

77180

**George Thurlow and Sons  
(Holdings) Limited**

Report and Financial Statements

Year Ended

31 December 2002



# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

**Annual report and financial statements for the year ended 31 December 2002**

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## **Directors**

JG Thurlow (Chairman)  
MA Thurlow  
SA Tew  
NJ Titley  
JR Thurlow  
GA Drake-Brockman

## **Secretary and registered office**

SA Tew, Blackbourne Works, Elmswell, Bury St Edmunds, Suffolk, IP30 9HQ

## **Company number**

77180

## **Auditors**

Baker Tilly, 87 Guildhall Street, Bury St Edmunds, Suffolk, IP33 1PU

**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

**Notice of meeting for the year ended 31 December 2002**

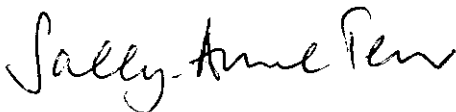
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NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of the company will be held at 12.45 pm on 16 June 2003 at Blackbourne Works, Elmswell, for the following purposes:

- 1 To receive and consider the financial statements and reports of the directors and auditors for the year ended 31 December 2002.
- 2 To confirm the remuneration of the directors as charged in the accounts.
- 3 To receive and consider the directors' recommendation for the final dividend.
- 4 To re-appoint the auditors and to resolve that their remuneration be fixed by the directors.
- 5 To transact any other ordinary business of the company.

A member entitled to attend and vote may appoint a proxy to attend and vote on his behalf. Such a proxy need not be a member of the company.

**By order of the Board**



SA Tew  
Secretary

19 May 2003

Blackbourne Works  
Elmswell  
Bury St Edmunds  
Suffolk  
IP30 9HQ

## **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

### **Chairman's statement for the year ended 31 December 2002**

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It is pleasing to report that overall our group enjoyed a good year's trading.

Turnover shows a substantial increase, which has all been generated from our Vauxhall Garages. The acquisition last January of a further garage at King's Lynn has produced excellent results. It was a good year for the motor trade and we were able to capitalise on this improved trading environment.

With regard to our agricultural interests, and Balsham (Buildings), both sets of figures were down on the previous year but for different reasons. The Agricultural Industry continues to cause concern but, having said that the turnover achieved was nearly £20m and did generate a small profit. A number of factors affected the results at Balsham, probably the two main causes being a change in managing director and pressure on margins.

Our management team is extremely able, our balance sheet is strong and our reputation is enviable. There are a number of initiatives to come on stream over the next year or two and I am confident we will continue to produce worthwhile results.



JG Thurlow  
Chairman

19 May 2003

## **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

### **Report of the directors for the year ended 31 December 2002**

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The directors present their report together with the audited financial statements for the year ended 31 December 2002.

#### **Results and dividends**

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors recommend a final ordinary dividend amounting to £74,000 (2001 - £74,000).

On 8 July 2002 the group made a dividend in specie of its shares in Balsham (Buildings) Limited.

#### **Principal activity, trading review and future developments**

The company's principal activity is that of a holding company providing management services to the group. The principal activities of the subsidiary companies are the distribution of agricultural machinery and motor vehicles (including sales, service and parts supply) and the fabrication and erection of agricultural and industrial buildings. The group operates from several branches in East Anglia.

On 8 July 2002 the group's interest in Balsham (Buildings) Limited was transferred to Balsham Holdings Limited by a dividend in specie.

A detailed review of the group's activities, the development of its business and an indication of likely future developments are dealt with in the chairman's statement on page 2.

#### **Directors' interests in shares**

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	<b>£1 ordinary shares fully paid</b>	
	<b>2002</b>	<b>2001</b>
JG Thurlow (Chairman)	<b>21,427</b>	21,427
MA Thurlow	<b>11,500</b>	11,500
SA Tew	<b>3,241</b>	3,241
NJ Titley	<b>3,241</b>	3,241
JR Thurlow	<b>6,701</b>	6,701
GA Drake-Brockman	-	-

In addition to the above interests, at 31 December 2002 JG Thurlow, MA Thurlow, SA Tew, NJ Titley and JR Thurlow had potential interests in a family settlement which held 11,920 shares in the company. SA Tew, NJ Titley and JR Thurlow also have potential interests in two other family settlements which together held 15,600 shares in the company.

#### **Trustee interest**

DCW Unwin, a partner at Baker Tilly, the company's auditors, was appointed trustee of three settlements on 12 May 2003. On 31 December 2002 the shareholding was 27,520 ordinary £1 shares.

#### **Charitable contributions**

During the year the group made charitable contributions of £611.

## **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

### **Report of the directors for the year ended 31 December 2002 (*Continued*)**

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#### **Employees**

The group maintains and develops the involvement of all employees through both formal and informal systems of communication.

The group regularly monitors all aspects of its business with regard to requirements and legislation relating to health and safety at work.

The group supports the employment of disabled people wherever possible, by recruitment, by giving special consideration to retaining those who become disabled during their employment and generally through training, career development and promotion.

#### **Market value of land and buildings**

In the opinion of the directors, the market value of the group's freehold land and buildings is likely to exceed their book value of £4,423,000 as shown in the financial statements. As no recent valuations have been obtained the amount of any excess cannot be readily quantified.

#### **Directors' 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 and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 and detection of fraud and other irregularities.

#### **Auditors**

Baker Tilly were appointed as auditors on 1 January 2003, with the consent of the company. Baker Tilly have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### **By order of the Board**



SA Tew  
Secretary

19 May 2003

## GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

### Independent auditors' report to the shareholders of George Thurlow and Sons (Holdings) Limited

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We have audited the financial statements of George Thurlow and Sons (Holdings) Limited for the year ended 31 December 2002 on pages 6 to 22. These financial statements have been prepared under 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*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

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

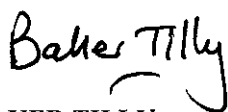
#### *Basis of audit opinion*

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 group'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 information in the financial statements.

#### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BAKER TILLY**  
Chartered Accountants  
and Registered Auditors  
87 Guildhall Street  
Bury St Edmunds  
Suffolk  
IP33 1PU

20 May 2003

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## Consolidated profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
<b>Turnover</b>	2	54,688	46,387
Cost of sales		(46,526)	(39,269)
<b>Gross profit</b>		8,162	7,118
Distribution costs		(2,243)	(2,033)
Administrative expenses		(5,077)	(4,083)
		842	1,002
Other operating income		25	36
<b>Operating profit</b>	5	867	1,038
Exceptional item	6	-	(141)
Interest receivable		11	22
Interest payable and similar charges	7	(302)	(222)
<b>Profit on ordinary activities before taxation</b>		576	697
Taxation on profit on ordinary activities	8	(245)	(253)
<b>Profit on ordinary activities after taxation</b>		331	444
Minority interests		(78)	(70)
<b>Profit for the year</b>		253	374
Dividends	9	(74)	(74)
Dividend in specie	10	(361)	-
<b>(Loss)/retained profit for the year</b>	20	(182)	300

All recognised gains and losses are included in the profit and loss account.

The notes on pages 10 to 22 form part of these financial statements.



# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## Consolidated balance sheet at 31 December 2002

	Note	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Tangible assets	11	5,464	4,494
<b>Current assets</b>			
Stocks	13	5,411	4,742
Debtors	14	3,050	3,194
Cash at bank and in hand		183	304
		<u>8,644</u>	<u>8,240</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,629)</u>	<u>(5,874)</u>
<b>Net current assets</b>		<u>2,015</u>	<u>2,366</u>
<b>Total assets less current liabilities</b>		<u>7,479</u>	<u>6,860</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(1,180)	(525)
<b>Provisions for liabilities and charges</b>	18	(88)	(20)
<b>Net assets</b>		<u>6,211</u>	<u>6,315</u>
<b>Capital and reserves</b>			
Called up share capital	19	74	74
Profit and loss account	20	4,770	4,952
<b>Shareholders' funds</b>	21	4,844	5,026
Equity minority interests		1,367	1,289
		<u>6,211</u>	<u>6,315</u>

All shareholders' funds are attributable to equity interests.

The notes on pages 10 to 22 form part of these financial statements.

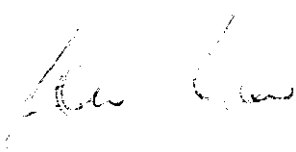
# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## Balance sheet at 31 December 2002

	Note	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Tangible assets	11	707	596
Investments	12	158	339
		<u>865</u>	<u>935</u>
<b>Current assets</b>			
Amounts owed by group company		135	184
Other debtors		38	46
Cash at bank and in hand		175	169
Corporation tax		2	-
		<u>350</u>	<u>399</u>
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to related company		113	-
Corporation tax		-	18
Other taxes and social security		6	6
Accruals and deferred income		9	25
Proposed dividend		74	74
		<u>202</u>	<u>123</u>
<b>Net current assets</b>		<u>148</u>	<u>276</u>
<b>Net assets</b>		<u>1,013</u>	<u>1,211</u>
<b>Capital and reserves</b>			
Called up share capital	19	74	74
Profit and loss account	20	939	1,137
<b>Shareholders' funds</b>	21	<u>1,013</u>	<u>1,211</u>

All shareholders' funds are attributable to equity interests.

The financial statements were approved by the Board on 19 May 2003



JG Thurlow  
Director

The notes on pages 10 to 22 form part of these financial statements.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## Consolidated cash flow statement for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
<b>Net cash inflow from operating activities</b>	24	1,478	952
<b>Returns on investments and servicing of finance</b>			
Interest received		11	22
Interest paid		(283)	(207)
Dividends paid to minority shareholders in subsidiary undertaking		(11)	(10)
Interest element of finance lease rentals		(19)	(15)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(302)	(210)
<b>Taxation</b>			
Corporation tax paid		(191)	(47)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(1,226)	(537)
Receipts from sale of tangible fixed assets		56	31
<b>Net cash outflow from capital expenditure</b>		(1,170)	(506)
<b>Acquisitions and disposals</b>			
Cash transferred as part of dividend in Specie	29	(153)	-
<b>Net cash outflow from acquisitions and disposals</b>		(153)	-
<b>Equity dividends paid</b>		(74)	(55)
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		(412)	134
<b>Financing</b>	25		
Loan advanced		850	-
Loans repaid		(176)	(150)
Capital element of finance lease and hire purchase contract payments		(221)	(33)
		453	(183)
<b>Increase/(decrease) in cash</b>	26	41	(49)

The notes on pages 10 to 22 form part of these financial statements.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002

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## 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

### *Basis of consolidation*

The group financial statements consolidate the financial statements of George Thurlow and Sons (Holdings) Limited and its material subsidiary undertakings.

A separate profit and loss account dealing with the results of the company has not been presented as permitted under Section 230 of the Companies Act 1985.

### *Turnover*

Turnover represents sales to customers at invoiced amounts net of value added tax.

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land and investment property, evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	3 to 5 years
Plant, equipment, fixtures and fittings	-	3 to 8½ years
Freehold buildings	-	50 years

The directors have estimated the cumulative depreciation charge on freehold buildings by considering their cost and residual value. As this amount is not material, the accounts have not been adjusted for the resulting depreciation charge. The depreciation calculation was based upon the above 50 year estimated useful life for freehold buildings.

### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

### *Investment property*

In accordance with SSAP19, investment property is revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment property.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that as this property is not held for consumption, but for its investment potential, to depreciate it would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to do so.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot readily be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. In the opinion of the directors, any depreciation so charged would not be material to these financial statements.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

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## 1 Accounting policies (*Continued*)

### *Stocks and work in progress*

Stocks are stated at the lower of cost and net realisable value less payments on account. Cost is arrived at as follows:-

Goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxation profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### *Hire purchase and leased assets*

Where assets are financed by hire purchase or leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised in the case of finance leases is the present value of the minimum lease payments payable during the lease term. The corresponding hire purchase and leasing commitments are shown as amounts payable in creditors. Depreciation on the relevant assets is charged to the profit and loss account.

Monthly payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable under creditors.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

### *Pension costs*

The group is a member of a multi employer contributory pension scheme which provides benefits for certain employees based on final pensionable salary.

Regular pension costs for the group are established in accordance with the recommendations of an independent actuary and are charged to the group profit and loss account based on the expected pension costs over the employees' service lives with the group. The current actuarial deficit is being spread over the remaining service lives. The group is unable to identify its share of the underlying assets and liabilities of the multi-employer scheme and consequently accounts for the pension costs as though the scheme is a defined contribution scheme.

The group also operates a defined contribution pension scheme. The costs are charged to the profit and loss account as incurred.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 2 Turnover

As turnover arises substantially within the United Kingdom, no geographical analysis of turnover has been provided.

	2002 £'000	2001 £'000
<b>Analysis by class of business</b>		
Agricultural machinery and motor vehicle distribution	52,805	41,298
Agricultural and industrial building fabrication and erection	1,883	5,089
	<u>54,688</u>	<u>46,387</u>

## 3 Employees

	2002 £'000	2001 £'000
Staff costs (including directors) consist of:		
Wages and salaries	5,303	4,628
Social security costs	425	372
Other pension costs	489	419
	<u>6,217</u>	<u>5,419</u>

The average monthly numbers of employees of the group during the year, including directors, were as follows:

	2002 Number	2001 Number
Sales and service	244	202
Office and management	86	90
	<u>330</u>	<u>292</u>

## 4 Directors

	2002 £'000	2001 £'000
Directors' emoluments consist of:		
Emoluments (including benefits in kind)	253	256
Highest paid director – total emoluments	<u>113</u>	<u>127</u>

During the year 4 (2001 - 4) directors were members of the group's defined benefit scheme.

The highest paid director has no accrued pension benefits in the group's pension schemes.

## 5 Operating profit

	2002 £'000	2001 £'000
This has been arrived at after charging/(crediting):		
Depreciation	311	331
Hire of plant and machinery - operating leases	109	243
Auditors' remuneration - audit services	39	35
- non audit services	7	7
Profit on sale of fixed assets	<u>(32)</u>	<u>(23)</u>

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 6 Exceptional items

	2002 £'000	2001 £'000
Net amounts written off following absorption of a subsidiary undertaking's business		
Dividend received	-	216
Provision against investment (note 12)	-	(357)
	<u>-</u>	<u>(141)</u>

## 7 Interest payable and similar charges

	2002 £'000	2001 £'000
Loans and overdrafts	283	207
Finance leases and hire purchase contracts	19	15
	<u>302</u>	<u>222</u>

## 8 Taxation

	2002 £'000	2001 £'000
UK corporation tax - current year	184	210
- prior years	(7)	4
Transfer to/(from) deferred taxation - current year	16	(5)
- prior year	52	-
Payment for group relief	-	44
	<u>245</u>	<u>253</u>

The tax assessed for the period is higher than that calculated using the standard rate of corporation tax for the company in the UK - 30%. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>576</u>	<u>697</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 - 30%)	173	209
Effects of:		
Expenses not allowed for tax purposes	13	4
Capital allowances in excess of depreciation	(14)	4
Tax losses utilised	(10)	-
Marginal rate of tax	(4)	(7)
Other timing differences	26	-
	<u>184</u>	<u>210</u>

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 9 Dividends

	2002 £'000	2001 £'000
Final ordinary – proposed at 100p (2001 – 100p) per share	74	74

## 10 Dividend in specie

On 8 July 2002, as part of a group reconstruction, Balsham (Buildings) Limited was demerged from the group. At the direction of the shareholders, the company and group paid a dividend in specie to Balsham Holdings Limited, a company incorporated for this purpose. This dividend had the effect of transferring the carrying value of Balsham (Buildings) Limited from the group accounts of George Thurlow and Sons (Holdings) Limited (ie net assets at 8 July 2002), amounting to £361,000, and also the carrying value of the cost of investment in Balsham (Buildings) Limited from the individual company accounts of George Thurlow and Sons (Holdings) Limited, amounting to £181,000.

The fair value of the assets transferred were not included in the dividend in specie.

## 11 Tangible assets

(1) Group	Investment property £'000	Freehold land and buildings £'000	Plant equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>					
At 1 January 2002	147	3,597	2,196	1,136	7,076
Additions	1	1,010	262	239	1,512
Disposals	-	-	(3)	(237)	(240)
Transfer	-	(101)	101	-	-
Demerger of investment	-	-	(510)	(321)	(831)
<b>At 31 December 2002</b>	<b>148</b>	<b>4,506</b>	<b>2,046</b>	<b>817</b>	<b>7,517</b>
<i>Depreciation</i>					
At 1 January 2002	-	88	1,650	844	2,582
Provided for the year	-	-	185	126	311
Disposals	-	-	-	(216)	(216)
Transfer	-	(5)	5	-	-
Demerger of investment	-	-	(396)	(228)	(624)
<b>At 31 December 2002</b>	<b>-</b>	<b>83</b>	<b>1,444</b>	<b>526</b>	<b>2,053</b>
<i>Net book value</i>					
<b>At 31 December 2002</b>	<b>148</b>	<b>4,423</b>	<b>602</b>	<b>291</b>	<b>5,464</b>
At 31 December 2001	147	3,509	546	292	4,494

The net book value of tangible fixed assets includes an amount of £296,000 (2001 - £222,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the period was £102,200 (2001 - £65,000).

As required by SSAP 19 the directors have reviewed the amount at which the investment property has been included in the accounts and they consider that the valuation of £148,000, which is also the historical cost, is appropriate at 31 December 2002.



# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

## 11 Tangible assets (Continued)

(2) Company	Investment property £'000	Freehold land and buildings £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2002	147	426	39	612
Additions	1	103	16	120
Disposals	-	-	(15)	(15)
<b>At 31 December 2002</b>	<b>148</b>	<b>529</b>	<b>40</b>	<b>717</b>
<i>Depreciation</i>				
At 1 January 2002	-	-	16	16
Provided for the year	-	-	4	4
Disposals	-	-	(10)	(10)
<b>At 31 December 2002</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
<i>Net book value</i>				
<b>At 31 December 2002</b>	<b>148</b>	<b>529</b>	<b>30</b>	<b>707</b>
At 31 December 2001	147	426	23	596

## 12 Fixed asset investments

	Group	
Group - shares in subsidiary undertakings not consolidated:	2002 £'000	2001 £'000
<i>Cost and net book value – Raingear Irrigation Limited</i>		
Cost at 1 January 2002	357	357
Provision (note 6)	(357)	(357)
<b>Net book value at 31 December 2002</b>	<b>-</b>	<b>-</b>

Company - shares in subsidiary undertakings:

	Company £'000
<i>Cost and net book value</i>	
At 1 January 2002	339
Dividend in specie	(181)
<b>At 31 December 2002</b>	<b>158</b>

Subsidiary	Activity	Proportion of voting rights and ordinary share capital held
Thurlow Nunn Standen Limited	Agricultural machinery and motor vehicle distribution	75.06%
Raingear Irrigation Limited	Remained dormant during 2002 and on 2 March 2003 changed its name to Bengate (Properties) Limited	100.00%

Balsham (Buildings) Limited was a subsidiary undertaking until 8 July 2002 when it was transferred to Balsham Holdings Limited by a dividend in specie.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 12 Fixed asset investments (*Continued*)

Bengate (Properties) Limited, formerly Raingear Irrigation Limited, has not been included within the consolidated accounts as, in the opinion of the directors, its effect is not material as the company has remained dormant throughout the year.

Financial details of this company are as follows:

	12 months to 31 December 2002 £'000	9 months to 31 December 2001 £'000
Aggregate capital and reserves	-	-
Loss for the period	-	(25)

## 13 Stocks

	2002 £'000	2001 £'000
Work in progress	22	748
Payments on account	-	(381)
	22	367
Finished goods and goods for resale	3,522	3,749
Goods held under stocking plan (note 15)	1,867	626
	5,411	4,742

There is no material difference between the replacement cost of stocks and the amounts stated above.

## 14 Debtors

	2002 £'000	2001 £'000
Trade debtors	2,532	2,739
Amounts owed by related companies (note 23)	36	-
Corporation tax	-	23
Other debtors	212	82
Prepayments and accrued income	270	350
	3,050	3,194

Included in other debtors are loans of £48,750 (2001 - £46,000) to company directors (see note 23).

# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)**

## **15 Creditors: amounts falling due within one year**

	2002 £'000	2001 £'000
Loan (note 17)	69	-
Bank loans (secured - see note 16)	119	110
Bank overdrafts (secured - see note 16)	1,818	1,980
Obligations under finance leases and hire purchase contracts (note 16)	125	119
Payments on account	52	116
Trade creditors	1,393	1,651
Stocking plan creditors (note 13)	1,867	626
Corporation tax	173	210
Other taxes and social security costs	430	462
Other creditors	1	29
Accruals	508	497
Proposed dividends	74	74
	<u>6,629</u>	<u>5,874</u>

Stocking plan creditors represent amounts owed to suppliers for goods held under agreements whereby settlement is not due until the goods are sold.

## **16 Creditors: amounts falling due after more than one year**

	2002 £'000	2001 £'000
Loan (note 17)	715	-
Bank loans	324	443
Obligations under finance leases and hire purchase contracts	141	82
	<u>1,180</u>	<u>525</u>

The obligations under finance leases and hire purchase contracts are secured on the underlying assets and the above amounts are due as follows:

	2002 £'000	2001 £'000
One to two years	109	72
Two to five years	32	10
	<u>141</u>	<u>82</u>

The bank loans fall due as follows:

	2002 £'000	2001 £'000
One to two years	115	119
Two to five years	209	279
More than five years	-	45
	<u>324</u>	<u>443</u>

The bank overdrafts and bank loans are secured by a fixed charge on certain group properties and a fixed and floating charge under a debenture over all assets of the trading subsidiaries.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 17 Loan

	2002 £'000	2001 £'000
The loan falls due as follows:		
One to two years	72	-
Two to five years	245	-
More than five years	398	-
	<u>715</u>	<u>-</u>
Less than one year	69	-
	<u>784</u>	<u>-</u>

The loan is secured on the group's freehold premises at King's Lynn and Melton and attracts interest at a fixed rate of 5.68%.

## 18 Provisions for liabilities and charges

	2002		2001	
<i>Deferred taxation</i>		Provided in accounts		Provided in accounts
	Unprovided £'000	£'000	Unprovided £'000	£'000
Accelerated capital allowances	-	88	79	20
Capital gains rolled over	-	-	6	-
	<u>-</u>	<u>88</u>	<u>85</u>	<u>20</u>

## 19 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Ordinary shares of £1 each	75	75	74	74

## 20 Profit and loss account

	Group £'000	Company £'000
At 1 January 2002	4,952	1,137
Profit for the year	253	57
Dividends	(74)	(74)
Dividend in specie	(361)	(181)
At 31 December 2002	<u>4,770</u>	<u>939</u>

The cumulative amount of negative goodwill resulting from acquisitions in previous years which has been eliminated against group reserves is £61,600 (2001 - £11,380).

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 21 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
(1) <i>Group</i>		
Profit for the year	253	374
Dividends	(74)	(74)
Dividend in specie	(361)	-
Net (reduction in)/addition to shareholders' funds	(182)	300
Opening shareholders' funds	5,026	4,726
<b>Closing shareholders' funds</b>	<b>4,844</b>	<b>5,026</b>
(2) <i>Company</i>		
Profit for the year	57	193
Dividends	(74)	(74)
Dividend in specie	(181)	-
Net (reduction in)/addition to shareholders' funds	(198)	119
Opening shareholders' funds	1,211	1,092
<b>Closing shareholders' funds</b>	<b>1,013</b>	<b>1,211</b>

## 22 Pensions

The group is a participating employer of both the defined contribution and defined benefit pension schemes operated on behalf of two groups. The assets of the schemes are held in separate trustee administered funds.

The pension cost of the defined contribution scheme is assessed in accordance with the advice of a professionally qualified actuary and the most recent actuarial valuation was carried out as at 6 April 2002.

Details of the valuation are as follows:

Method used	Attained age
Main assumptions:	
Return on investments	7% per annum
Increase in earnings	5% per annum
Market value of scheme assets at last valuation date	£5,859,800
Level of funding	73%

The scheme was closed to new entrants in 1994 and the cost as a percentage of the related pensionable payroll will tend to increase as the average age of the membership rises. The actuary recommended that the employer's contributions be increased to 27.1% from 24% for the 11 years to 5 April 2014 to account for the minimum funding requirements. The group's contributions are being made on this basis.

As disclosed in note 1, the group is unable to identify its share of the underlying assets and liabilities of the multi employer scheme and consequently accounts for the pension costs as though the scheme is a defined contribution scheme.

## **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

### **Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)**

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#### **22 Pensions (Continued)**

The pension cost of the defined contribution scheme represents the contributions payable for the year.

The group's pension charge for the year was £489,000 (2001 - £419,000). No contributions were outstanding at the year end (2001 - £54,000 prepaid).

Since it is not possible to separately identify the proportion of the overall deficit of the defined benefit pension scheme that relates to the group, no FRS 17 disclosures have been made in these financial statements. This is in accordance with the exemption under FRS 17 relating to multi-employer schemes.

#### **23 Related party transactions and ultimate controlling party**

The group is exempt from disclosing related party transactions with those group undertakings that are eliminated on consolidation. The company is also exempt from such disclosures as its own financial statements are presented together with the consolidated financial statements.

Included in other debtors are loans made to the following directors, JG Thurlow £36,000 (2001 - £46,000) and JR Thurlow £12,750 (2001 - £Nil). The maximum amounts outstanding during the year were £46,000 and £16,500 respectively. During the year £10,000 was written off the loan to JG Thurlow and £3,750 written off the loan to JR Thurlow.

During the year, group companies entered into the following transactions with Balsham (Buildings) Limited, which was demerged on 8 July 2002.

- Rent of £38,000 (2001 - £30,000)
- Management charge of £20,000 (2001 - £80,000)

The balance outstanding at the year end with Balsham (Buildings) Limited was £36,000 (see note 14).

Raingear Irrigation Limited, now named Bengate (Properties) Limited, is a wholly owned subsidiary but was not included in the consolidated financial statements in the current or previous year. This year the company has remained dormant. During the previous year group companies entered into the following transactions:

- Rent of £16,000
- Management charge of £25,000
- Sales of building supplies £53,000
- Purchase of agricultural equipment £210,000
- Dividends received £216,000
- Tax relief of £44,000 was surrendered.

The company and the group were under the control of Mr JG Thurlow, a director, and members of his close family throughout the year and the previous year.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

## 24 Reconciliation of operating profit to net cash inflow from operating activities

	2002 £'000	2001 £'000
Operating profit	867	1,038
Exceptional items	-	216
Depreciation of tangible fixed assets	311	331
Profit on sale of tangible fixed assets	(32)	(23)
Increase in stocks	(669)	(494)
Decrease/(increase) in debtors	120	(220)
Increase in creditors	881	104
<b>Net cash inflow from operating activities</b>	<b>1,478</b>	<b>952</b>

## 25 Reconciliation of net cashflow to movement in net debt

	2002 £'000	2001 £'000
Increase/(decrease) in cash in the year	41	(49)
Cashflow from change in net debt	(674)	150
Cashflow from hire purchase and finance lease contracts	221	33
New hire purchase and finance lease contracts	(286)	(38)
<b>Change in net debt</b>	<b>(698)</b>	<b>96</b>
Net debt at 31 December 2001	(2,430)	(2,526)
<b>Net debt at 31 December 2002</b>	<b>(3,128)</b>	<b>(2,430)</b>

## 26 Analysis of changes in cash and net debt

	At start of year £'000	Cash flows £'000	Non-cash changes £'000	At end of year £'000
Cash at bank and in hand	304	(121)	-	183
Overdrafts	(1,980)	162	-	(1,818)
	(1,676)	41	-	(1,635)
Debt due within one year	(110)	(78)	-	(188)
Debt due after one year	(443)	(596)	-	(1,039)
Hire purchase and finance lease contracts	(201)	221	(286)	(266)
<b>Total</b>	<b>(2,430)</b>	<b>(412)</b>	<b>(286)</b>	<b>(3,128)</b>

## 27 Capital commitments

	2002 £'000	2001 £'000
Contracted but not provided for	-	696

## GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

### 28 Commitments under operating leases

As at 31 December 2002, the group had annual commitments under non-cancellable operating leases in respect of plant and machinery as set out below:

	2002 £'000	2001 £'000
Operating leases which expire:		
In less than one year	-	14

### 29 Discontinued operation

On 8 July 2002 Balsham (Buildings) Limited was transferred out of the group and into a new holding company by way of a dividend in specie. The book value of the net assets transferred were as follows:

	£'000
Fixed assets	207
Stocks	416
Debtors	373
Creditors	(788)
	<hr/>
Cash	208
	153
	<hr/>
Dividend in specie	361