

REGISTRAR  
OF COMPANIES

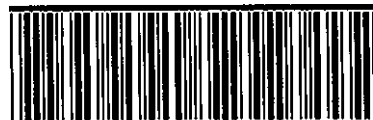
HENRY COLE AND COMPANY LIMITED

ACCOUNTS  
FOR THE YEAR ENDED  
31ST DECEMBER 1997



**WENN TOWNSEND**

CHARTERED ACCOUNTANTS



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**HENRY COLE AND COMPANY LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

**Chairman's Report**

1997 proved to be a year of great activity and changes but regrettably not a profitable one as the accounts show. This has probably proved to be the worst year for British Agriculture and allied trades since the 1930's. Turnover was down, some of which was due to lower prices and lower demand, plus the very fierce competition being encountered from companies who were originally not interested in our sector of the market,

In September we ceased manufacturing animal feed at Cotswold Mill and moved the offices to the store at Ewen. We have now settled in and are endeavouring to maximise the advantages the move has given us in the way of efficiency, improved service and cost savings by being on one site.

The freehold of Cotswold Mill has now been placed on the market with detailed planning permission and a guide price for offers in excess of £500,000. Your directors have taken this opportunity to re-value the property in the accounts.

I regret to advise you that Mr J R Bragg resigned as Co-Secretary and Director and left our employ during December after being employed by the company for fourteen years.

**Principal Activity**

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

**Land and Buildings**

The market value of the land and property held by the company at 31st December 1997 was considerably in excess of its historical cost. In the opinion of the Directors, supported by professional advice, the market value of the company's Freehold Property at 31st December 1997 was in the region of £500,000.

**Directors**

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

		<u>1997</u>	<u>1996</u>
B.G. Taylor	- Managing	5	5
W.H. Cole	- Non-Executive	1,236	1,236
S.K. Cole	- Non-Executive	1,473	943
Miss. N.H. Tibble	- Non-Executive	5	5
J.R. Bragg	- Executive (Resigned 24th December 1997)	3	3
		-----	-----

The retiring Director is B.G Taylor who offers himself for re-election.

**HENRY COLE AND COMPANY LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

**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 the 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:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.
4. 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**

**13th April 1998**

WENN TOWNSEND

**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 13, which have been prepared under the historical cost convention and the accounting policies set out on page 9.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the Directors of the company are responsible for the preparation of 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 mis-statement, 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**14th April 1998**

**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 1997**

	<u>Note</u>	<u>1997</u>	<u>1996</u>
Turnover	2	2,376,304	2,946,910
Cost of Sales		2,241,955	2,803,444
		<hr/>	<hr/>
<b><u>Gross Profit</u></b>		134,349	143,466
<u>Deduct:</u> Selling Costs		29,268	30,078
Administration Charges		126,161	111,763
Finance Charges - Net		(1,124)	673
		<hr/>	<hr/>
		154,305	142,514
		<hr/>	<hr/>
<b><u>Operating (Loss)/Profit</u></b>		(19,956)	952
Other Expenses	2	479	10
		<hr/>	<hr/>
<b><u>(Loss)/Profit on Ordinary Activities Before Taxation</u></b>		(20,435)	942
Taxation	4	(3,756)	920
		<hr/>	<hr/>
<b><u>(Loss)/Profit on Ordinary Activities After Taxation</u></b>		(16,679)	22
Retained Profits brought forward		422,639	422,617
		<hr/>	<hr/>
Retained Profits carried forward		£ 405,960	£ 422,639
		<hr/>	<hr/>

**Continuing Operations**

None of the company's activities were acquired or discontinued during the above two financial years.

**HENRY COLE AND COMPANY LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 1997**

	<u>1997</u>	<u>1996</u>
(Loss)/Profit for the Financial Year	(16,679)	22
Unrealised Surplus on Revaluation of Properties	413,959	-
	<hr/>	<hr/>
Total Recognised Gains and Losses Relating to the Year	£ 397,280	£ 22
	<hr/>	<hr/>

HENRY COLE AND COMPANY LIMITEDBALANCE SHEET  
31ST DECEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
<u>Tangible Fixed Assets</u>	5	588,533	143,690
<u>Current Assets</u>			
Stock and Work in Progress	6	84,315	125,248
Debtors	7	449,132	445,332
Cash at Bank and in Hand		21,481	117
		-----	-----
		554,928	570,697
<u>Deduct: Creditors (Amounts falling due within One Year)</u>	8	243,825	234,768
		-----	-----
		311,103	335,929
		-----	-----
<u>Total Assets less Current Liabilities</u>		899,636	479,619
<u>Deduct: Provision for Liabilities and Charges</u>	9	35,530	12,793
		-----	-----
		£ 864,106	£ 466,826
		-----	-----
Financed by:			
<u>Called-Up Share Capital</u>	10	30,000	30,000
<u>Capital Reserves</u>	11	14,187	14,187
<u>Investment Property Revaluation Reserve</u>	12	413,959	-
		-----	-----
		458,146	44,187
<u>Profit and Loss Account</u>		405,960	422,639
		-----	-----
<u>Shareholders Funds - Equity Interests</u>	13	£ 864,106	£ 466,826
		-----	-----

These accounts were approved at a meeting of the Board of Directors on 13th April 1998.

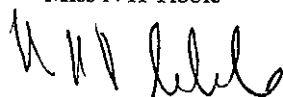
Signed on behalf of the Board:

B G Taylor



Directors

Miss N H Tibble



HENRY COLE AND COMPANY LIMITED

CASH FLOW STATEMENT  
FOR THE YEAR ENDED  
31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>
Net Cash Inflow from Operating Activities	45,896	100,503
<b><u>Returns on Investments and Servicing of Finance:</u></b>		
Interest Paid	(515)	(821)
Interest Received	1,230	148
Dividend Paid	-	(27,900)
	-----	-----
<b><u>Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance</u></b>	715	(28,573)
<b><u>Taxation</u></b>		
Corporation Tax Paid	(758)	(2,441)
<b><u>Capital Expenditure</u></b>		
Payments to acquire Tangible Fixed Assets	(43,132)	(6,548)
Receipts from Sale of Tangible Fixed Assets	21,870	6,950
	-----	-----
	(21,262)	402
	-----	-----
Net Cash Inflow from Financing	24,591	69,891
	-----	-----
<b><u>Increase in Cash</u></b>	£ 24,591	£ 69,891
	-----	-----

WENN TOWNSEND



HENRY COLE AND COMPANY LIMITEDCASH FLOW STATEMENT (CONTINUED)FOR THE YEAR ENDED31ST DECEMBER 1997

	<u>1997</u>	<u>1996</u>	
<b><u>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</u></b>			
Operating (Loss)/Profit	(21,150)	1,615	
Depreciation	15,527	18,421	
Decrease in Stocks	40,933	46,979	
(Increase)/Decrease in Debtors	(2,456)	12,062	
Increase in Creditors	13,042	21,426	
	-----	-----	
<b><u>Net Cash Inflow from Operating Activities</u></b>	<b>£ 45,896</b>	<b>£ 100,503</b>	
	-----	-----	
<b><u>Reconciliation of Net Cash Flow to Movement in Debt</u></b>			
Increase in Cash in Year	24,591	69,891	
	-----	-----	
Movement in Net Debt in Year	24,591	69,891	
Net Debt at 1st January 1997	(3,110)	(73,001)	
	-----	-----	
Net Debt at 31st December 1997	<b>£ 21,481</b>	<b>£ (3,110)</b>	
	-----	-----	
<b><u>Analysis of Changes in Net Debt</u></b>			
	<u>At</u>	<u>Cash</u>	<u>At</u>
	<u>01.01.97</u>	<u>Flow</u>	<u>31.12.97</u>
Cash in Hand	117	(76)	41
Cash at Bank	(3,227)	24,667	21,440
	-----	-----	-----
	<b>£ (3,110)</b>	<b>£ 24,591</b>	<b>£ 21,481</b>
	-----	-----	-----

**HENRY COLE AND COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

1. **Accounting Policies**

**Accounting Convention**

The accounts are prepared under the historical cost convention.

**Investment Properties**

In accordance with standard accounting practice the investment property is revalued and the aggregate surplus or deficit is transferred to the Investment Property Revaluation Reserve.

**Depreciation**

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

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

In accordance with Statement of Standard Accounting Practice 19 the freehold property has not been depreciated, as it is considered by the Directors to be held for investment purposes. In the opinion of the Directors this represents a reasonable departure from the requirements of the Companies Act 1985. The effect of the departure, assuming a depreciation period of 50 years, is to increase profits each year by £1,000 on historical cost values.

The Directors consider the open market value of the property to be £500,000. The historical cost the property was £70,942.

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>Turnover</u></b>		<b><u>Profit</u></b>	
<b><u>1997</u></b>	<b><u>1996</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
£2,376,304	£2,946,910	£ 1,083	£ 22
_____	_____	_____	_____

**HENRY COLE AND COMPANY LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 1997****2. Turnover and Profit****b) Loss/Profit on Ordinary Activities**

The loss/profit is stated after charging:

	<u>1997</u>	<u>1996</u>
Depreciation	£ 15,527	£ 18,421
Directors' Remuneration	£ 35,070	£ 32,751
Directors' Fees	£ 1,725	£ 1,725
Directors' Pension Costs	£ 3,879	£ 4,145
Auditor's Remuneration	£ 3,500	£ 3,550
Bad Debts Provision	£ 1,940	£ 2,910
	-----	-----
<u>Other Income</u>		
Loan Interest	£ 1,230	£ 148
Net Rental (Expenditure)	£ (70)	£ (10)
	-----	-----

**3. Employees**

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

Office and Management	9	10
Manufacturing and Transport	5	8
	-----	-----
	14	18
	-----	-----

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

Wages and Salaries	184,072	199,079
Social Security Costs	22,136	16,286
Other Pension Costs	4,628	6,530
	-----	-----
	£ 210,836	£ 221,895
	-----	-----

**4. Taxation**

The charge for taxation is made up as follows:

Transfer from Deferred Taxation at 23%	(1,183)	(3,406)
Provision for Corporation Tax at 23.25% (24.25%)	(2,573)	4,326
	-----	-----
	£ (3,756)	£ 920
	-----	-----

**HENRY COLE AND COMPANY LIMITED****NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 1997**

	<u>1997</u>	<u>1996</u>
5. <b><u>Tangible Fixed Assets</u></b> See Page 13.		
6. <b><u>Stocks</u></b> The main categories of stocks are:		
Feeding Stuffs and Fertilisers	69,896	114,520
Paper Sacks and Sundries	14,419	10,728
	-----	-----
	£ 84,315	£ 125,248
	-----	-----
7. <b><u>Debtors</u></b>		
Trade Debtors	385,058	411,090
Other Debtors	8,957	5,067
Prepayments	49,137	24,539
A.C.T Recoverable	3,407	4,636
Corporation Tax	2,573	-
	-----	-----
	£ 449,132	£ 445,332
	-----	-----
8. <b><u>Creditors</u></b> (Amounts falling due within One Year):		
Trade Creditors	178,641	182,561
Other Creditors	34,266	24,240
Accruals	30,918	23,982
Corporation Tax	-	758
Bank Overdraft	-	3,227
	-----	-----
	£ 243,825	£ 234,768
	-----	-----
9. <b><u>Provision for Liabilities and Charges</u></b>		
Deferred Tax Reserve	£ 35,530	£ 12,793
	-----	-----
<b><u>Comprising:</u></b>		
Capital Allowances in excess of corresponding charges for depreciation	15,192	15,534
Other timing differences	(3,582)	(2,741)
Revaluation of Investment Property	23,920	-
	-----	-----
	£ 35,530	£ 12,793
	-----	-----

**HENRY COLE AND COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

		<u>1997</u>	<u>1996</u>
10.	<b><u>Share Capital</u></b>		
	Authorised and Issued:		
	Ordinary Shares of £1 each	£ 30,000	£ 30,000
		-----	-----
11.	<b><u>Capital Reserve</u></b>		
	Balance 31st December 1996	£ 14,187	£ 14,187
		-----	-----
	Balance 31st December 1997	£ 14,187	£ 14,187
		-----	-----
12.	<b><u>Investment Property Revaluation Reserve</u></b>		
	Balance 1st January 1997	-	-
	Revaluation of Investment Property	429,058	-
	Depreciation for Earlier Years	8,821	-
	<u>Deduct:</u> Deferred Taxation	(23,920)	-
		-----	-----
		£ 413,959	£ -
		-----	-----
13.	<b><u>Movement of Shareholders Funds</u></b>		
	At 1st January 1997	466,826	466,804
	(Loss)/Profit for Year after Tax	(16,679)	22
	Investment Property Revaluation Reserve	413,959	-
		-----	-----
	At 31st December 1997	£ 864,106	£ 466,826
		-----	-----

HENRY COLE AND COMPANY LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31ST DECEMBER 19975. 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 31st December 1996	70,942	44,047	250,380	33,358	16,968	415,695
Additions and Revaluation	429,058	29,242	2,278	6,250	5,362	472,190
Disposals	-	-	(241,448)	(6,595)	-	(248,043)
At 31st December 1997	500,000	73,289	11,210	33,013	22,330	639,842
<u>Depreciation</u>						
At 31st December 1996	8,821	9,909	219,991	20,894	12,390	272,005
Charge for Year	-	5,631	5,076	3,510	930	15,147
Disposals	-	-	(221,306)	(5,716)	-	(227,022)
Transfer to Revaluation Reserve	(8,821)	-	-	-	-	(8,821)
At 31st December 1997	-	15,540	3,761	18,688	13,320	51,309
<u>Net Book Value</u>						
At 31st December 1997	£ 500,000	£ 57,749	£ 7,449	£ 14,325	£ 9,010	£ 588,533
At 31st December 1996	£ 62,121	£ 34,138	£ 30,389	£ 12,464	£ 4,578	£ 143,690