

BOULTERS OF BANWELL LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1996

Registered number: 667622

KIDSONS IMPEY

CHARTERED ACCOUNTANTS

Bristol



BOULTERS OF BANWELL LIMITED

FINANCIAL STATEMENTS

for the year ended 30 September 1996

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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BOULTERS OF BANWELL LIMITED**COMPANY INFORMATION****30 September 1996**

Incorporated in England on 15 August 1960

Number 667622

DIRECTORS

Mrs E.E. Boulter
C.R. Boulter

SECRETARY

Mrs E.E. Boulter

REGISTERED OFFICE

Knightcott
Banwell
Weston-super-Mare
BS24 6HT

BANKERS

National Westminster Bank Plc
4 Woodborough Road
Winscombe
BS25 1DA

AUDITORS

Kidsons Impey
Chartered Accountants
6th Floor
33 Wine Street
Bristol
BS1 2BQ

BOULTERS OF BANWELL LIMITED

DIRECTORS' REPORT

30 September 1996

The directors present their report and the audited financial statements for the year ended 30 September 1996.

Principal activity

The principal activity of the company is the sale and repair of agricultural equipment.

Business review

The company's results were severely affected by the BSE crisis during the year which damaged operators in the beef and dairy industry. The industry's confidence in future prospects fell and resulted in a reduction in investment in new agricultural machinery. Turnover was achieved during the year by sales at reduced margins of used machinery and sales of other new machinery at narrow margins. Therefore there is little fall in the turnover but the gross margin is significantly reduced. On 3 February 1998 the company was acquired by the NFU Mutual Management Company Limited who will provide working capital and management experience which will secure the company's future.

Loss, dividends and appropriations

The results for the year are shown in the profit and loss account on page 4. The directors do not propose payment of an ordinary dividend, the loss for the year is to be absorbed by reserves.

Fixed assets

Changes in fixed assets during the year are set out in note 8 to the accounts. The Company's freehold property was revalued in October 1993. This valuation was incorporated in the accounts.

Post Balance Sheet Events

On 3 February 1998 the entire share capital of the company was acquired by the NFU Mutual Management Company Limited.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30 September 1996 Ordinary shares	1 October 1995 Ordinary shares
Mrs E.E. Boulter	480	480
C.R. Boulter	3,510	3,510

Mrs E.E. Boulter and Mr C.R. Boulter hold jointly as trustees a further 3010 ordinary shares.

Auditors

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



Director

Knightcott
Banwell
Weston-super-Mare
BS24 6HT

3rd February 1998

BOULTERS OF BANWELL LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

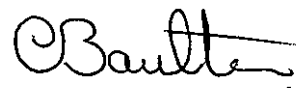
We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



Director

3rd February 1998

BOULTERS OF BANWELL LIMITED**AUDITORS' REPORT****Auditors' report to the members of****Boulters of Banwell Limited**

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. 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 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 error or other irregularity. 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 the company's affairs as at 30 September 1996 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey
Registered Auditors
Chartered Accountants
6th Floor
33 Wine Street
Bristol
BS1 2BQ

3rd February 1998

BOULTERS OF BANWELL LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1996

	Note	1996 £	1995 £
Turnover	2	6,852,594	6,988,724
Cost of sales		(6,339,547)	(6,014,983)
Gross profit		513,047	973,741
Net operating expenses			
Administrative expenses		(880,603)	(845,515)
Other operating income		40,375	42,491
Operating (loss)/profit	3	(327,181)	170,717
Profit on disposal of agricultural land		125,000	-
(Loss)/profit on ordinary activities before interest		(202,181)	170,717
Investment income	5	-	5,273
Interest payable	6	(147,176)	(125,853)
(Loss)/profit on ordinary activities before taxation		(349,357)	50,137
Taxation	7	-	-
(Loss)/profit on ordinary activities after taxation		(349,357)	50,137
retained for the year	17		

Movements in reserves are shown in the notes to the financial statements.

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

BOULTERS OF BANWELL LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 30 September 1996

	1996 £	1995 £
Reported (loss)/profit on ordinary activities before taxation	(349,357)	50,137
Realisation of fixed asset revaluation gains of previous years	34,000	-
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	-
Historical cost (loss)/profit on ordinary activities before taxation	<u>(315,357)</u>	<u>50,137</u>
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	<u>(315,357)</u>	<u>50,137</u>

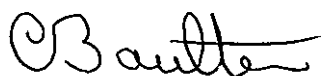
BOULTERS OF BANWELL LIMITED

BALANCE SHEET

at 30 September 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	8		738,563		798,103
Current assets					
Stocks	10	1,546,677		2,153,253	
Debtors	11	469,468		736,616	
Cash at bank and in hand		649		927	
			2,016,794		2,890,796
Creditors: amounts falling due within one year	12	(2,179,834)		(2,755,746)	
Net current (liabilities)/assets			(163,040)		135,050
Total assets less current liabilities			575,523		933,153
Creditors: amounts falling due after more than one year	13		(18,336)		(26,609)
			557,187		906,544
Capital and reserves					
Called up share capital	15		7,000		7,000
Revaluation reserve	16		261,027		296,486
Profit and loss account	17		289,160		603,058
Total shareholders' funds	14		557,187		906,544

The financial statements on pages 5 to 16 were approved by the board of directors on 3rd February 1998.



Director

BOULTERS OF BANWELL LIMITED

CASH FLOW STATEMENT

for the year ended 30 September 1996

	1996		1995	
	£	£	£	£
Net cash inflow from operating activities		211,054		206,899
Returns on investments and servicing of finance				
Interest paid	(84,061)		(89,517)	
Hire purchase interest	(63,115)		(36,336)	
Other non-trading income	-		5,273	
Net cash outflow from returns on investments and servicing of finance		(147,176)		(120,580)
Investing activities				
Payments to acquire:				
Tangible fixed assets	(136,916)		(51,923)	
Receipts from sales of:				
Tangible fixed assets	147,800		13,000	
Net cash inflow/(outflow) from investing activities		10,884		(38,923)
Net cash inflow before financing		74,762		47,396
Financing				
New finance contracts	120,540		132,187	
Capital element of finance lease rentals	(151,586)		(162,858)	
Exceptional items	125,000		-	
Net cash inflow/(outflow) from financing		93,954		(30,671)
Increase in cash and cash equivalents		<u>168,716</u>		<u>16,725</u>

See Note 18 for the notes to this statement.

BOULTERS OF BANWELL LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1996

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The accounts have been prepared on the going concern basis which assumes that the company will continue to trade for the foreseeable future. The accounts for the year ended 30 September 1996 show a loss of £349,357 and losses for the 15 month period to 31 December 1997 will be worse. On 3 February 1998, however, the holding company became the NFU Mutual Management Company Limited who will provide financial assistance to secure the company's position.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	Nil
Freehold buildings	2% straight line
Plant and equipment	25% reducing balance
Motor vehicles	25% reducing balance
Hire plant	15% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

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

Hire income

Income from hire of equipment is included in the accounts as it arises.

BOULTERS OF BANWELL LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1996

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

3 Operating (loss)/profit

	1996 £	1995 £
Operating (loss)/profit is stated after crediting		
Profit on sale of assets	<u>10</u>	<u>2,310</u>
and after charging		
Staff costs (note 4)	591,875	576,916
Accountancy and audit	<u>11,799</u>	<u>16,618</u>
Depreciation of tangible fixed assets (note 8)		
owned assets	26,202	24,217
leased assets	<u>22,464</u>	<u>26,820</u>
	<u>48,666</u>	<u>51,037</u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 6)	<u>85,579</u>	<u>63,156</u>

BOULTERS OF BANWELL LIMITED
NOTES ON FINANCIAL STATEMENTS

30 September 1996

4 Directors and employees

	1996 £	1995 £
Staff costs including directors' emoluments		
Wages and salaries	545,665	532,191
Social security costs	46,210	44,725
	<u>591,875</u>	<u>576,916</u>
	Number	Number
Average number employed including executive directors		
Staff	<u>37</u>	<u>37</u>
	£	£
Directors		
Directors' emoluments		
Other emoluments	40,169	40,719
	<u>40,169</u>	<u>40,719</u>
Emoluments excluding pension scheme contributions		
Highest paid director	<u>40,169</u>	<u>40,719</u>

Pension Scheme

Small Self Administered Scheme

The company operates a small self administered scheme. The assets of the scheme are held separately from those of the company in an administered fund.

5 Investment income

	1996 £	1995 £
Other non-trading income	-	5,273
	<u>-</u>	<u>5,273</u>

BOULTERS OF BANWELL LIMITED
NOTES ON FINANCIAL STATEMENTS

30 September 1996

6 Interest payable

	1996 £	1995 £
Bank interest	67,695	76,552
Pension Fund loan interest	16,366	12,965
Hire purchase interest	63,115	36,336
	<u>147,176</u>	<u>125,853</u>

7 Taxation

The company has no liability for taxation on the loss for the year.

8 Tangible fixed assets

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Assets on Hire £	Land and Buildings £	Total £
1 October 1995	169,334	82,150	207,115	574,222	1,032,821
Additions	46,150	24,012	59,048	7,706	136,916
Disposals	(8,020)	-	(152,142)	(35,000)	(195,162)
30 September 1996	<u>207,464</u>	<u>106,162</u>	<u>114,021</u>	<u>546,928</u>	<u>974,575</u>
Depreciation					
1 October 1995	122,976	60,366	42,682	8,694	234,718
Charge for year	18,010	8,100	17,996	4,560	48,666
Disposals	(6,687)	-	(40,685)	-	(47,372)
30 September 1996	<u>134,299</u>	<u>68,466</u>	<u>19,993</u>	<u>13,254</u>	<u>236,012</u>
Net book amount					
30 September 1996	<u>73,165</u>	<u>37,696</u>	<u>94,028</u>	<u>533,674</u>	<u>738,563</u>
1 October 1995	<u>46,358</u>	<u>21,784</u>	<u>164,433</u>	<u>565,528</u>	<u>798,103</u>

The net book amount of fixed assets includes £100,539 (1995 £164,433) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3. Hire assets are items of equipment which are rented to customers on a rolling short term hire basis.

BOULTERS OF BANWELL LIMITED
NOTES ON FINANCIAL STATEMENTS

30 September 1996

9 Land and buildings

	1996 £	1995 £
Freehold	<u>533,674</u>	<u>565,528</u>
Historical cost information		
Freehold property - cost	321,932	315,226
Freehold property - depreciation	<u>(49,285)</u>	<u>(46,174)</u>
	<u>272,647</u>	<u>269,052</u>

The freehold land and buildings were revalued at £570,000 by an independent Chartered Surveyor in October 1993 on the basis of market value for existing use. The surplus was added to the revaluation reserve. A part disposal of land valued at £35,000 (cost £1,000) has occurred since. Subsequent additions are included at cost.

10 Stocks

	1996 £	1995 £
Work in progress	90,429	132,163
Goods for resale	<u>1,456,248</u>	<u>2,021,090</u>
	<u>1,546,677</u>	<u>2,153,253</u>

11 Debtors

	1996 £	1995 £
Amounts falling due within one year		
Trade debtors	450,663	719,828
Prepayments and accrued income	<u>18,805</u>	<u>16,788</u>
	<u>469,468</u>	<u>736,616</u>

BOULTERS OF BANWELL LIMITED
NOTES ON FINANCIAL STATEMENTS

30 September 1996

12 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdrafts	733,625	902,619
Trade creditors	629,254	783,171
Stocking Plan	526,767	694,052
Other taxation and social security	32,924	58,576
Other creditors	53,236	51,126
Accruals and deferred income	30,372	30,215
Finance leases and HP contracts - note 13	82,203	104,976
Pension fund loan	91,453	131,011
	<u>2,179,834</u>	<u>2,755,746</u>

The overdraft is secured by a fixed charge on the freehold property of the company and by a floating charge over the company's other assets. The pension fund loan is from the company's executive pension scheme and bears interest at a normal commercial rate.

13 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance leases	18,336	26,609
	<u>18,336</u>	<u>26,609</u>

Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 12	82,203	104,976
In the second to fifth years	18,336	26,609
	<u>100,539</u>	<u>131,585</u>

BOULTERS OF BANWELL LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1996

14 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
(Loss)/profit for the financial year representing a Net (subtraction from)/addition to shareholders' funds	(349,357)	50,137
Opening shareholders' funds	<u>906,544</u>	<u>856,407</u>
Closing shareholders' funds	<u><u>557,187</u></u>	<u><u>906,544</u></u>

15 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

16 Revaluation reserve

	1996 £
1 October 1995	296,486
Transfer to profit and loss account	<u>(35,459)</u>
30 September 1996	<u><u>261,027</u></u>

17 Profit and loss account

	1996 £
1 October 1995	603,058
Retained loss for the year	<u>(349,357)</u>
Transfer from revaluation reserve	<u>35,459</u>
30 September 1996	<u><u>289,160</u></u>

BOULTERS OF BANWELL LIMITED

NOTES ON FINANCIAL STATEMENTS

30 September 1996

18 Notes to the cash flow statement

Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1996 £	1995 £
Operating (loss)/profit	(327,181)	170,717
Depreciation charges	48,666	51,037
(Profit) on sale of fixed assets	(10)	(2,310)
Decrease/(increase) in stocks	606,576	(575,782)
Decrease/(increase) in debtors	267,148	(76,176)
(Decrease)/increase in creditors	(384,145)	639,413
Net cash inflow from operating activities	<u>211,054</u>	<u>206,899</u>

Analysis of changes in cash and cash equivalents as shown in the balance sheet

Balance at 1 October 1995	(901,692)	(918,417)
Net cash inflow	<u>168,716</u>	<u>16,725</u>
Balance at 30 September 1996	<u>(732,976)</u>	<u>(901,692)</u>

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in year £
Cash at bank and in hand	649	927	(278)
Bank overdrafts	<u>(733,625)</u>	<u>(902,619)</u>	<u>168,994</u>
	<u>(732,976)</u>	<u>(901,692)</u>	<u>168,716</u>

Analysis of changes in financing during the year

	Finance Leasing £
Balance at 1 October 1995	131,585
Cash inflow from financing	120,540
Cash outflow from financing	<u>(151,586)</u>
Balance at 30 September 1996	<u>100,539</u>