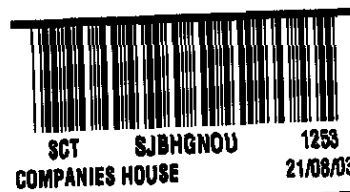


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Company No. SC175634

LOCHTOWER LIMITED
FINANCIAL STATEMENTS
For the year ended 28 November 2002



LOCHTOWER LIMITED

FINANCIAL STATEMENTS

For the year ended 28 November 2002

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LOCHTOWER LIMITED

COMPANY INFORMATION

Directors

James Andrew Wauchope
Victoria Catherine Wauchope

Registered office

Lochtower
Kelso
Roxburghshire
TD5 8PD

Secretary

James Andrew Wauchope

Bankers

Royal Bank of Scotland
6 The Square
Kelso
TD5 7HG

Solicitors

Murray Beith Murray WS
39 Castle Street
Edinburgh
EH2 3BH

Accountant

Chiene & Tait CA
61 Dublin Street
Edinburgh
EH3 6NL

LOCHTOWER LIMITED

DIRECTORS' REPORT

The directors present herewith financial statements for the year ended 28 November 2002.

Principal activity and review of the business

The profit and loss account for the year is set out on page 4.

The principal activity of the company is farming.

Directors and their interests in the share capital of the company

The directors at 28 November 2002 and their interests in the ordinary share capital of the company were as follows:

	Ordinary Shares	
	2002	2001
	No.	No.
J A Wauchope	703,000	703,000
Mrs V C Wauchope	60,000	60,000

Director's 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select a suitable accounting policies, as described on page 6 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 him to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

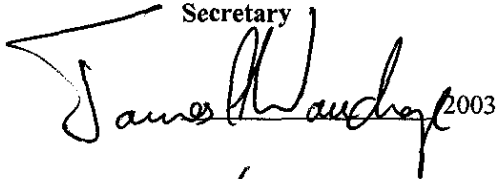
Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD

J A WAUCHOPE

Secretary

 2003

3/8/03



LOCHTOWER LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS

Year ended 28 November 2002

As described on the balance sheet, the directors of the company are responsible for the preparation of the financial statements for the year ended 28 November 2002, set out on pages 4 to 9.

You consider that the company is exempt from an audit under the Companies Act 1985.

In accordance with your instructions we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

CHIENE & TAIT CA
61 Dublin Street
Edinburgh EH3 6NL

20th August 2003

LOCHTOWER LIMITED**PROFIT and LOSS ACCOUNT****For the year ended 28 November 2002**

	Notes	2002 £	2001 £
Turnover		260,339	252,811
Cost of sales		302,179	247,197
Gross (loss)/profit		(41,840)	5,614
Other income		168,078	115,218
		126,238	120,832
Administrative expenses		(92,557)	(74,147)
Operating profit	2	33,681	46,685
Profit on sale of fixed assets		587	5,393
Interest payable		(26,556)	(31,156)
Profit on ordinary activities before taxation		7,712	20,922
Tax charge on results of ordinary activities	3	2,276	-
Profit on ordinary activities after taxation		5,436	20,922

The notes on pages 6 to 9 form part of these financial statements

LOCHTOWER LIMITED

BALANCE SHEET

As at 28 November 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Intangible assets	4		65,165		47,485
Tangible assets	5		371,588		378,944
Investments	6		25,000		25,000
			<hr/>		<hr/>
			461,753		451,429
Current assets					
Stocks	7	278,517		282,517	
Debtors	8	147,615		136,017	
			<hr/>	<hr/>	
			426,132	418,534	
Creditors: amounts falling due within one year	9	129,294		124,808	
			<hr/>	<hr/>	
Net current assets			296,838		293,726
			<hr/>		<hr/>
			758,591		745,155
Creditors: amounts falling due in more than one year	10		8,000		-
			<hr/>		<hr/>
Total assets less current liabilities			750,591		745,155
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	11		763,000		763,000
Profit and loss account	12		(12,409)		(17,845)
			<hr/>		<hr/>
Equity shareholders' funds			750,591		745,155
			<hr/>		<hr/>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibility for:

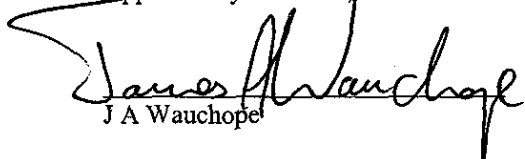
- (i) ensuring that the company keeps proper accounting record which comply with section 221 of the Act; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board of Directors on

3/8/03

and signed on its behalf by:


J A Wauchope

The notes on pages 6 to 9 form part of these financial statements

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 28 November 2002

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements contain information about Lochtower Limited as an individual company and do not contain consolidated information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Farming quotas

Purchased quota is initially recorded at cost, however no depreciation is provided on farming quotas not having a finite life, any permanent diminution in value will be recognised in the period it occurs.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of fixed assets over the expected useful lives as follows:

Implements and machinery	- 15% reducing balance
Tractors	- 20% reducing balance
Motor vehicles	- 20% reducing balance
Computer equipment	- 25% straight line
Buildings	- 2% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolescent, slow moving and defective stocks.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Although there has been a change in accounting policy, no prior period adjustment is required as the effect is immaterial.

Government grants

Grants received, or receivable, from the Department of Agriculture and Fisheries on qualifying expenditure are applied in reduction of the cost of acquisition of the fixed assets to which the grants relate. As a result, grants are effectively credited to revenue over the expected useful lives of the related assets.

Turnover

Turnover represents the total net invoiced sales of goods, excluding Value Added Tax. All turnover is attributed to the United Kingdom.

2. Operating profit

	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	27,093	26,961
Directors' emoluments (including pension contributions) for management services	31,400	31,400

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 28 November 2002

3. Tax on profit on ordinary activities	2002	2001
	£	£

Based on the results for the year:

UK corporation tax	235	-
Under-provision from prior year	2,041	-
	<u>2,276</u>	<u>-</u>

4. Intangible assets – farming quotas	2002	2001
	£	£

Cost

At 28 November 2001	47,485	47,485
Additions	17,680	-
	<u>65,165</u>	<u>47,485</u>
At 28 November 2002		

5. Tangible fixed assets	Land and Buildings	Implements Plant and Machinery	Tractors and Vehicles	Total
	£	£	£	£
Cost				
At 28 November 2001	291,698	67,213	113,729	472,640
Additions	-	-	36,150	36,150
Disposals	-	-	(38,468)	(38,468)
	<u>291,698</u>	<u>67,213</u>	<u>111,411</u>	<u>470,322</u>
At 28 November 2002				
Depreciation				
At 28 November 2001	11,668	20,066	61,962	93,696
Charge for the year	5,834	6,958	14,301	27,093
On disposals	-	-	(22,055)	(22,055)
	<u>17,502</u>	<u>27,024</u>	<u>54,208</u>	<u>98,734</u>
At 28 November 2002				
Net book value				
At 28 November 2002	<u>274,196</u>	<u>40,189</u>	<u>57,203</u>	<u>371,588</u>
At 28 November 2001	<u>280,030</u>	<u>47,147</u>	<u>51,767</u>	<u>378,944</u>

Included in implements and machinery is a baler held under hire purchase with a net book value of £10,901 at the year end (2001: £12,824). Included in tractors and vehicles is a JCB loadall held under hire purchase with a net book value of £26,400 at the year end (2001: £NIL).

LOCHTOWER LIMITED**NOTES to the FINANCIAL STATEMENTS (Contd.)****For the year ended 28 November 2002**

6. Investments	Total £
Cost	
At 28 November 2001	25,000
Additions	-
	<hr/>
At 28 November 2002	<u>25,000</u>

Investments include £8,500 that represents 50% of the ordinary share capital of Cost Cut Farming Limited a company registered in Scotland. J A Wauchope is a director of Cost Cut Farming Limited.

7. Stocks	2002 £	2001 £
The amounts attributable to the different categories are:		
Cattle	181,970	198,020
Sheep	25,620	20,365
Growing crops	15,585	16,050
Harvested crops	52,417	43,857
Commodity stocks	2,925	4,225
	<hr/>	<hr/>
	<u>278,517</u>	<u>282,517</u>

8. Debtors

Sundry debtors	<u>147,615</u>	<u>136,017</u>
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Sundry debtors includes a loan to J A Wauchope of £2,256.

9. Creditors: amounts falling due within one year

Bank overdraft	90,020	78,255
Trade creditors	24,884	33,139
Accruals and deferred income	8,161	7,312
Taxation and social security	1,770	1,852
Hire purchase	4,000	4,250
Corporation tax	459	-
	<hr/>	<hr/>
	<u>129,294</u>	<u>124,808</u>

There is a bond and floating charge in place over the whole of the assets of the company.

LOCHTOWER LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 28 November 2002

10. Creditors: amounts falling due outwith one year	2002	2001
	£	£
Hire purchase commitment	12,000	4,250
<u>Less: due within one year</u>	<u>(4,000)</u>	<u>(4,250)</u>
	8,000	-

11. Share capital		2002		2001
	£	No.	£	No.
Authorised				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	763,000	763,000	763,000	763,000

12. Profit and loss account	2002	2001
	£	£
At 28 November 2001	(17,845)	(38,767)
Retained profit for the year	5,436	20,922
At 28 November 2002	(12,409)	(17,845)

13. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	745,155	724,233
Profit for the year	5,436	20,922
Closing shareholders' funds	750,591	745,155