

J S GARTON & SON LIMITED

Report and Financial Statements

31 March 2001

**Deloitte & Touche
Leda House
Station Road
Cambridge
CB1 2RN**



J S GARTON & SON LIMITED**REPORT AND FINANCIAL STATEMENTS 2001**

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J S GARTON & SON LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A Garton (Chairman)
Mrs F C Garton

SECRETARY

R A Garton

REGISTERED OFFICE

Forest Hall
Hatfield Broad Oak
Bishop's Stortford
Herts
CM22 7BT

BANKERS

National Westminster Bank PLC
7 North Street
Bishop's Stortford
Herts
CM23 2LE

SOLICITORS

Stanley Tee & Co
6 High Street
Bishop's Stortford
Herts
CM23 2LU

ACCOUNTANTS

Deloitte & Touche
Chartered Accountants
Leda House
Station Road
Cambridge
CB1 2RN

J S GARTON & SON LIMITED**DIRECTORS' REPORT**

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

ACTIVITY

The company's principal activity is farming.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year reflect the trend in arable farming and are only expected to return to profitability when produce sale prices increase.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year.

LAND AND BUILDINGS

In the opinion of the directors the value of the company's freehold land on an open market basis exceeds the book value. This excess would, if realised, be subject to corporation tax, at current rates. However following the re-basing to 31 March 1982 values for capital gains tax purposes it is unlikely to give rise to a liability.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with their interests in the share capital of the company, are as follows:

	Ordinary shares	
	2001 No	2000 No
R A Garton	5,100	5,100
J S Garton (Died 15 November 2000)	4,600	4,600
Mrs F C Garton	-	-

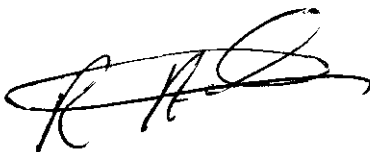
In addition to the above, the following shares are held in trust for the benefit of the minor child of R A Garton and R A Garton is a trustee

10,300	10,300
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Approved by the Board of Directors
and signed on behalf of the Board

R A Garton

Secretary



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Leda House
Station Road
Cambridge CB1 2RN



INVESTOR IN PEOPLE

Tel: National 01223 460222
International + 44 1223 460222
Fax (Gp. 3): 01223 350839
DX 5812
www.deloitte.co.uk

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& Touche**

**INDEPENDENT ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS TO THE
DIRECTORS OF J S GARTON & SON LIMITED**

As described on the balance sheet, you are responsible for the preparation of the accounts for the year ended 31 March 2001 which comprise the profit and loss account, the balance sheet and related notes 1 to 16, and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Chartered Accountants

J S GARTON & SON LIMITED

**Deloitte
& Touche**

PROFIT AND LOSS ACCOUNT Year ended 31 March 2001

	Note	£	2001 £	2000 £
TURNOVER: continuing operations	2		303,075	428,996
Cost of sales			75,332	127,678
			<hr/>	<hr/>
Gross profit			227,743	301,318
Administrative expenses		362,729		382,939
Other operating income		(132,977)		(135,179)
		<hr/>	229,752	247,760
			<hr/>	<hr/>
OPERATING (LOSS)/PROFIT: continuing operations	4		(2,009)	53,558
Interest receivable and similar income			1	2
Interest payable and similar charges	5		(10,192)	(10,880)
			<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(12,200)	42,680
Tax on (loss)/profit on ordinary activities	6		2,939	17,829
			<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			(15,139)	24,851
Retained profit brought forward			308,562	283,711
			<hr/>	<hr/>
Retained profit carried forward			293,423	308,562
			<hr/>	<hr/>

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

J S GARTON & SON LIMITED**Deloitte
& Touche****BALANCE SHEET
31 March 2001**

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	347,199	372,454
CURRENT ASSETS			
Stocks	8	134,425	125,931
Debtors	9	31,096	35,948
		165,521	161,879
CREDITORS: amounts falling due within one year	10	189,583	186,282
NET CURRENT LIABILITIES		(24,062)	(24,403)
TOTAL ASSETS LESS CURRENT LIABILITIES		323,137	348,051
CREDITORS: amounts falling due after more than one year	11	-	(8,609)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(9,714)	(10,880)
		313,423	328,562
CAPITAL AND RESERVES			
Called up share capital	14	20,000	20,000
Profit and loss account		293,423	308,562
EQUITY SHAREHOLDERS' INTERESTS		313,423	328,562

These annual accounts have not been audited because the company is entitled to the exemption provided by section 249A(1) of the Companies Act 1985 and its members have not required the company to obtain an audit of these accounts in accordance with section 249B(2).

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J S GARTON & SON LIMITED

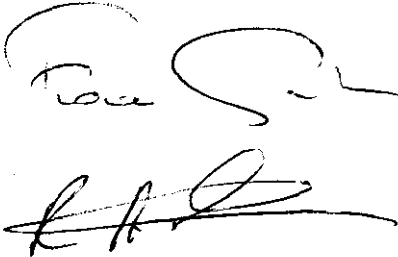
BALANCE SHEET (continued)
31 March 2001

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Directors on
relevant records and information for their preparation.

and we confirm that we have made available all

Signed on behalf of the Board of Directors

Two handwritten signatures in black ink. The top signature is a cursive 'R. S.' and the bottom signature is a more complex cursive script, possibly 'R. S. Garton'.

J S GARTON & SON LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 March 2001**1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

No depreciation is provided on freehold land. On other fixed assets depreciation is provided so as to write off their cost over their useful economic lives at the following annual rates applied to their reducing book value:

Improvements to property	10% per annum
Motor vehicles, tractors and implements	Between 15% and 25% per annum

Leased assets are depreciated over their useful life.

No depreciation is provided on freehold buildings. It is the company's policy to maintain these assets in a continual state of sound repair. The useful economic life of these assets are thus so long and residual values so high that the directors estimate the charge would not be material. Annual impairment reviews are carried out accordingly.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease rentals in proportion to the capital element outstanding.

Pension costs

The costs of the defined contribution pension scheme are charged to the profit and loss account in the year in which they are incurred.

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

1 ACCOUNTING POLICIES (continued)

Recognition of area aid income

Area aid income, including set aside, is recognised in the profit and loss account when the underlying crops are sold. For crops harvested but unsold at the year end date the relevant area aid and set aside is treated as deferred income on the balance sheet.

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity.

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £	2000 £
Directors' remuneration		
Emoluments (excluding pension contributions)	43,970	63,734
Company contributions to money purchase and similar pension schemes in respect of directors' services	3,703	3,016
	2001 No	2000 No
The number of directors who:		
■ are members of a money purchase pension scheme	2	3
	2001 No	2000 No
Average number of persons employed		
Production staff	4	4
Administrative staff	2	3
	6	7

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2001 £	2000 £
Staff costs during the year (including directors)		
Wages and salaries	109,761	137,456
Social security costs	9,096	6,037
Pension costs	3,703	3,016
	<u>122,560</u>	<u>146,509</u>

4 OPERATING (LOSS)/PROFIT

	2001 £	2000 £
Operating (loss)/profit is after charging:		
Depreciation		
Owned assets	35,740	43,576
Leased assets	5,684	8,704
Loss on disposal of fixed assets	1,549	-
Auditors' remuneration	-	4,000
	<u>-</u>	<u>4,000</u>
and after crediting:		
Rent and wayleaves	<u>132,977</u>	<u>135,179</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts	9,141	9,356
Finance leases and hire purchase contracts	1,051	1,524
	<u>10,192</u>	<u>10,880</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Corporation tax (repayable)/payable at 20% (2000 - 20%)	(485)	10,659
Deferred taxation	(1,166)	(684)
	<hr/>	<hr/>
	(1,651)	9,975
Adjustments to prior years' tax provisions		
Corporation tax	4,590	7,854
	<hr/>	<hr/>
	2,939	17,829
	<hr/>	<hr/>

The disproportionate corporation tax charge is in respect of revenue expenditure disallowed for corporation tax purposes.

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Improve- ments to property £	Machinery, implements and motor vehicles £	Total £
Cost				
At 1 April 2000	108,274	235,556	783,193	1,127,023
Additions in year	-	-	22,918	22,918
Disposals in year	-	-	(8,998)	(8,998)
At 31 March 2001	108,274	235,556	797,113	1,140,943
Accumulated depreciation				
At 1 April 2000	-	138,420	616,149	754,569
Charge in year	-	9,714	31,710	41,424
Disposals in year	-	-	(2,249)	(2,249)
At 31 March 2001	-	148,134	645,610	793,744
Net book value				
At 31 March 2001	108,274	87,422	151,503	347,199
At 31 March 2000	108,274	97,136	167,044	372,454

The net book value of machinery, implements and motor vehicles includes £17,052 (2000 - £29,111) in respect of assets held under hire purchase and lease contracts.

8 STOCKS

	2001 £	2000 £
Raw materials and consumables	27,904	17,111
Cultivations and work in progress	72,645	92,536
Crops in store	33,876	16,284
	134,425	125,931

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

9 DEBTORS

	2001 £	2000 £
Trade debtors	22,592	19,065
Other debtors	6,060	10,456
Prepayments and accrued income	2,444	6,427
	<u>31,096</u>	<u>35,948</u>

All amounts are due within one year.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	59,764	55,149
Obligations under hire purchase contracts	8,609	11,216
Trade creditors	53,850	32,506
Directors' current accounts	39,471	56,096
Corporation tax payable	-	10,659
Other taxation and social security	2,856	4,883
Accruals and deferred income	25,033	15,773
	<u>189,583</u>	<u>186,282</u>

The bank overdraft is secured by a legal mortgage over the company's farm land and buildings at Forest Farm, Hatfield Broad Oak.

The directors' current accounts are unsecured, interest-free and have no fixed repayment terms.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Obligations under hire purchase contracts	<u>-</u>	<u>8,609</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

12 BORROWINGS

	2001 £	2000 £
Analysis of loan repayments:		
Bank overdraft		
Within one year or on demand	59,764	55,149
Other loans including hire purchase contracts net of future finance charges		
Within one year or on demand	8,609	11,216
Between one and two years	-	8,609
	8,609	19,825

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 April 2000 £	Credited to Profit and loss account £	Applied £	Balance at 31 March 2001 £
Deferred taxation	10,880	(1,166)	-	9,714

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 2001 £	Provided 2000 £	Not Provided 2001 £	Not Provided 2000 £
Accelerated capital allowances	9,714	10,880	-	-

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

14 CALLED UP SHARE CAPITAL

	2001	2000
	£	£
Authorised		
20,000 ordinary shares of £1.00 each	20,000	20,000
	<hr/>	<hr/>
Called up, allotted and fully paid		
20,000 ordinary shares of £1.00 each	20,000	20,000
	<hr/>	<hr/>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
(Loss)/profit attributable to the members of the company	(15,139)	24,851
Opening shareholders' funds	328,562	303,711
	<hr/>	<hr/>
Closing shareholders' funds	313,423	328,562
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

16 RELATED PARTY DISCLOSURES

The company occupies land owned by the trusts for which Mr R A Garton acts as a trustee. The company pays rent at commercial rates which in the year totalled £19,860 (2000 - £19,860). There are no opening or closing balances in respect of transactions with the trusts.

The company rents land from Mr R A Garton for £1,935 (2000 - £1,935).

The directors' current accounts are made up as follows:

	2001 £	2000 £
J S GARTON		
Opening balance	6,261	3,359
Loan repayment	-	(3,300)
Capital introduced	10,000	6,270
Drawings	(1,520)	(68)
Transfer out	(14,741)	-
Closing balance	-	6,261
R A GARTON		
Opening balance	23,014	34,541
Rent	1,935	1,935
Cash introduced	-	5,000
Drawings	(24,161)	(18,462)
Transfer in	14,741	-
Closing balance	15,529	23,014
F C GARTON		
Opening balance	26,821	8,598
Capital introduced	-	20,000
Remuneration	8,000	-
Drawings	(10,879)	(1,777)
Closing balance	23,942	26,821
TOTAL	39,471	56,096

R A Garton is the company's immediate and ultimate controlling party.