

**Deloitte &  
Touche**

Deloitte Touche  
Tohmatsu



Company Registration No. 00774499

**J S GARTON & SON LIMITED**

**Report and Financial Statements**

**31 March 1998**

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



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COMPANIES HOUSE 04/02/99

COMPANIES HOUSE 21/01/99

**REPORT AND FINANCIAL STATEMENTS 1998**

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**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R A Garton (Chairman)  
J S Garton  
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

**AUDITORS**

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

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

### **ACTIVITY**

The company's principal activity is farming.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The results for the year are satisfactory and given a favourable trading climate the company is expected to achieve similar results in future. The profit for the year before taxation is £31,745.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The results for the year are set out in detail on page 5. The directors do not recommend the payment of a dividend and the retained profit for the year of £24,538 has been transferred to reserves.

### **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 of £108,274 by approximately £330,000. 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 throughout the year, together with their interests in the share capital of the company, are as follows:

	Ordinary shares	
	1998	1997
	No	No
R A Garton	5,100	9,400
J S Garton	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	6,000
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### **YEAR 2000 COMPLIANCE**

The directors have considered the implications of the year 2000 on the company. They consider all steps have been taken to ensure that no problems should occur.

**DIRECTORS' REPORT (continued)**

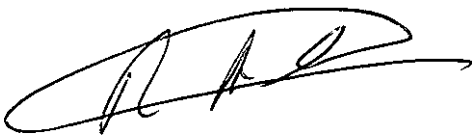
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

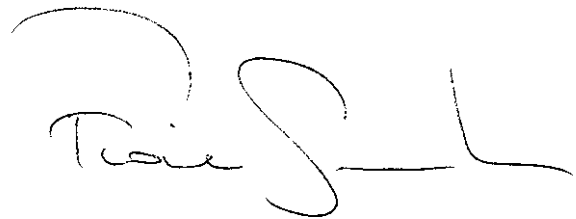
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. 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.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary





## AUDITORS' REPORT TO THE MEMBERS OF J S GARTON & SON LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under 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 our responsibility to form an independent 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 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1998**

	Note	£	1998 £	1997 £
<b>TURNOVER: continuing operations</b>	2		388,593	525,285
Cost of sales			67,799	102,231
Gross profit			<u>320,794</u>	<u>423,054</u>
Administrative expenses		365,711		410,692
Other operating income		<u>(90,090)</u>		<u>(84,147)</u>
			<u>275,621</u>	<u>326,545</u>
<b>OPERATING PROFIT: continuing operations</b>	4		45,173	96,509
Interest payable and similar charges	5		<u>(13,428)</u>	<u>(12,191)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			31,745	84,318
Tax on profit on ordinary activities	6		<u>7,207</u>	<u>20,637</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			24,538	63,681
Retained profit brought forward			<u>273,430</u>	<u>209,749</u>
Retained profit carried forward			<u><u>297,968</u></u>	<u><u>273,430</u></u>

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.



**BALANCE SHEET**  
**31 March 1998**

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	7	385,619	412,359
<b>CURRENT ASSETS</b>			
Stocks	8	178,789	143,752
Debtors	9	43,023	48,435
		221,812	192,187
<b>CREDITORS: amounts falling due within one year</b>	10	280,113	301,628
<b>NET CURRENT LIABILITIES</b>		(58,301)	(109,441)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		327,318	302,918
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(9,350)	(9,488)
		317,968	293,430
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	20,000	20,000
Profit and loss account		297,968	273,430
<b>EQUITY SHAREHOLDERS' INTERESTS</b>		317,968	293,430

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**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.

**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.

**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.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**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**

	1998 £	1997 £
<b>Directors' remuneration</b>		
Emoluments (excluding pension contributions)	53,524	94,204
Company contributions to money purchase and similar pension schemes in respect of directors' services	2,329	5,000
	1998 No	1997 No
<b>The number of directors who:</b>		
■ are members of a money purchase pension scheme	3	3
	1998 No	1997 No
<b>Average number of persons employed</b>		
Production staff	5	5
Administrative staff	3	3
	8	8
	1998 £	1997 £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	120,974	148,089
Social security costs	12,101	7,147
Pension costs	2,329	5,000
	135,404	160,236



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**4 OPERATING PROFIT**

	1998 £	1997 £
Operating profit is after charging:		
Depreciation		
Owned assets	42,949	47,843
Leased assets	15,414	18,818
Auditors' remuneration	3,900	3,900
	<u>          </u>	<u>          </u>
and after crediting:		
Rent and wayleaves	90,090	84,147
Profit on sale of fixed assets	-	479
	<u>          </u>	<u>          </u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
Bank loans and overdrafts	13,428	12,191
	<u>          </u>	<u>          </u>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £	1997 £
United Kingdom corporation tax at 21% (1997 - 24%)	7,143	19,729
Deferred taxation	688	908
	<u>          </u>	<u>          </u>
	7,831	20,637
Adjustments to prior years' tax provisions		
Corporation tax	202	-
Deferred taxation	(826)	-
	<u>          </u>	<u>          </u>
	7,207	20,637
	<u>          </u>	<u>          </u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**
**7 TANGIBLE FIXED ASSETS**

	Freehold land £	Improve- ments to property £	Machinery, implements and motor vehicles £	Total £
<b>Cost</b>				
At 1 April 1997	108,274	181,074	728,110	1,017,458
Additions in year	-	22,832	8,791	31,623
At 31 March 1998	108,274	203,906	736,901	1,049,081
<b>Accumulated depreciation</b>				
At 1 April 1997	-	105,824	499,275	605,099
Charge in year	-	9,811	48,552	58,363
At 31 March 1998	-	115,635	547,827	663,462
<b>Net book value</b>				
At 31 March 1998	108,274	88,271	189,074	385,619
At 31 March 1997	108,274	75,250	228,835	412,359

The net book value of machinery, implements and motor vehicles includes £42,722 (1997 - £56,855) in respect of assets held under hire purchase and lease contracts.

**8 STOCKS**

	1998 £	1997 £
Raw materials and consumables	12,628	17,821
Cultivations and work in progress	118,065	111,546
Crops in store	48,096	14,385
	178,789	143,752

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**9 DEBTORS**

	1998	1997
	£	£
Trade debtors	30,836	29,877
Other debtors	8,210	11,458
Prepayments and accrued income	3,977	7,100
	<u>43,023</u>	<u>48,435</u>

All amounts are due within one year.

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Bank overdraft	156,438	101,574
Obligations under hire purchase contracts	-	22,375
Trade creditors	31,972	85,452
Directors' current accounts	44,727	27,054
Corporation tax payable	7,143	19,729
Other taxation and social security	6,860	5,611
Other creditors	-	22,225
Accruals and deferred income	32,973	17,608
	<u>280,113</u>	<u>301,628</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 BORROWINGS**

	1998	1997
	£	£
Analysis of loan repayments:		
Bank overdraft		
Within one year or on demand	<u>156,438</u>	<u>101,574</u>
Other loans including hire purchase contracts net of future finance charges		
Within one year or on demand	<u>-</u>	<u>22,375</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**
**12 PROVISIONS FOR LIABILITIES AND CHARGES**

	Balance at 1 April 1997 £	Credited to Profit and loss account £	Applied £	Balance at 31 March 1998 £
Deferred taxation	9,488	(138)	-	9,350

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

	Provided 1998 £	Provided 1997 £	Not Provided 1998 £	Not Provided 1997 £
Accelerated capital allowances	9,350	9,488	-	-

**13 CALLED UP SHARE CAPITAL**

	1998 £	1997 £
<b>Authorised</b>		
20,000 ordinary shares of £1.00 each	20,000	20,000
<b>Called up, allotted and fully paid</b>		
20,000 ordinary shares of £1.00 each	20,000	20,000

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998 £	1997 £
Profit attributable to members of the company	24,538	63,681
Opening shareholders' funds	293,430	229,749
Closing shareholders' funds	317,968	293,430

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**15 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 £17,574 (1997 - £15,110). 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 (1997 - £1,935).

The directors' current accounts are made up as follows:

	1998	1997
	£	£
<b>J S GARTON</b>		
Opening balance	9,273	9,273
Loan repayment	(6,000)	-
Other income	184	-
Drawings	(98)	-
Closing balance	<u>3,359</u>	<u>9,273</u>
 <b>R A GARTON</b>		
Opening balance	15,354	253
Rent	1,935	1,935
Cash introduced	25,000	13,250
Drawings	(3,348)	(84)
Closing balance	<u>38,941</u>	<u>15,354</u>
 <b>F C GARTON</b>		
Opening balance	2,427	2,629
Drawings	-	(202)
Closing balance	<u>2,427</u>	<u>2,427</u>
 <b>TOTAL</b>	<u><u>44,727</u></u>	<u><u>27,054</u></u>

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