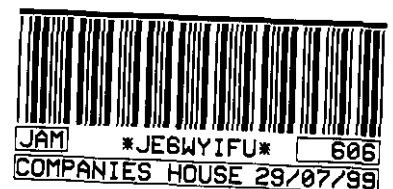


BELTON CHRESE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
30 SEPTEMBER 1998

Registered number: 1129055

Booth Ainsworth
Chartered Accountants
Cheadle



BELTON CHEESE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 30 September 1998

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BELTON CHEESE LIMITED

COMPANY INFORMATION

30 September 1998

COMPANY NUMBER	1129055
DIRECTORS	J H Beckett J C Beckett J L Beckett
SECRETARY	K L Beckett
REGISTERED OFFICE	Belton Whitchurch Shropshire SY13 1JD
BANKERS	Barclays Bank plc Corporate Banking Centre Queen Square Wolverhampton WV1 1XJ
SOLICITORS	Mace and Jones Drury House 19 Water Street Liverpool L2 0RP
AUDITORS	Booth Ainsworth Chartered Accountants Ashfield House Ashfield Road Cheadle Cheshire SK8 1BE

BELTON CHEESE LIMITED

DIRECTORS' REPORT

30 September 1998

The directors present their report and the audited financial statements for the year ended 30 September 1998.

Principal activity

The principal activity of the company is the manufacturing of dairy products.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £936,148.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Fixed assets

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 8.

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 1998	1 October 1997
	Ordinary shares	Ordinary shares
J H Beckett	5,000	5,000
J C Beckett	-	-
J L Beckett	-	-

continued

BELTON CHEESE LIMITED

DIRECTORS' REPORT
(continued)

30 September 1998

Charitable and political donations

Payments of a charitable nature made during the year amounted to £1,551.

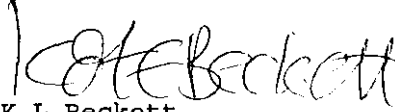
Year 2000

The directors are taking all steps they consider necessary to ensure the company will meet the Year 2000 date change and believe the company's business will not be materially affected. It is unlikely that significant costs are to be incurred in this respect.

Auditors

Booth Ainsworth have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board


K L Beckett
Secretary

Belton
Whitchurch
Shropshire
SY13 1JD

Date : 15/7/99

BELTON CHEESE LIMITED

STATEMENT OF 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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.

On behalf of the board

Date : 22.7.1999

J H Beckett
Director

BELTON CHEESE LIMITED

**Auditors' report to
Belton Cheese Limited
under section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 5 to 16, together with the financial statements of the company for the year ended 30 September 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 16 are properly prepared in accordance with those provisions.



Booth Ainsworth
Registered Auditors
Chartered Accountants
Cheadle

Date: 22.7.1999

BELTON CHEESE LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1998

	Note	1998 £	1997 £
Gross profit		1,075,169	757,164
Administrative expenses		(755,042)	(437,464)
Other operating income		51,611	50,641
Operating profit	3	371,738	370,341
Investment income	4	50	29
Interest payable	5	(126,865)	(100,252)
Profit on ordinary activities before taxation		244,923	270,118
Taxation		(116,363)	(66,188)
Retained profit for the year		128,560	203,930

BELTON CHEESE LIMITED

ABBREVIATED BALANCE SHEET

at 30 September 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	8	981,140	997,240
Current assets			
Stocks	9	1,759,559	1,532,331
Debtors	10	1,074,041	1,129,072
Cash at bank and in hand		1,329	1,602
		<u>2,834,929</u>	<u>2,663,005</u>
Creditors: amounts falling due within one year	11	(1,900,791)	(2,341,090)
Net current assets		<u>934,138</u>	<u>321,915</u>
Total assets less current liabilities		<u>1,915,278</u>	<u>1,319,155</u>
Creditors: amounts falling due after more than one year	12	(888,630)	(474,567)
Provision for liabilities and charges	13	(90,500)	(37,000)
		<u>936,148</u>	<u>807,588</u>
Capital and reserves			
Called up share capital	16	10,000	10,000
Profit and loss account	17	926,148	797,588
Total shareholders' funds	15	<u>936,148</u>	<u>807,588</u>

continued

BELTON CHEESE LIMITED

ABBREVIATED BALANCE SHEET
(continued)

at 30 September 1998

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements on pages 5 to 16 were approved by the board of directors on 17 July 1999 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J H Beckett', is written over the printed name and title.

J H Beckett
Director

BELTON CHEESE LIMITED

CASH FLOW STATEMENT

for the year ended 30 September 1998

	Note	1998		1997	
		£	£	£	£
Net cash inflow from operating activities	20	129,142		441,366	
Returns on investments and servicing of finance					
Interest received		50		29	
Interest paid		(95,218)		(87,587)	
Interest element of finance lease rental payments		(31,647)		(12,665)	
			(126,815)		(100,223)
Taxation					
Corporation tax paid		(55,661)		(69,195)	
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(204,920)		(541,963)	
Sale of tangible fixed assets		(810)		61,120	
			(205,730)		(480,843)
			(259,064)		(208,895)
Financing					
Debt due within a year:					
Other loan repayments		(352,945)		-	
Debt due beyond a year:					
Other loan advances		552,945		-	
		(64,336)		344,219	
			135,664		344,219
(Decrease)/increase in cash		(123,400)		135,324	

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

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

Leasehold buildings	10% pa reducing balance
Plant and machinery	15% pa reducing balance
Motor vehicles	20% pa reducing balance
Fixtures and fittings	15% pa reducing balance

No depreciation is charged on the herd of cows as, in the opinion of the directors, the assets are kept in a condition such that their value is at least that stated in the accounts. This contravenes SSAP 12, which states that all fixed assets are depreciated so as to charge a fair proportion of the cost of the asset to each accounting period expected to benefit from its use.

Government grants

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments. Grants of a revenue nature are credited to income in the period to which they relate.

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

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

1 Accounting policies continued

Pensions

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Lessor accounting

The herd of cows is held for use under an operating lease agreement. Rental income from this lease is recognised on a straight line basis over the lease term.

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3 Operating profit

	1998 £	1997 £
Operating profit is stated after charging		
Amortisation of government grant	21,378	21,378
Rental income on operating lease	18,002	34,725
	<u> </u>	<u> </u>
Staff costs (note 4)	816,870	551,941
Auditor's remuneration	6,500	5,950
Auditors' remuneration - non-audit work	12,650	8,255
Operating leases		
Rent	30,000	30,000
Plant and machinery	6,812	6,812
Loss on sale of assets	75,710	63,981
Revaluation of herd	38,500	-
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets (note 8)		
Owned assets	60,982	(15,536)
Leased assets	58,967	38,004
	<u> </u>	<u> </u>
	119,949	22,468
	<u> </u>	<u> </u>

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

4 Directors and employees

	1998	1997
	£	£
Staff costs including directors' emoluments		
Wages and salaries	577,650	450,222
Social security costs	56,120	42,219
Pension costs	239,200	59,500
	<u>872,970</u>	<u>551,941</u>

	Number	Number
Average monthly number employed including executive directors:		
Production	22	19
Management and administration	7	5
Sales	2	1
	<u>31</u>	<u>25</u>

	£	£
Directors		
Emoluments	93,890	85,174
Company contributions to money purchase pension schemes	237,700	58,000
	<u>331,590</u>	<u>143,174</u>

	Number	Number
During the year the following number of directors:		
Accrued retirement benefits under:		
Money purchase pension schemes	2	2

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £239,200 (1997 £59,500) including contributions in respect of employees.

5 Investment income

	1998	1997
	£	£
Interest receivable	<u>50</u>	<u>29</u>

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

6 Interest payable

	1998 £	1997 £
Bank interest	38,300	41,926
Hire purchase interest	31,647	12,665
Pension loan interest	50,820	42,233
Other interest payable	6,098	3,428
	<u>126,865</u>	<u>100,252</u>

7 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21% (1997 24%/21%)	62,863	62,855
Deferred taxation	53,500	3,333
	<u>116,363</u>	<u>66,188</u>

8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Herd of Cows/ Milk Quota £	Total £
1 October 1997	45,279	1,160,554	116,599	162,739	250,400	1,735,571
Additions	16,415	23,467	3,243	65,704	108,418	217,247
Disposals	-	-	-	-	(74,900)	(74,900)
Revaluation	-	-	-	-	(38,500)	(38,500)
30 September 1998	<u>61,694</u>	<u>1,184,021</u>	<u>119,842</u>	<u>228,443</u>	<u>245,418</u>	<u>1,839,418</u>
Depreciation						
1 October 1997	25,134	595,989	77,863	39,343	-	738,329
Charge for year	7,312	88,205	6,296	18,136	-	119,949
30 September 1998	<u>32,446</u>	<u>684,194</u>	<u>84,159</u>	<u>57,479</u>	<u>-</u>	<u>858,278</u>
Net book amount						
30 September 1998	<u>29,248</u>	<u>499,827</u>	<u>35,683</u>	<u>170,964</u>	<u>245,418</u>	<u>981,140</u>
1 October 1997	<u>20,145</u>	<u>564,564</u>	<u>38,734</u>	<u>123,397</u>	<u>250,400</u>	<u>997,240</u>

The net book amount of fixed assets includes £324,302 (1997 £366,854) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

At 30 September 1998 the herd was held for use under an operating lease agreement. At that date, the herd had a net book value of £216,200 (1997: £250,400).

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

9 Stocks	1998	1997
	£	£
Raw materials	60,703	68,393
Finished goods	1,698,856	1,463,938
	<u>1,759,559</u>	<u>1,532,331</u>
10 Debtors	1998	1997
	£	£
Amounts falling due within one year		
Trade debtors	910,338	835,711
Other debtors	163,703	292,084
Prepayments and accrued income	-	1,277
	<u>1,074,041</u>	<u>1,129,072</u>
11 Creditors: amounts falling due within one year	1998	1997
	£	£
Bank overdrafts	720,955	686,031
Trade creditors	601,585	622,981
Other loans	39,000	352,945
Corporation tax	62,863	62,855
Other taxation and social security	27,742	17,299
Other creditors	223,502	327,400
Accruals and deferred income	85,268	145,871
Grants within one year	21,378	21,378
Obligations under finance leases and hire purchase contracts - note 12	<u>118,498</u>	<u>104,330</u>
	<u>1,900,791</u>	<u>2,341,090</u>

The bank overdraft of £720,955 (1997: £686,031) is secured by a fixed and floating charge on the company's assets.

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

12 Creditors: amounts falling due
after more than one year

	1998 £	1997 £
Other liabilities		
Other loans	640,945	127,000
Grants over one year	72,553	93,931
Obligations under finance leases and hire purchase contracts	175,132	253,636
	<u>888,630</u>	<u>474,567</u>
Maturity of other loans		
In one year or less, or on demand - see note 11	39,000	352,945
Between one and two years	88,000	39,000
Between two and five years	552,945	88,000
	<u>679,945</u>	<u>479,945</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 11	118,498	104,330
In the second to fifth years	175,132	253,636
	<u>293,630</u>	<u>357,966</u>

13 Provision for liabilities and charges

	1997 £	Profit and loss account £	Other movements £	1998 £
Deferred taxation (notes 7 and 14)	<u>37,000</u>	<u>53,500</u>	<u>-</u>	<u>90,500</u>

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

14 Deferred taxation

	1998		1997	
	Amount unprovided	Amount provided	Amount unprovided	Amount provided
	£	£	£	£
Corporation tax deferred by Capital allowances in excess of depreciation	-	90,500	-	37,000
	-	90,500	-	37,000

Deferred taxation is based on a corporation tax rate of 31% (1997 24%/21%).

The movement on deferred taxation is as follows:-

Provision at 1 October 1997	37,000
Movement during the year	39,960
Movement during the year in respect of the change in tax rate	13,540
Provision at 30 September 1998	£ 90,500

15 Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
Profit for the financial year representing a Net addition to shareholders' funds	128,560	203,930
Opening shareholders' funds	807,588	603,658
Closing shareholders' funds	936,148	807,588

16 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
Allotted called up and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

17 Profit and loss account

	1998 £
1 October 1997	797,588
Retained profit for the year	128,560
	<hr/>
30 September 1998	926,148
	<hr/> <hr/>

18 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30 September 1999

	1998 Land and Buildings £	1998 Plant & Other £	1997 Land and Buildings £	1997 Plant & Other £
Expiring				
Within two to five years	-	6,264	-	6,264
After five years	30,000	-	30,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	30,000	6,264	30,000	6,264
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19 Related parties

Control

Throughout the year the company was controlled by Mr J H Beckett, a director, and members of his close family. Details of the directors' interests in the share capital of the company are set out in the Directors' Report.

Transactions

Related party	Transaction	£
J H and Mrs J L Beckett t/a Stanley Beckett, a partnership between Mr J H and Mrs J L Beckett, both directors of the company.	Rental income received under operating lease for herd of cows	(18,002)
	Rents paid for premises	30,000
	Purchases and other direct costs	414,896

Balances at the year end

At 30 September 1998 the balances with the above related party were:

Purchase ledger	(8,375)
Loan	104,529

BELTON CHEESE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

for the year ended 30 September 1998

20 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1998 £	1997 £
Operating profit	371,738	370,341
Depreciation charges	119,949	96,931
Loss on sale of fixed assets	75,710	63,981
Revaluation of herd	38,500	-
Increase in stocks	(227,228)	(23,482)
Decrease/(increase) in debtors	55,031	(304,101)
(Decrease)/increase in creditors	(209,634)	230,841
Net cash inflow from operating activities	<u>224,066</u>	<u>434,511</u>

21 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	Other changes £	At end of year £
Cash at bank and in hand	1,602	(273)	-	1,329
Bank overdrafts	(686,031)	(34,924)	-	(720,955)
		<u>(35,197)</u>		
Debt due within 1 year	(352,945)	352,945	(39,000)	(39,000)
Debt due after 1 year	(127,000)	(552,945)	39,000	(640,945)
Finance leases	(357,966)	64,336	-	(293,630)
		<u>(135,664)</u>		
Total	<u>(1,522,340)</u>	<u>(170,861)</u>	<u>-</u>	<u>(1,693,201)</u>

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease)/increase in cash in the year	(35,197)	135,324
Cash inflow from increase in debt and lease financing	<u>(135,664)</u>	<u>(344,219)</u>
Change in net debt resulting from cash flows	(170,861)	(208,895)
Net debt at 1 October 1997	<u>(1,522,340)</u>	<u>(1,313,445)</u>
Net debt at 30 September 1998	<u>(1,693,201)</u>	<u>(1,522,340)</u>