

667622

**BOULTERS OF BANWELL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2003**



**BOULTERS OF BANWELL LIMITED****DIRECTORS**

K. Arif  
A.J. Craig  
A. Harris  
T.D. Hewson-Stoate  
D. E. Sweeney

**SECRETARY**

Mrs A.E. Smith

**AUDITORS**

Butterworth Jones  
Chartered Accountants  
Tallford House  
38 Walliscote Road  
Weston-super-Mare  
North Somerset  
BS23 1LP

**BANKERS**

NatWest Bank Plc  
89 High Street  
Weston-super-Mare  
North Somerset  
BS23 1JW

**REGISTERED OFFICE**

Tiddington Road  
Stratford upon Avon  
Warwickshire  
CV37 7BJ

**REGISTRATION**

Registered in England and Wales  
Company Number: 667622

**REPORT OF THE DIRECTORS**

**Directors:**

K. Arif  
A.J. Craig  
A. Harris (appointed 1 September 2003)  
T.D. Hewson-Stoate  
D. E. Sweeney

The Directors submit this Report, together with the audited Financial Statements of the Company for the year ended 31 December 2003.

**RESULTS AND DIVIDENDS**

The results for the year and the Company's financial position are shown in the Financial Statements. The Directors do not recommend the payment of a dividend.

**PRINCIPAL ACTIVITY**

The Company's principal activity during the year continued to be that of an agricultural machinery dealership.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The year 2003 saw a continuing improvement in a number of key performance parameters of the business. Turnover grew by 3.6% gross margins averaged 18% (16.5% in 2002) and costs were trimmed by nearly 7%. Nevertheless the net result was a disappointing loss of £98118 before tax (albeit a significant improvement on the 2002 loss of £327604).

The reason for this disappointing result was lower than planned turnover growth. The Company continued to experience problems with the supply of Case Tractors. Another major whole goods supplier also presented persistent supply problems – resulting in the Company changing supplier during the year. In addition the UK distributor of the Company's milking parlour equipment went into liquidation. After exploring many options this necessitated the Company exiting from this market sector – the consequent loss of business accounting for nearly half the profit shortfall from the Company's original business plan.

At the time of writing the product supply situation is much improved and the Company has restructured itself to devote more resources to the agricultural machinery sector. In consequence it is planning further growth in 2004, on a virtually unchanged cost base, with a view to making a modest profit.

However, in parallel with its normal trading activity, Boulters continues to be the vehicle via which the parent Company, the NFU Mutual Insurance Society Limited, made savings in relation to claims regarding the type of products which Boulters sells (i.e. agricultural equipment, horticultural machinery etc.). Yet again the value of these savings grew strongly. In 2003 they significantly exceeded the value of the Boulters trading loss (of £98118) – and are, of course, reflected in the parent Company's accounts. Therefore the net financial effect of Boulters on the parent Company's "financials" was a beneficial one in 2003.

At the time of writing the claims savings continue on an upward trend and hence a greater claims saving is anticipated for 2004.

**BOULTERS OF BANWELL LIMITED**

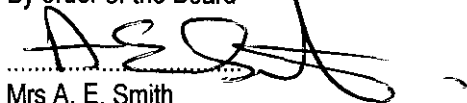
3.

**REPORT OF THE DIRECTORS**

**DIRECTORS AND DIRECTORS' INTERESTS IN THE COMPANY'S SHARES**

The Directors held no interest in the share capital of the Company or any other Group Company.

By order of the Board

A handwritten signature in black ink, appearing to be 'A. E. Smith', written over a dotted line.

Mrs A. E. Smith  
Secretary

14/6 ..... 2004

**BOULTERS OF BANWELL LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE ACCOUNTS**

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 of the profit or loss of the Company for that year. 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;
- 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.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOULTERS OF BANWELL LIMITED**

We have audited the Financial Statements of Boulters of Banwell Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

### ***Respective Responsibilities of Directors and Auditors***

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

### ***Basis of Opinion***

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of 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 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BUTTERWORTH JONES : REGISTERED AUDITORS**  
**Chartered Accountants**  
**Weston-super-Mare**

17 June 2004

**BOULTERS OF BANWELL LIMITED****PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 2003**

	<b>Note</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
<b>TURNOVER</b>	1	6409182	6185796
Cost of Sales		(5267506)	(5182399)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		1141676	1003397
Administrative Expenses		(1270132)	(1363951)
Other Operating Income	3	52000	38253
		<hr/>	<hr/>
<b>OPERATING LOSS</b>	4	(76456)	(322301)
Interest Receivable and Similar Income	5	4494	1466
Interest Payable and Similar Charges	6	(26156)	(6769)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(98118)	(327604)
Tax on Loss on Ordinary Activities	7	37491	80813
		<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR</b>	15	(60627)	(246791)
		<hr/>	<hr/>

The Profit and Loss Account relates to continuing operations.

There are no gains or losses other than the loss for the year.

The result on a historic cost basis has not been disclosed as the difference between the reported result and the historic cost result is immaterial.

**BOULTERS OF BANWELL LIMITED**

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**BALANCE SHEET : 31 DECEMBER 2003**

	Note	2003	2002
		£	£
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	8	730193	732885
Intangible Fixed Asset	9	12000	18000
		<hr/>	<hr/>
		742193	750885
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	10	2089497	1927848
Debtors	11	923282	991453
Cash at Bank and in Hand		59838	178272
		<hr/>	<hr/>
		3072617	3097573
<b>CREDITORS:</b> Amounts falling due within one year	12	(2643391)	(2616412)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		429226	481161
		<hr/>	<hr/>
<b>NET ASSETS</b>		1171419	1232046
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	13	2619262	2619262
Revaluation Reserve	14	242827	245427
Profit and Loss Account	15	(1690670)	(1632643)
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>		1171419	1232046
		<hr/>	<hr/>

The Financial Statements on pages 6 to 13  
were approved by the Board  
on 14 June 2004  
and were signed on its behalf by:

  
.....  
Director

A. J. Craig



**BOULTERS OF BANWELL LIMITED****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
YEAR ENDED 31 DECEMBER 2003**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(Loss) for the Financial Year	(60627)	(246791)
Opening Shareholders' Funds	1232046	1478837
	<hr/>	<hr/>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>1171419</b>	<b>1232046</b>
	<hr/>	<hr/>

## 1. ACCOUNTING POLICIES

### Basis of Accounting

The Accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

### Turnover

Turnover represents the total amount receivable for the provision of goods and services and excludes Value Added Tax. The whole of the turnover is attributable to the UK market.

### Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation of the individual asset concerned over its expected useful life as follows:

Freehold Buildings	2% p.a.	straight line
Plant and Machinery	25% p.a.	reducing balance
Motor Vehicles	25% p.a.	" "
Hire Plant	15% p.a.	" "

Freehold land is not depreciated.

### Goodwill

Amortisation is provided on purchased goodwill at a rate calculated to write off the cost over its expected useful life as follows: 5 years straight line.

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated sales value of the various items in their present condition after allowing for the costs of realisation. Provision is made where necessary for obsolescent, slow moving and defective stocks.

### Pension Scheme

The Company operates a defined contribution scheme for certain employees. Contributions payable for the year are charged to the profit and loss account.

### Hire Income

Income from the hire of equipment is credited to the profit and loss account in the year in which it accrues.

## 2. STAFF COSTS

	2003 £	2002 £
Wages and Salaries	770743	807707
Social Security Costs	74876	70467
Other Pension Costs	23289	25554
	<hr/>	<hr/>
	868908	903728
	<hr/>	<hr/>

The average number of persons employed by the Company, during the year was as follows:

	No.	No.
Office and Management	8	8
Workshop and Maintenance	19	22
Sales and Distribution	12	12
	<hr/>	<hr/>
	39	42
	<hr/>	<hr/>

The Directors received no emoluments from the Company.

**BOULTERS OF BANWELL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 DECEMBER 2003**

10.

<b>3. OTHER OPERATING INCOME</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Hire Income	52000	38253
	<hr/>	<hr/>
<b>4. OPERATING LOSS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
The operating loss is stated after charging/(crediting):		
Auditors' Remuneration – Audit	7200	7200
Depreciation	57354	51939
Amortisation	6000	6000
Profit on Sale of Fixed Assets	(532)	(5930)
	<hr/>	<hr/>
<b>5. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank Interest	4494	1466
	<hr/>	<hr/>
<b>6. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts owed to Associated Company	26156	6769
	<hr/>	<hr/>
<b>7. TAXATION</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Group Relief Receivable	28500	85000
Under/(Over) provision in Previous Year	8991	(4187)
	<hr/>	<hr/>
	37491	80813
	<hr/>	<hr/>

It is group policy to reimburse the originator Company for trading losses surrendered. Payments are receivable for the Company's trading losses as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
2003	28500	-
2002	-	85000
	<hr/>	<hr/>
	28500	85000
	<hr/>	<hr/>

Estimated trading losses of approximately £967000 are being carried forward at 31 December 2003.

**8. TANGIBLE FIXED ASSETS**

	<b>Freehold Land &amp; Buildings</b>	<b>Plant &amp; Machinery</b>	<b>Hire Plant</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2003	605523	200581	106795	143472	1056371
Additions	13643	37861	6955	23384	81843
Disposals	-	(7000)	(38206)	(53590)	(98796)
At 31 December 2003	619166	231442	75544	113266	1039418
<b>Depreciation</b>					
At 1 January 2003	44524	133707	46912	98343	323486
Charge for the year	6360	21010	15923	14061	57354
Disposals	-	(4353)	(19701)	(47561)	(71615)
At 31 December 2003	50884	150364	43134	64843	309225
<b>Net Book Value</b>					
At 31 December 2003	568282	81078	32410	48423	730193
At 31 December 2002	560999	66874	59883	45129	732885

**Historical cost information**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Freehold property – cost	324652	324652
Freehold property – depreciation	(64145)	(62185)
	<u>260507</u>	<u>262467</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.

Under the transitional provisions of FRS15, the Company is not adopting a policy of revaluation although the above valuation of freehold property is to be retained in the Financial Statements.

**9. INTANGIBLE FIXED ASSET**

<b>Acquisition of the trade of AMS Limited</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Cost at 1 January 2003	30121	30121
Amortisation	18121	12121
Net Book Value at 31 December 2003	<u>12000</u>	<u>18000</u>

The intangible fixed asset represents certain costs incurred on acquisition of the trade of AMS Limited.

**BOULTERS OF BANWELL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 DECEMBER 2003**

12.

10. STOCKS	2003	2002		
	£	£		
Work in Progress	54547	19049		
Goods for Resale	2034950	1908799		
	<hr/>	<hr/>		
	2089497	1927848		
	<hr/>	<hr/>		
11. DEBTORS	2003	2002		
	£	£		
Trade Debtors	874463	872594		
Prepayments	15237	33859		
Taxation – Group Relief	28500	85000		
Other Debtors	5082	-		
	<hr/>	<hr/>		
	923282	991453		
	<hr/>	<hr/>		
12. CREDITORS	2003	2002		
Amounts falling due within one year:	£	£		
Bank Overdraft	-	136693		
Trade Creditors	962770	927447		
Amounts owed to Associated Companies	1495407	1495407		
Taxation and Social Security Costs	20462	23527		
Accruals and Deferred Income	164752	33338		
	<hr/>	<hr/>		
	2643391	2616412		
	<hr/>	<hr/>		
13. SHARE CAPITAL	Allotted, Called Up and Fully Paid			
	2003	2002	2003	2002
	£	£	£	£
Ordinary Shares of £1 each	2619262	2619262	2619262	2619262
	<hr/>	<hr/>	<hr/>	<hr/>
14. REVALUATION RESERVE	2003	2002		
	£	£		
Balance at 1 January 2003	245427	248027		
Transferred to Profit and Loss Account	(2600)	(2600)		
	<hr/>	<hr/>		
Balance at 31 December 2003	242827	245427		
	<hr/>	<hr/>		

**BOULTERS OF BANWELL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 DECEMBER 2003**

13.

**15. PROFIT AND LOSS ACCOUNT**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2003	(1632643)	(1388452)
Retained (Loss) for the Year	(60627)	(246791)
Transfer from Revaluation Reserve	2600	2600
	<hr/>	<hr/>
Balance at 31 December 2003	(1690670)	(1632643)
	<hr/>	<hr/>

**16. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemptions under FRS 8 not to disclose transactions with the members of the NFU Mutual Group, as the Company is a wholly owned subsidiary, and the accounts for the group are publicly available.

**17. ULTIMATE PARENT COMPANY**

The Company's immediate holding Company is the NFU Mutual Management Company Limited. The ultimate holding Company and controlling party is the National Farmers Union Mutual Insurance Society Limited, a mutual Company limited by guarantee, incorporated in Great Britain. Copies of its accounts can be obtained from The Secretary, Tiddington Road, Stratford upon Avon, Warwickshire, CV37 7BJ.

**18. PENSION SCHEME COSTS**

The Company operates a defined contribution pension scheme. The scheme assets are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable to the funds and amounted to £23289 (2002 : £25554).