

**REGISTRAR  
OF COMPANIES**

**Company Number 00047791**

**HENRY COLE AND COMPANY LIMITED**

**ACCOUNTS  
FOR THE YEAR ENDED  
31ST DECEMBER 1998**



**WENN TOWNSEND**  
**CHARTERED ACCOUNTANTS**



**HENRY COLE AND COMPANY LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

**Chairman's Report**

1998 saw the company complete its first "full" year of trading at Ewen. Trading in general remained extremely difficult, none the less margins were improved but regrettably turnover suffered. However the end result was perhaps a little more palatable than 1997.

Appreciating the necessity to increase turnover, whilst maintaining margins, we are broadening our product range, particularly on the leisure and pleasure lines.

We are currently updating our computer system, to see us into the Millenium, this should help us considerably with supplying information required on the sales side as well as helping to maintain stock at the most economic levels.

You may rest assured that every avenue is being explored as we strive to ensure that 1999 returns us to the "black".

General Manager, Bob Goddard, left in August after some 16 months with the company, to take a position near his home in Devon. I am pleased to advise you that this position was filled before Bob's departure, by Chris McHugh, who actually lives within 300 yards of the Ewen distribution centre. Chris has had several years experience in our trade, particularly on the equine and canine feed side.

The sale of Cotswold Mill was completed during June 1998. An interim dividend of £75,000 was paid to the shareholders during October 1998, as result of the disposal. The residue will be distributed as soon as the tax position relating the disposal has been agreed with the Inspector of Taxes.

**Principal Activity**

The company is engaged in the sale of animal feeding stuffs, corn, fertilisers and other farm requisites. The former manufacturing activity permanently ceased during September 1997.

**Land and Buildings**

The company sold its redundant Cotswold Mill in Cirencester during May 1998, for gross proceeds of £633,333.

**Directors**

The Directors of the company and their shareholdings during the year were:

		<u>1998</u>	<u>1997</u>
B. G. Taylor	- Managing	5	5
W.H.Cole	- Non-executive	1,236	1,236
S.K. Cole	- Non-executive	1,473	1,473
Miss N.H. Tibble	- Non-executive	5	5
		-----	-----

The retiring Director is Miss N.H. Tibble who offers herself for re-election.

**HENRY COLE AND COMPANY LIMITED**  
**REPORT OF THE DIRECTORS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

**Directors' Responsibilities**

Company Law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those accounts the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.
- Prepare the accounts 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 enable them to ensure that the accounts 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 of fraud and other irregularities.

**Taxation Status**

In the opinion of the Directors the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

**Auditors**

Wenn Townsend have expressed their willingness to continue in office and a resolution to re-appoint them as the company's Auditors and to permit the Directors to fix their remuneration will be proposed at the coming Annual General Meeting.

On Behalf of the Board



B.G. Taylor  
**Managing Director**

**19th May 1999**

**HENRY COLE AND COMPANY LIMITED**  
**REPORT OF THE AUDITORS**  
**TO THE SHAREHOLDERS OF HENRY COLE AND COMPANY LIMITED**

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the Directors of the company are responsible for the preparation of the accounts. 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 accounts. It also includes an assessment of the significant estimates and judgements by the Directors in the preparation of the accounts, and whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 the information in the accounts.

**Opinion**

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

**20th May 1999**

**Cirencester**

*Wenn Townsend*

**Wenn Townsend**

**Chartered Accountants**  
**and Registered Auditors**

**HENRY COLE AND COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
Turnover	2	2,068,029	2,376,304
Cost of Sales		1,931,046	2,227,964
		<hr/>	<hr/>
<b><u>Gross Profit</u></b>		136,983	148,340
Deduct: Selling Costs		28,304	29,268
Administration Charges		116,281	124,270
Finance Charges - Net		(25,836)	(1,124)
		<hr/>	<hr/>
		118,749	152,414
		<hr/>	<hr/>
<b><u>Operating Profit</u></b>		18,234	4,074
Other Expenses		-	479
		<hr/>	<hr/>
<b><u>Profit on Ordinary Activities before Taxation</u></b>		18,234	3,595
Taxation	4	9,292	(3,756)
		<hr/>	<hr/>
<b><u>Profit on Ordinary Activities after Taxation</u></b>		8,942	7,351
Dividends	5	558,500	-
		<hr/>	<hr/>
		(549,558)	7,351
Retained Profits:			
As Previously Reported		405,960	422,639
Prior Year Adjustment	6	24,030	-
		<hr/>	<hr/>
		429,990	422,639
		<hr/>	<hr/>
Retained (Losses)/Profits		£ (119,568)	£ 429,990
		<hr/>	<hr/>

**Continuing Operations**

None of the company's activities were acquired or discontinued during the above two financial years with the exception of the milling activity in Cirencester, which ceased during September 1997.

**HENRY COLE AND COMPANY LIMITED****BALANCE SHEET**  
**31ST DECEMBER 1998**

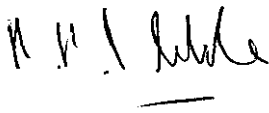
	<u>Note</u>		<u>1998</u>	<u>1997</u>
<b><u>Tangible Fixed Assets</u></b>	7		88,809	588,533
<b><u>Current Assets</u></b>				
Stock	8	76,760	84,315	
Debtors	9	379,270	449,132	
Cash at Bank and in Hand		590,252	21,481	
		1,046,282	554,928	
<b><u>Deduct: Creditors (Amounts falling due within One Year)</u></b>	10	720,506	243,825	
			325,776	311,103
<b><u>Total Assets less Current Liabilities</u></b>			414,585	899,636
<b><u>Deduct: Provision for Liabilities and Charges</u></b>	11		3,415	35,530
			£ 411,170	£ 864,106
Financed by:				
<b><u>Called-up Share Capital</u></b>	12		30,000	30,000
<b><u>Capital Reserves</u></b>	13		14,187	14,187
<b><u>Investment Property Revaluation Reserve</u></b>	14		-	413,959
<b><u>Profit and Loss Account</u></b>	15		366,983	405,960
<b><u>Shareholders Funds - Equity Interests</u></b>	16		£ 411,170	£ 864,106

These accounts were approved at a meeting of the Board of Directors on 19th May 1999.

Signed on behalf of the Board:

 B G Taylor

Directors



Miss N H Tibble

**HENRY COLE AND COMPANY LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 1998**

	<u>1998</u>	<u>1997</u>
Loss for the Financial Year	(549,558)	7,351
Prior Year Adjustment	24,030	-
Unrealised Gain on Revaluation of Properties	-	413,959
Realised Gain on Disposal of Properties	486,551	-
	<hr/>	<hr/>
Total Recognised Gains and (Losses) Relating to the Year	£ (38,977)	£ 421,310
	<hr/>	<hr/>

**HENRY COLE AND COMPANY LIMITED****CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 1998**

	<u>1998</u>	<u>1997</u>	
Net Cash Inflow from Operating Activities	553,304	45,896	
<b><u>Returns on Investments and Servicing of Finance:</u></b>			
Interest paid	(443)	(515)	
Interest Received	26,280	1,230	
Dividends	(558,500)	-	
	-----	-----	
<b><u>Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance</u></b>	(532,663)	715	
<b><u>Taxation</u></b>			
Corporation Tax (Paid)/Refunded	158	(758)	
<b><u>Capital Expenditure</u></b>			
Payments to acquire Tangible Fixed Assets	(15,169)	(43,132)	
Receipts from Sale of Tangible Fixed Assets	563,141	21,870	
	-----	-----	
	548,130	(21,262)	
	-----	-----	
Net Cash Inflow from Financing	£ 568,771	£ 24,591	
	-----	-----	
<b><u>Increase in Cash</u></b>	£ 568,771	£ 24,591	
	-----	-----	
<b><u>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</u></b>			
Operating (Loss)	(7,603)	(21,150)	
Depreciation	14,893	15,527	
Decrease in Stocks	7,555	40,933	
Decrease/(Increase) in Debtor	69,862	(2,456)	
Increase in Creditors	444,567	13,042	
Prior year Adjustment	24,030	-	
	-----	-----	
<b><u>Net Cash Inflow from Operating Activities</u></b>	£ 553,304	£ 45,896	
	-----	-----	
<b><u>Reconciliation of Net Cash Flow to Movement in Debt</u></b>			
Increase in Cash in Year	568,771	24,591	
	-----	-----	
Movement in Net Debt in Year	568,771	24,591	
Net Debt at 1st January 1998	21,481	(3,110)	
	-----	-----	
Net Debt at 31st December 1998	£ 590,252	£ 21,481	
	-----	-----	
<b><u>Analysis of Changes in Net Debt</u></b>			
	<u>At</u>	<u>Cash</u>	<u>At</u>
	<u>01.01.98</u>	<u>Flow</u>	<u>31.12.98</u>
Cash in Hand	41	35	76
Cash at Bank	21,440	568,736	590,176
	-----	-----	-----
	£ 21,481	£ 568,771	£ 590,252
	-----	-----	-----



**HENRY COLE AND COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

1. **Accounting Policies**

**Accounting Convention**

The accounts are prepared under the historical cost convention.

**Depreciation**

Depreciation is calculated on a reducing balance basis at the following rates:

Transport Vehicles and Equipment	25%
Plant and Machinery	20%
Motor Vehicles	25%
Office Equipment	10%
Computer	20%

Leasehold property is depreciated on a straight line basis over the term of the lease - 10 years.

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Deferred taxation**

Deferred taxation is the taxation attributable to timing differences between profit computed for taxation purposes and profits as stated in the accounts. Provision is made for deferred taxation to the extent that it is probable that a liability or asset will crystallise. Deferred taxation is calculated at the rate at which it is estimated that the taxation will be paid or recovered. The amount of taxation unprovided is disclosed in the deferred taxation note.

**Pension Cost**

Contributions in respect of the company's defined contribution pension scheme are charged to the Profit and Loss Account in the year in which they are payable to the Scheme.

2. **Turnover and Profit**

a) **Turnover**

Turnover represents the invoiced amount of goods sold and services provided during the year net of Value Added Tax.

<b><u>1998</u></b>	<b><u>1997</u></b>
£ 2,068,029	£ 2,376,304
_____	_____

**HENRY COLE AND COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

2. **Turnover and Profit**

b) <u>Profit/Loss on Ordinary Activities</u>	<u>1998</u>	<u>1997</u>
The profit/loss is stated after charging:		
Depreciation	£ 14,893	£ 15,527
Directors' Remuneration	£ 20,741	£ 35,070
Directors' Fees	£ 1,725	£ 1,725
Directors' Pension Costs	£ -	£ 3,879
Auditor's Remuneration	£ 3,600	£ 3,500
Bad Debts Provision	£ 1,377	£ 1,940
<u>Other Income</u>		
Interest Received	£ 26,280	£ 1,230
Net Rental (Expenditure)	£ -	£ (70)

3. **Employees**

The average weekly number of employees, including Executive Directors, during the year was made up as follows:

Office and Management	8	9
Manufacturing and Transport	3	5
	11	14

Staff Costs, including Directors, during the year amounted to:

Wages and Salaries	170,749	184,072
Social Security Costs	16,026	22,136
Other Pension Costs	3,286	4,628
	£ 175,641	£ 210,836

4. **Taxation**

The charge for taxation is made up as follows:

Provision for Corporation Tax @ 21%	10,852	(2,573)
Deferred Taxation	(1,560)	(1,183)
	£ 9,292	£ (3,756)

5. **Dividends**

Paid during the year	75,000	-
Proposed	483,500	-
	£ 558,500	£ -

**HENRY COLE AND COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

	<u>1998</u>	<u>1997</u>
<b>6. <u>Prior Year Adjustment</u></b>		
Provision for rates no longer required	£ 24,030	£ -
<b>7. <u>Tangible Fixed Assets</u></b>		
See Page 12		
<b>8. <u>Stocks</u></b>		
The main categories of stocks are:		
Feeding Stuffs and Fertilisers	69,222	69,896
Paper Sacks and Sundries	7,538	14,419
	£ 76,760	£ 84,315
<b>9. <u>Debtors</u></b>		
Trade Debtors	338,534	385,058
Other Debtors	5,236	8,957
Prepayments	12,630	49,137
A.C.T. Recoverable	22,870	3,407
Corporation Tax	-	2,573
	£ 379,270	£ 449,132
<b>10. <u>Creditors</u> (Amounts falling due within One Year):</b>		
Trade Creditors	149,158	178,641
Other Creditors	23,106	65,184
Proposed Dividend	483,500	-
Corporation Tax	64,740	-
	£ 720,506	£ 243,825
<b>11. <u>Provision for Liabilities and Charges</u></b>		
Deferred Tax Reserve	£ 3,415	£ 35,530
<u>Comprising:</u>		
Capital Allowances in excess of corresponding charges for depreciation	3,415	15,192
Other timing differences	-	(3,582)
Revaluation of Investment Property	-	23,920
	£ 3,415	£ 35,530

**HENRY COLE AND COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**

	<u>1998</u>	<u>1997</u>
<b>12. <u>Share Capital</u></b>		
Authorised and Issued:		
Ordinary Shares of £1 each	£ 30,000	£ 30,000
	_____	_____
<b>13. <u>Capital Reserve</u></b>		
Balance 31st December 1997	£ 14,187	£ 14,187
	_____	_____
Balance 31st December 1998	£ 14,187	£ 14,187
	_____	_____
<b>14. <u>Investment Property Revaluation Reserve</u></b>		
Balance 1st January 1998	413,959	429,058
Depreciation for Earlier Years	-	8,821
<u>Deduct:</u> Deferred Taxation	-	(23,920)
Disposal in the Year	(413,959)	-
	_____	_____
	£ -	£ 413,959
	_____	_____
<b>15. <u>Profit and Loss Account</u></b>		
At 1st January 1998	405,960	422,639
Loss for the Year	(549,558)	(16,679)
Prior Year Adjustment	24,030	-
Realised Gains	486,551	-
	_____	_____
	£ 366,983	£ 405,960
	_____	_____
<b>16. <u>Movement of Shareholders Funds</u></b>		
At 1st January 1998	864,106	466,826
Loss for Year after Tax	(549,558)	(16,679)
Prior Year Adjustment	24,030	-
Realised Gains	486,551	-
Transfer from Property Revaluation Reserve	(413,959)	413,959
	_____	_____
At 31st December 1998	£ 411,170	£ 864,106
	_____	_____

HENRY COLE AND COMPANY LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 19987. Tangible Fixed Assets

	<u>Investment Property</u>	<u>Short Leasehold Property</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>TOTAL</u>
<u>Cost or Book Value</u>						
At 1st January 1998	500,000	73,289	11,210	33,013	22,330	639,842
Additions and Revaluation	-	5,899	-	-	9,270	15,169
Disposals	(500,000)	-	-	-	-	(500,000)
At 31st December 1998	-	79,188	11,210	33,013	31,600	155,011
<u>Depreciation</u>						
At 1st January 1998	-	15,540	3,761	18,688	13,320	51,309
Charge for Year	-	8,555	1,490	3,580	1,268	14,893
At 31st December 1998	-	24,095	5,251	22,268	14,588	66,202
<u>Net Book Value</u>						
At 31st December 1998	£ -	£ 55,093	£ 5,959	£ 10,745	£ 17,012	£ 88,809
At 31st December 1997	£ 500,000	£ 57,749	£ 7,449	£ 14,325	£ 9,010	£ 588,533