
Basis of opinion

I conducted my 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 of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stuart Herd F.C.C.A.
Registered Auditor.
Suite 5 Weston Chambers,
Weston Road,
Southend-on-Sea,
Essex SS1 1AT.

17th January 2000.

HIGH TREES PACKERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st May 1999

	Note	1999 £	1998 £
Turnover	2	4,070,634	2,553,376
Cost of sales		(3,549,183)	(2,114,679)
Gross profit		521,451	438,697
Net operating expenses			
Administrative expenses		(399,143)	(366,040)
Operating profit	3	122,308	72,657
Investment and other income	5	718	718
Interest payable	6	(5,766)	(13,592)
Profit on ordinary activities before taxation		117,260	59,783
Taxation	7	(24,756)	(8,428)
Profit on ordinary activities after taxation		92,504	51,355
retained for the year	15		

Movements in reserves are shown in note 15.

None of the Company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses in 1999 or 1998 other than the profit for the year.

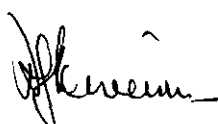
HIGH TREES PACKERS LIMITED

BALANCE SHEET

at 31st May 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	8	198,785	206,482
Current assets			
Stocks	9	69,019	47,976
Debtors	10	297,955	256,578
Cash at bank and in hand		85,728	129
		<u>452,702</u>	<u>304,683</u>
Creditors: amounts falling due within one year	11	<u>(347,600)</u>	<u>(282,346)</u>
Net current assets		<u>105,102</u>	<u>22,337</u>
Total assets less current liabilities		<u>303,887</u>	<u>228,819</u>
Creditors: amounts falling due after more than one year	12	<u>(823)</u>	<u>(18,259)</u>
		<u>303,064</u>	<u>210,560</u>
Capital and reserves			
Called up share capital	14	1,500	1,500
Profit and loss account	15	301,564	209,060
Total shareholders' funds	13	<u>303,064</u>	<u>210,560</u>

The financial statements on pages 5 to 7 were approved by the board of directors on 17th January 2000 and signed on its behalf by:



 D. G. Stevenson
 Director

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996).

Going Concern Basis

The accounts have been drawn up on the going concern basis. The Company meets its day-to-day working capital requirements through an overdraft facility which, in common with all such facilities, is repayable on demand. The Company operates within its agreed facility and the directors expect it to continue to be able to do so for at least one year from the date these accounts were approved. The facility is due for review by the 15th December 2000 and in view of their relationship with the Company's Bankers, the directors consider it reasonable to rely on the continuation of the facility.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the Company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Tenant's property improvements	20% on written down value
Plant and equipment	20% on written down value
Motor vehicles	20% on written down value
Leased fork lift trucks	Over the period of the lease (assumed to be 8 years)
General equipment	20% on written down value

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

2 Turnover

Of total turnover, approximately 76.4% (1998 - 76.5%) is for the United Kingdom market with the remainder being for eventual export to customers situated within other European countries.

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging:		
Staff costs (note 4)	287,494	268,255
Auditor's remuneration	2,500	1,750
Auditor's remuneration - non-audit work	9,996	2,875
Operating leases:		
Hire of plant and machinery	11,574	11,918
Hire of assets other than plant & machinery	13,060	19,064
Rent	12,000	12,000
Loss on disposal of assets	3,721	3,176
Depreciation of tangible fixed assets (note 8):		
Owned assets	37,169	34,495
Leased assets	15,075	16,346
	<u>52,244</u>	<u>50,841</u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>19,734</u>	<u>22,308</u>

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

4 Directors and employees

	1999	1998
	£	£
Staff costs including directors' emoluments		
Wages and salaries	270,949	251,348
Social security costs	16,545	16,907
	<u>287,494</u>	<u>268,255</u>
Average monthly number employed including executive directors:	Number	Number
Production staff	23	23
Office and management	7	6
	<u>30</u>	<u>29</u>
Directors	£	£
Emoluments	<u>13,665</u>	<u>13,219</u>
	£	£
Payment to third party for directors services	<u>24,232</u>	<u>13,100</u>

5 Investment and other income

	1999	1998
	£	£
Proceeds from hire of radio telephone	<u>718</u>	<u>718</u>

6 Interest payable

	1999	1998
	£	£
Bank interest	3,078	9,601
Lease interest	22	168
Hire purchase interest	2,666	3,823
	<u>5,766</u>	<u>13,592</u>

7 Taxation

	1999	1998
	£	£
Corporation tax on profit on ordinary activities at 21% for the period ended 31st March 1999 and at 20% thereafter.	<u>24,756</u>	<u>8,428</u>

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Equipment £	General Equipment £	Tenants Property Improvements £	Total £
1st June 1998	20,794	400,112	54,779	10,510	486,195
Additions	-	20,745	27,524	-	48,269
Disposals	(5,090)	-	(15,517)	-	(20,607)
31st May 1999	15,704	420,857	66,786	10,510	513,857
Depreciation					
1st June 1998	12,764	222,152	38,832	5,965	279,713
Charge for the year	1,552	42,397	7,386	909	52,244
Disposals	(4,820)	-	(12,065)	-	(16,885)
31st May 1999	9,496	264,549	34,153	6,874	315,072
Net book amount					
31st May 1999	6,208	156,308	32,633	3,636	198,785
1st June 1998	8,030	177,960	15,947	4,545	206,482

The net book amount of plant and equipment includes £42,795 (1998 £57,220) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

9 Stocks

	1999 £	1998 £
Potatoes and consumables	69,019	47,976

10 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	265,158	226,642
VAT	16,956	8,556
Prepayments	13,650	19,900
Other debtors	2,191	1,480
	297,955	256,578

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

11 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdraft	-	114,439
Trade creditors	295,740	129,690
Corporation tax	26,186	9,858
Other taxation and social security	5,550	5,030
Obligations under finance leases and hire purchase contracts - note 12	20,124	23,329
	<u>347,600</u>	<u>282,346</u>

The Bank overdraft facility which, in common with all such facilities is repayable on demand. The facility is scheduled for review by the 15th December 2000 and currently is secured by collateral provided by certain directors of the Company.

12 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Obligations under finance leases and hire purchase contracts	823	18,259

Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by instalments as follows:

In the next year - see note 11	20,124	23,329
In the second to fifth years	823	18,259
	<u>20,947</u>	<u>41,588</u>

13 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year representing a Net addition to shareholders' funds	92,504	51,355
Opening shareholders' funds	210,560	159,205
Closing shareholders' funds	<u>303,064</u>	<u>210,560</u>

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

14 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	1,500	1,500	1,500	1,500
Allotted, called up and fully paid				
Ordinary shares of £1 each	1,500	1,500	1,500	1,500

15 Profit and loss account

	1999 £
1st June 1998	209,060
Retained profit for the year	92,504
31st May 1999	301,564

16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st May 2000.

	1999 Plant & Other £	1998 Plant & Other £
Expiring		
Within one year	2,045	-
Within two to five years	6,022	15,274
	8,067	15,274

In addition, capital commitments contracted for but not provided for in these financial statements amounted to £43,520 (1998 £22,123).

HIGH TREES PACKERS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st May 1999

17 Directors' material interests in contracts

During the year a partnership consisting of D. G. Stevenson and Mrs. L. M. Stevenson undertook a number of individual transactions with the Company. These transactions, details of which are set out below, were undertaken on a commercial basis.

Income, exclusive of VAT, from D. G. & Mrs. L. M. Stevenson

	1999	1998
	£	£
Sales	355	7,050
Reimbursement of joint expenses	9,063	8,557
	<u>9,418</u>	<u>15,607</u>

Expenditure, exclusive of VAT, to D. G. & Mrs. L. M. Stevenson

	1999	1998
	£	£
Haulage charges	205,015	199,700
Diesel	636	1,781
Purchases	81,108	57,950
Rent and storage charges	57,667	53,000
Labour	23,334	32,384
	<u>367,760</u>	<u>344,815</u>

	1999	1998
	£	£
Net balance due from the Company	<u>53,300</u>	<u>16,864</u>

For the purpose of reporting under Financial Reporting Standard No 8, the Company is controlled by Mr. D. G. Stevenson.