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HENRY COLE AND COMPANY LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST DECEMBER 2002

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



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**HENRY COLE AND COMPANY LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2002**

The directors present their report and the financial statements for the year ended 31st December 2002.

**Chairman's Report**

I am pleased to report an increase in sales turnover in excess of 5% for the financial year which has resulted in the Company showing a small but, significant profit. These results are a reflection of increased sales activity to retail feed outlets and a more focused approach to our farm customers.

Our activities as a Primary Distributor of animal feeds to retail outlets have been identified as the main area for potential future growth. Much effort has been made in increasing and diversifying the customer base in this area and the rewards for this were seen in the sales figures for the last quarter of the year. Our customers identify with Henry Cole for its broad product range and high level of customer service. In a market place where pressure on margins will always exist this is the essential factor to our future success.

These increases have taken place whilst a degree of control has been made on costs and expenses, however it will be inevitable that at some point these will increase in direct proportion to sales growth.

In finishing this report I must make reference to the solid foundations set by my predecessor in re-establishing the business at Ewen. The Company is highly valued by both its suppliers and customers and as such has potential for further growth of turnover and profit in 2003.

**Principal Activity**

The company is engaged in the sale of animal feeding stuffs, corn, fertilisers and other farm requisites.

**Directors**

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

		<u>2002</u>	<u>2001</u>
S Gregory	- Managing appointed 1st February 2002	5	-
B G Taylor	- Retired 31st March 2002	5	5
W H Cole	- Non-executive	4,104	1,236
S K Cole	- Non-executive	1,463	1,473
Miss N H Tibble	- Retired 16th May 2002	5	5
C G McHugh	- Appointed 1st February 2002 and Resigned 1st July 2002	5	-
		<hr/>	<hr/>

The retiring Director is W H Cole, who offers himself for re-election.

**Dividends**

A dividend in respect of the year under review of 75p per ordinary share is proposed.

HENRY COLE AND COMPANY LIMITED

REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 2002

Directors' Responsibilities

Company Law requires the Directors to prepare financial statements 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 financial statements the Directors are required to:

- Select suitable accounting policies and 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 enable them to ensure that the financial statements 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Wenn Townsend be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special Provisions of Part VII of the Companies Act 1985 relating to small companies.

On Behalf of the Board

*S. Gregory*

S Gregory  
Managing Director

15th April 2003

HENRY COLE AND COMPANY LIMITEDREPORT OF THE AUDITORS  
TO THE SHAREHOLDERS OF HENRY COLE AND COMPANY LIMITED

We have audited the financial statements of Henry Cole and Co Ltd for the year ended 31st December 2002 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the 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 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

25th April 2003

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 2002**

	<u>Note</u>	<u>2002</u>	<u>2001</u>
Turnover	2	2,283,371	2,166,739
Cost of Sales		2,091,838	1,986,135
		<hr/>	<hr/>
<b><u>Gross Profit</u></b>		191,533	180,604
<u>Deduct:</u> Selling Costs		46,321	34,972
Administration Charges		144,238	150,414
Finance Charges - Net		(3,201)	(5,563)
		<hr/>	<hr/>
		187,358	179,823
		<hr/>	<hr/>
<b><u>Profit on Ordinary Activities before Taxation</u></b>		4,175	781
Taxation	3	475	(753)
		<hr/>	<hr/>
<b><u>Profit on Ordinary Activities after Taxation</u></b>		4,650	28
Dividends - Proposed		22,500	-
		<hr/>	<hr/>
		(17,850)	28
Transfer from Capital Reserve		14,187	-
Retained Profits brought forward		367,844	367,816
		<hr/>	<hr/>
Retained Profits carried forward		£ 364,181	£ 367,844
		<hr/>	<hr/>


HENRY COLE AND COMPANY LIMITEDBALANCE SHEET  
31ST DECEMBER 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
<b><u>Tangible Fixed Assets</u></b>	4	36,881	54,406
<b><u>Current Assets</u></b>			
Stock		101,185	97,812
Debtors	5	395,419	345,875
Cash at Bank and in Hand		123,888	132,959
		<hr/>	<hr/>
		620,492	576,646
<b><u>Deduct: Creditors (Amounts falling due within One Year)</u></b>	6	263,192	218,458
		<hr/>	<hr/>
		357,300	358,188
<b><u>Total Assets less Current Liabilities</u></b>		394,181	412,594
<b><u>Deduct: Provision for Liabilities and Charges</u></b>	7	-	563
		<hr/>	<hr/>
		£ 394,181	£ 412,031
<b>Financed by:</b>			
<b><u>Called-up Share Capital</u></b>	8	30,000	30,000
<b><u>Capital Reserves</u></b>	9	-	14,187
<b><u>Profit and Loss Account</u></b>	10	364,181	367,844
		<hr/>	<hr/>
<b><u>Shareholders Funds - Equity Interests</u></b>		£ 394,181	£ 412,031
		<hr/>	<hr/>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (June 2002).

These financial statements were approved at a meeting of the Board of Directors on 15th April 2003.

Signed on behalf of the Board:

 S Gregory

Directors

 W H Cole

HENRY COLE AND COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2002

1. Accounting Policies

Accounting Convention

The financial statements are prepared under the historical cost convention.

Turnover

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

Depreciation

Depreciation is calculated at the following rates and methods:

Transport Vehicles and Equipment	25% reducing balance
Plant and Machinery	20% reducing balance
Motor Vehicles	25% reducing balance
Office Equipment	25% straight line
Computer	25% straight line
Leasehold Property	10% straight line

Office equipment and computers were previously depreciated at rates of 10% and 20% reducing balance.

Stocks

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

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors there is reasonable probability that the liability will not arise in the foreseeable future.

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

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

b) Profit on Ordinary Activities

The profit/loss is stated after charging:

	<u>2002</u>	<u>2001</u>
Depreciation	£ 14,719	£ 17,434
Directors' Remuneration	£ 34,905	£ 13,172
Directors' Fees	£ 1,438	£ 1,725
Auditor's Remuneration	£ 4,000	£ 4,750

HENRY COLE AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 2002

	<u>2002</u>	<u>2001</u>
3. <u>Taxation</u>		
The charge for taxation is made up as follows:		
Provision for Corporation Tax	88	644
Deferred Taxation	(563)	110
Over Provision in respect of earlier years	-	(1)
	£ (475)	£ 753

4. Tangible Fixed Assets

	<u>Short Leasehold Property</u>	<u>Plant and Machinery etc</u>	<u>TOTAL</u>
<u>Cost or Book Value</u>			
At 1st January 2002	79,188	82,734	161,922
Additions	-	15,297	15,297
Disposals	-	(23,855)	(23,855)
	79,188	74,176	153,364
At 31st December 2002			
<u>Depreciation</u>			
At 1st January 2002	49,592	57,924	107,516
Charge for Year	7,919	6,800	14,719
Disposals	-	(5,752)	(5,752)
	57,511	58,972	116,483
At 31st December 2002			
<u>Net Book Value</u>			
At 31st December 2002	£ 21,677	£ 15,204	£ 36,881
At 31st December 2001	£ 29,596	£ 24,810	£ 54,406



HENRY COLE AND COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 2002

	<u>2002</u>	<u>2001</u>
5. <u>Debtors</u>		
Trade Debtors	370,426	320,700
Other Debtors	6,456	8,277
Prepayments	18,537	16,898
	<hr/>	<hr/>
	£ 395,419	£ 345,875
	<hr/>	<hr/>
6. <u>Creditors</u> (Amounts falling due within One Year):		
Trade Creditors	213,653	135,179
Other Creditors	26,951	20,633
Corporation Tax	88	644
Bank Overdraft	-	62,002
Dividends	22,500	-
	<hr/>	<hr/>
	£ 263,192	£ 218,458
	<hr/>	<hr/>
7. <u>Provision for Liabilities and Charges</u>		
Deferred Tax Reserve	£ -	£ 563
	<hr/>	<hr/>
8. <u>Share Capital</u>		
Authorised and Issued:		
Ordinary Shares of £1 each	£ 30,000	£ 30,000
	<hr/>	<hr/>
9. <u>Capital Reserve</u>		
As at 1st January 2002	14,187	14,187
Transferred to Profit and Loss account	(14,187)	-
	<hr/>	<hr/>
Balance 31st December 2002	£ -	£ 14,187
	<hr/>	<hr/>
10. <u>Profit and Loss Account</u>		
At 1st January 2002	367,844	367,816
(Loss)/Profit for the Year	(17,850)	28
Capital Reserve Transfer	14,187	-
	<hr/>	<hr/>
	£ 364,181	£ 367,844
	<hr/>	<hr/>

**HENRY COLE AND COMPANY LIMITED**  
**TRADING ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2002**

<u>Sales</u>	<u>2002</u>	<u>2001</u>
General	2,046,998	1,962,435
Cash and Carry	95,015	65,073
Fertilisers	117,785	118,971
Sales Interest	21,918	15,912
Sales Commission	1,655	4,348
	2,283,371	2,166,739
<u>Purchases</u>		
General (Net of Stock Movement)	1,714,931	1,632,366
Weighbridge Charges	295	(387)
Fertilisers	114,392	109,283
Store Bags and Labels	11,841	9,081
	1,841,459	1,750,343
	441,912	416,396
<u>Add: Discounts Received</u>	14	137
<b><u>Gross Profit carried forward to Profit and Loss Account</u></b>	<b>£ 441,926</b>	<b>£ 416,533</b>
<b><u>Gross Profit Percentage</u></b>	<b>19.35%</b>	<b>19.22%</b>

(This page does not form part of the statutory financial statements).

HENRY COLE AND COMPANY LIMITEDPROFIT AND LOSS ACCOUNT  
YEAR ENDED 31ST DECEMBER 2002

	<u>2002</u>	<u>2001</u>
<u>Gross Profit brought forward from Trading Account</u>	441,926	416,533
<u>Deduct: Selling and Distribution Costs:</u>		
<u>Warehouse Costs</u>		
Fork Lift Repairs	1,108	432
Fork Lift Rental	8,326	8,326
Labour	36,084	34,077
Labour N.I.C	4,273	3,756
Consumable Stores	5,367	4,269
Depreciation	610	763
Repairs	866	114
Fork Lift Fuel	474	815
Store Skip Hire	487	415
	<hr/>	<hr/>
	57,595	52,967
	<hr/>	<hr/>
<u>Transport Costs</u>		
Vehicle Expenses (Wages, Repairs, Rental, Tax, Licence and Depreciation):		
Lorry 1	39,167	37,903
Lorry 2	42,102	37,840
Delivery Van	22,511	19,982
Hired Haulage	47,587	47,885
Transport Fuel	37,443	35,826
Bridge Tolls	1,344	1,589
Sub-Contract Lorry Driver	2,644	1,800
	<hr/>	<hr/>
	192,798	182,825
	<hr/>	<hr/>
	250,393	235,792
	<hr/>	<hr/>
	191,533	180,741
	<hr/>	<hr/>
<u>Selling Expenses</u>		
Salesmen and Costs:		
Salary and Expenses:		
2	24,742	24,418
3	9,268	7,622
Sales Manager	9,135	-
Sales - Promotions	2,151	1,103
- Brokerage	40	157
- Advertising	985	1,809
	<hr/>	<hr/>
	46,321	35,109
	<hr/>	<hr/>
<u>Balance carried forward</u>	£ 145,212	£ 145,632
	<hr/>	<hr/>

(This page does not form part of the statutory financial statements).

HENRY COLE AND COMPANY LIMITED  
PROFIT AND LOSS ACCOUNT (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 2002

	<u>2002</u>	<u>2001</u>
<u>Balance brought forward</u>	145,212	145,632
<u>Deduct: Administration Expenses</u>		
Office Wages (Salary and Expenses)	9,567	25,518
Office N.I.C	138	1,503
General Manager (Salary and Expenses)	20,160	20,485
General Manager Bonus	-	43
General Manager N.I.C.	1,366	1,826
Rent	17,260	17,260
Rates	10,187	10,512
Leasehold Write Off	7,919	7,919
Light and Heat	2,157	2,053
Insurance	3,658	2,109
Office Telephone	3,604	3,752
Stationery and Printing	3,799	4,330
Repairs and Renewals	2,123	3,225
Depreciation - Office Fittings	227	1,880
Postage	2,973	2,106
Computer Maintenance	2,607	2,357
Office Sundries	1,951	1,585
Bank Charges	4,086	3,650
Subscriptions	748	710
Financial Administration	5,651	-
Audit and Accountancy	4,000	4,750
Professional Fees	3,335	4,950
Depreciation - Computer	2,136	1,770
Directors' Salaries	24,155	13,129
Directors' Bonuses	5,000	43
Directors' N.I.C.	3,443	1,044
Directors' Car Expenses	380	5,403
Directors' Expenses	155	411
Directors' Fees	1,438	1,725
Bad Debts	(3,338)	368
Loss on Disposal	953	-
Staff Recruitment Costs	-	2,757
Scale Charges	-	910
VAT Interest	-	331
Staff Bonus	2,400	-
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	144,238	150,414
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<u>Balance carried forward</u>	£ 974	£ (4,782)
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HENRY COLE AND COMPANY LIMITED  
PROFIT AND LOSS ACCOUNT (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 2002

	<u>2002</u>	<u>2001</u>
<u>Balance brought forward</u>	974	(4,782)
Bank Interest Payable	1,196	46
	-----	-----
<u>Operating (Loss)</u>	(222)	(4,828)
Interest Received	4,397	5,609
	-----	-----
	£ 4,175	£ 781
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(This page does not form part of the statutory financial statements).