

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu
International



Company Registration No. 00774499

J S GARTON & SON LIMITED

Report and Financial Statements

31 March 1996

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





REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

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 1996.

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 £105,316.

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 £78,198 has been transferred to reserves.

FIXED ASSETS

Changes in fixed assets during the year are summarised in note 7.

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 £95,024 by approximately £295,000. 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	
	1996	1995
	No	No
R A Garton	9,400	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

6,000	6,000
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TAXATION STATUS

So far as the directors are aware, the company is a close company for taxation purposes.



DIRECTORS' REPORT (continued)

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.


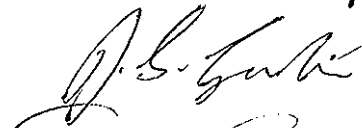

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

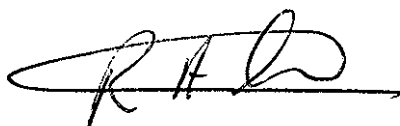
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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




J. S. Garton

Secretary





Chartered Accountants

Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

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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 1996 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 1996

	Note	£	1996 £	1995 £
TURNOVER: continuing operations	2		429,578	407,326
Cost of sales			78,340	73,979
			<hr/>	<hr/>
Gross profit			351,238	333,347
			<hr/>	<hr/>
Administrative expenses		312,123		360,329
Other operating income		(89,412)		(85,218)
		<hr/>	222,711	275,111
			<hr/>	<hr/>
OPERATING PROFIT: continuing operations	4		128,527	58,236
Interest payable and similar charges	5		(23,211)	(23,014)
			<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			105,316	35,222
Tax on profit on ordinary activities	6		27,118	9,517
			<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR			78,198	25,705
Retained profit brought forward			131,551	105,846
			<hr/>	<hr/>
Retained profit carried forward			209,749	131,551
			<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.


BALANCE SHEET
31 March 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	7	339,276	354,600
CURRENT ASSETS			
Stocks	8	134,317	124,711
Debtors	9	23,674	20,013
		157,991	144,724
CREDITORS: amounts falling due within one year	10	258,938	310,462
NET CURRENT LIABILITIES		(100,947)	(165,738)
TOTAL ASSETS LESS CURRENT LIABILITIES		238,329	188,862
CREDITORS: amounts falling due after more than one year	11	-	(28,845)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(8,580)	(8,466)
		229,749	151,551
CAPITAL AND RESERVES			
Called up share capital	14	20,000	20,000
Profit and loss account		209,749	131,551
EQUITY SHAREHOLDERS' INTERESTS		229,749	151,551

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 1996

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 1996

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 and pre-tax profit, which arise in the United Kingdom, are attributable to the company's principal activity.

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments		
Management remuneration	45,286	52,977
Benefits in kind	9,855	9,508
	<u>55,141</u>	<u>62,485</u>
 Remuneration of the Chairman	 -	 -
Remuneration of the highest paid director	<u>52,136</u>	<u>59,482</u>
	1996 No	1995 No

Scale of directors' remuneration, including Chairman and highest paid director

£0 - £5,000	2	2
£50,001 - £55,000	1	-
£55,001 - £60,000	-	1
	<u>2</u>	<u>3</u>
	1996 No	1995 No
Average number of persons employed		
Production staff	8	8
Administrative staff	3	3
	<u>11</u>	<u>11</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1996

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1996 £	1995 £
Staff costs during the year (including directors)		
Wages and salaries	97,328	116,380
Social security costs	6,691	7,461
Pension costs	3,005	3,003
	<u>107,024</u>	<u>126,844</u>

Related party transactions

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 £8,475 (1995 - £7,760).

The company rents land from Mr R A Garton for £1,935 (1995 - £1,935).

4 OPERATING PROFIT

	1996 £	1995 £
Operating profit is after charging:		
Depreciation		
Owned assets	28,551	28,344
Leased assets	25,057	41,903
Auditors' remuneration	<u>3,800</u>	<u>3,700</u>
and after crediting:		
Rent and wayleaves	89,412	85,218
Profit on sale of fixed assets	<u>-</u>	<u>22,672</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Bank loans, overdrafts and other loans repayable within five years	<u>23,211</u>	<u>23,014</u>



NOTES TO THE ACCOUNTS
Year ended 31 March 1996

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
United Kingdom corporation tax at 25% (1995 - 25%) based on taxable profit for the year	27,004	20,069
Deferred taxation	114	(10,552)
	<u>27,118</u>	<u>9,517</u>

7 TANGIBLE FIXED ASSETS

	Freehold land £	Improve- ments to property £	Machinery, implements and motor vehicles £	Total £
Cost				
At 1 April 1995	95,024	150,090	597,447	842,561
Additions in year	-	14,354	23,930	38,284
At 31 March 1996	<u>95,024</u>	<u>164,444</u>	<u>621,377</u>	<u>880,845</u>
Accumulated depreciation				
At 1 April 1995	-	90,021	397,940	487,961
Charge in year	-	7,441	46,167	53,608
At 31 March 1996	<u>-</u>	<u>97,462</u>	<u>444,107</u>	<u>541,569</u>
Net book value				
At 31 March 1996	<u>95,024</u>	<u>66,982</u>	<u>177,270</u>	<u>339,276</u>
At 31 March 1995	<u>95,024</u>	<u>60,069</u>	<u>199,507</u>	<u>354,600</u>

The net book value of machinery, implements and motor vehicles includes £75,673 (1995 - £100,730) in respect of assets held under hire purchase and lease contracts.

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

8 STOCKS

	1996 £	1995 £
Raw materials and consumables	21,510	18,425
Cultivations and work in progress	91,135	99,836
Crops in store	21,672	6,450
	<u>134,317</u>	<u>124,711</u>

9 DEBTORS

	1996 £	1995 £
Trade debtors	15,189	8,627
Other debtors	1,521	4,950
Prepayments and accrued income	6,964	6,436
	<u>23,674</u>	<u>20,013</u>

All amounts are due within one year.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdraft	157,115	202,265
Obligations under hire purchase contracts	28,845	28,845
Trade creditors	11,929	26,176
Directors' current accounts	12,155	6,943
Corporation tax payable	27,004	20,069
Other taxation and social security	5,483	4,709
Accruals and deferred income	16,407	21,455
	<u>258,938</u>	<u>310,462</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.



NOTES TO THE ACCOUNTS
Year ended 31 March 1996

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Obligations under hire purchase contracts	-	28,845

12 BORROWINGS

	1996 £	1995 £
Analysis of loan repayments:		
Bank overdraft		
Within one year or on demand	157,115	202,265
Other loans including hire purchase contracts net of future finance charges		
Within one year or on demand	28,845	28,845
Between one and two years	-	28,845
	28,845	57,690

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 April 1995 £	Charged to Profit and loss account £	Applied £	Balance at 31 March 1996 £
Deferred taxation	8,466	114	-	8,580

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

	Provided 1996 £	Provided 1995 £	Not Provided 1996 £	Not Provided 1995 £
Accelerated capital allowances	8,580	8,466	-	-



NOTES TO THE ACCOUNTS
Year ended 31 March 1996

14 CALLED UP SHARE CAPITAL

	1996 £	1995 £
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

	1996 £	1995 £
Profit attributable to members of the company	78,198	25,705
Opening shareholders' funds	151,551	125,846
	<hr/>	<hr/>
Closing shareholders' funds	229,749	151,551
	<hr/>	<hr/>