

REGISTRAR
OF COMPANIES

47791

HENRY COLE AND COMPANY LIMITED

ACCOUNTS
FOR THE YEAR ENDED
31ST DECEMBER 1996



WENN TOWNSEND
CHARTERED ACCOUNTANTS

HENRY COLE AND COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1996

Chairman's Report

We know that 1995 was a difficult year, unfortunately 1996 proved to be even more so. Whilst a small increase (5%) was obtained in sales for the year, this was obtained at the expense of margins in order to retain customer base.

The year was certainly one of over production capacity in the compound animal feed industry where the joint effects of milk quota's and B.S.E. led to farmers looking for cheaper food alternatives and making more use of their home grown feeds, in particular products like hay, of which there was an abundance. On the equine side hay certainly helped in reducing the requirements of compound feeds, this market is also feeling the effects of the Pet Supermarkets making their presence felt in the leisure and pleasure market. Several major compound feed manufacturers throughout the country have been closing mills in an endeavour to bring the supply and demand situation into balance. Some of these manufacturers have also entered the straight feeds market which of course increases pressure on margins yet again.

Until the gap is reduced in the supply and demand equation we can only see very keen competition continuing, and it is against this backdrop that your directors are currently considering major changes within the company in effort to reduce overheads and enable Henry Cole to remain competitive and return to a reasonably profitable situation.

Your directors very much regret to advise you that they are unable to recommend the payment of a dividend for the year 1996.

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 1996 was considerably in excess of its book value. In the opinion of the Directors, supported by professional advice, the market value of the company's Freehold Property at 31st December 1996 was in the region of £750,000.

Directors

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

		<u>1996</u>	<u>1995</u>
B.G. Taylor	- Managing	5	5
W.H. Cole	- Non-Executive	1,236	1,236
S.K. Cole	- Non-Executive	943	943
Miss. N.H. Tibble	- Non-Executive	5	5
J.R. Bragg	- Executive	3	3

The retiring Director is S.K. Cole who offers himself for re-election.

HENRY COLE AND COMPANY LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1996

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

25th March 1997

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 11, 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 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

26th March 1997

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 1996.

	<u>Note</u>	<u>1996</u>	<u>1995</u>
Turnover	2	2,946,910	2,805,733
Cost of Sales		2,803,444	2,634,485
		<hr/>	<hr/>
GROSS PROFIT		143,466	171,248
<u>Deduct:</u> Selling Costs		30,078	26,446
Administration Charges		111,763	112,850
Finance Charges - Net		673	(1,857)
		<hr/>	<hr/>
		142,514	137,439
		<hr/>	<hr/>
<u>OPERATING PROFIT</u>		952	33,809
Other Expenses	2	10	170
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		942	33,639
Taxation	4	920	9,761
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>		22	23,878
<u>Deduct:</u> Interim Dividend Paid		-	9,900
Proposed Dividend		-	27,900
		<hr/>	<hr/>
		-	37,800
		<hr/>	<hr/>
Retained Profits brought forward		22 422,617	(13,922) 436,539
		<hr/>	<hr/>
Retained Profits carried forward		£ 422,639	£ 422,617
		<hr/>	<hr/>

Total Recognised Gains and Losses

The company made no recognised gains or losses other than the profit for the above two financial years.

Continuing Operations

None of the companies activities were acquired or discontinued during the above two financial years.

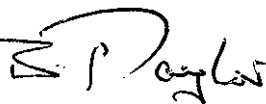
HENRY COLE AND COMPANY LIMITEDBALANCE SHEET
31ST DECEMBER 1996

	<u>Note</u>		<u>1996</u>	<u>1995</u>
<u>Tangible Fixed Assets</u>	5		143,690	162,513
<u>Current Assets</u>				
Stock and Work in Progress	6	125,248	172,227	
Debtors	7	445,332	466,427	
Cash in Hand		117	80	
		570,697	638,734	
<u>Deduct: Creditors (Amounts falling due within One Year)</u>	8	234,768	318,244	
		335,929	320,490	
<u>Total Assets less Current Liabilities</u>			479,619	483,003
<u>Deduct: Provision for Liabilities and Charges</u>	9		12,793	16,199
			£ 466,826	£ 466,804
Financed by:				
<u>Called-Up Share Capital</u>	10	30,000	30,000	
<u>Capital Reserves</u>	11	14,187	14,187	
			44,187	44,187
<u>Profit and Loss Account</u>			422,639	422,617
<u>Shareholders Funds - Equity Interests</u>	12		£ 466,826	£ 466,804

These accounts were approved at a meeting of the Board of Directors on 25th March 1997.

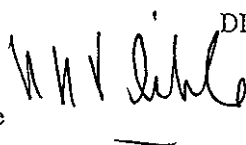
Signed on behalf of the Board:

B G Taylor



DIRECTORS

Miss N H Tibble



HENRY COLE AND COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>1996</u>	<u>1995</u>
<u>Net Cash Flow from Operating Activities:</u>		
Operating Profit	794	31,725
Depreciation	18,421	22,355
	19,215	54,080
Decrease/(Increase) in Stocks	46,979	(58,766)
Decrease/(Increase) in Debtors	12,062	(28,980)
Increase/(Decrease) in Creditors	21,426	(2,307)
	80,467	(90,053)
	99,682	(35,973)
<u>Net Cash Flow from Returns on Investments and Services of Finance:</u>		
Loan Interest Received	-	(55)
Bank Interest Received	(148)	(1,857)
Dividends Paid	27,900	41,700
	27,752	39,788
	71,930	(75,761)
<u>Taxation:</u>		
Corporation Tax	2,441	15,448
	69,489	(91,209)
<u>Investing Activities:</u>		
Loans Repaid	-	1,170
Expenditure on Tangible Assets	(6,548)	(21,558)
Proceeds on Sale of Tangible Assets	6,950	23,600
	402	3,212
Increase/(Decrease) in Cash Balances	£ 69,891	£ (87,997)

Analysis of Cash Balances shown on the Balance Sheet:

	<u>1995</u>	<u>1996</u>	<u>Change</u>
Bank Balances	(73,081)	(3,227)	69,854
Cash Balances	80	117	37
	£(73,001)	£ (3,110)	£69,891

HENRY COLE AND COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention.

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%

Freehold property and fixtures are depreciated on a straight line basis over 50 years.

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.

<u>Turnover</u>		<u>Profit</u>	
<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
£2,946,910	£2,805,733	£ 22	£ 23,878
<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

WENN TOWNSEND

HENRY COLE AND COMPANY LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 19962. TURNOVER AND PROFITb) Profit on Ordinary Activities

The profit is stated after charging:

	<u>1996</u>	<u>1995</u>
Depreciation	£ 18,421	£ 22,353
Directors' Remuneration	£ 32,751	£ 36,487
Directors' Fees	£ 1,725	£ 1,725
Directors' Pension Costs	£ 4,145	£ 5,407
Auditor's Remuneration	£ 3,550	£ 3,293
Bad Debts Provision	£ 2,910	£ 6,127
<u>Other Income</u>	_____	_____
Loan Interest	-	55
Net Rental (Expenditure)	(10)	(225)
	_____	_____
	£ (10)	£ (170)
	_____	_____

3. EMPLOYEES

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

Office and Management	10	10
Manufacturing and Transport	8	9
	_____	_____
	18	19
	_____	_____

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

Wages and Salaries	199,079	190,786
Social Security Costs	16,286	16,606
Other Pension Costs	6,530	7,115
	_____	_____
	£ 221,895	£ 214,507
	_____	_____

4. TAXATION

The charge for taxation is made up as follows:

Transfer to/(from) Deferred Taxation at 24%	(3,406)	5,097
Provision for Corporation Tax at 24.25% (25%)	4,326	4,664
	_____	_____
	£ 920	£ 9,761
	_____	_____

HENRY COLE AND COMPANY LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>1996</u>	<u>1995</u>
5. <u>TANGIBLE FIXED ASSETS</u> See Page 11.		
6. <u>STOCKS</u> The main categories of stocks are:		
Feeding Stuffs and Fertilisers	114,520	153,729
Paper Sacks and Sundries	10,728	18,498
	<hr/>	<hr/>
	£ 125,248	£ 172,227
	<hr/>	<hr/>
7. <u>DEBTORS</u>		
Trade Debtors	411,090	411,811
Other Debtors	5,067	7,243
Prepayments	24,539	33,704
A.C.T Recoverable	4,636	13,669
	<hr/>	<hr/>
	£ 445,332	£ 466,427
	<hr/>	<hr/>
8. <u>CREDITORS</u> (Amounts falling due within One Year):		
Trade Creditors	182,561	161,852
Other Creditors	24,240	32,464
Accruals	23,982	15,040
Proposed Dividend	-	27,900
Corporation Tax	758	932
Advance Corporation Tax on Proposed Dividend	-	6,975
Bank Overdraft	3,227	73,081
	<hr/>	<hr/>
	£ 234,768	£ 318,244
	<hr/>	<hr/>
9. <u>PROVISION FOR LIABILITIES AND CHARGES</u>		
Deferred Tax Reserve	£ 12,793	£ 16,199
	<hr/>	<hr/>
<u>Comprising:</u>		
Capital Allowances in excess of corresponding charges for depreciation	15,534	16,292
Other timing differences	(2,741)	(93)
	<hr/>	<hr/>
	£ 12,793	£ 16,199
	<hr/>	<hr/>

HENRY COLE AND COMPANY LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>1996</u>	<u>1995</u>
10. <u>SHARE CAPITAL</u>		
Authorised and Issued:		
Ordinary Shares of £1 each	£ 30,000	£ 30,000
	-----	-----
11. <u>CAPITAL RESERVE</u>		
Balance 31st December 1995	£ 14,187	£ 14,187
	-----	-----
Balance 31st December 1996	£ 14,187	£ 14,187
	-----	-----
12. <u>MOVEMENT OF SHAREHOLDERS' FUNDS</u>		
At 1st January 1996	466,804	480,726
Profit for Year after Tax	22	23,878
Dividends	-	(37,800)
	-----	-----
At 31st December 1996	£466,826	£466,804
	-----	-----

HENRY COLE AND COMPANY LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 19966. TANGIBLE FIXED ASSETS

	<u>Freehold Property and Fixtures</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 1995	70,942	44,047	244,836	42,684	15,964	418,473
Additions	-	-	5,544	-	1,004	6,548
Disposals	-	-	-	(9,326)	-	(9,326)
At 31st December 1996	70,942	44,047	250,380	33,358	16,968	415,695
<u>Depreciation</u>						
At 31st December 1995	7,821	5,505	212,395	18,829	11,410	255,960
Charge for Year	1,000	4,404	7,596	4,156	980	18,136
Disposals	-	-	-	(2,091)	-	(2,091)
At 31st December 1996	8,821	9,909	219,991	20,894	12,390	272,005
<u>Net Book Value</u>						
At 31st December 1996	£ 62,121	£ 34,138	£ 30,389	£ 12,464	£ 4,578	£143,690
At 31st December 1995	£ 63,121	£ 38,542	£ 32,441	£ 23,855	£ 4,554	£162,513