

Company Registration No. 1336601 (England and Wales)

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

DIRECTORS AND ADVISERS

Directors	G.T. Hughes G.B. Hughes P Beaumont N Laister
Secretary	P Beaumont
Company number	1336601
Registered office	5th Floor 7/10 Chandos Street London W1G 9DQ
Registered auditors	Simmons Gainsford 7/10 Chandos Street Cavendish Square London W1G 9DQ
Business address	25/29 Link House New Covent Garden Market London SW8 5PA

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

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DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Directors

The following directors have held office since 1 January 2000:

G.T. Hughes
G.B. Hughes
P Beaumont
N Laister

Principal activities and review of the business

The principal activities of the group during the financial year have been those of Importers and Wholesalers of Fruit and Vegetables, and Aircraft Leasing.

The Chairman notes that although sales increased by 49% in the year 2000, this was at the expense of gross profit which fell from 18.33% to 14.85%. This is primarily due to a difficult European summer which delivered a season of product overproduction, matched with poor weather conditions across most of Northern Europe. These conditions created a highly competitive market where margin had to be sacrificed in an attempt to drive sales.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

Post balance sheet events

The aircraft was disposed of in August 2001.

Directors' interests

The directors' beneficial interests in the shares of the company and other group companies were as stated below:

DIRECT PRODUCE SUPPLIES PLC

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G.T. Hughes	51,000	51,000
G.B. Hughes	49,000	49,000
P Beaumont	-	-
N Laister	-	-

DIRECT PRODUCE SOUTH AFRICA LIMITED

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G.T. Hughes	51,000	51,000
G.B. Hughes	49,000	49,000
P Beaumont	-	-

DPS Aviation Ltd

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G.T. Hughes	51,000	51,000
G.B. Hughes	49,000	49,000

EUROPEAN FRUIT SERVICES LIMITED

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G.T. Hughes	51,000	51,000
G.B. Hughes	49,000	49,000

INTERNATIONAL PRODUCE HOLDINGS LIMITED

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G.T. Hughes	51,000	51,000

AGROMARK 96 (UK) LIMITED

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
G.T. Hughes	51,000	51,000

Creditor payment policy

It is group policy to follow the CBI Prompt Payment Code for all suppliers. Information about the code may be obtained from the CBI.

It is group policy in respect of all of its suppliers to (a) settle the terms of payment when agreeing the terms of each transaction, (b) ensure that suppliers are made aware of the terms of payment and (c) abide by the terms of payment.

The amount of trade creditors shown in the balance sheet at 31st December 2000 represents 53 days of average purchases (based on aggregate amounts invoiced by suppliers during the year) for the Group.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

G.T. Hughes

Director

27 September 2001

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

AUDITORS' REPORT

TO THE SHAREHOLDERS OF DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

We have audited the financial statements on pages 4 to 20 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 2 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 and 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 the company's and the group's affairs as at 31 December 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Simmons Gainsford

Chartered Accountants
Registered Auditor

1 October 2001

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	13,228,251	10,317,260
Cost of sales		(10,923,167)	(8,337,865)
Gross profit		2,305,084	1,979,395
Administrative expenses		(2,052,396)	(1,782,600)
Other operating income		(1,250)	-
Operating profit	4	251,438	196,795
Other interest receivable and similar income		1,232	43,225
Interest payable and similar charges	5	(50,696)	(97,654)
Profit on ordinary activities before taxation		201,974	142,366
Tax on profit on ordinary activities	6	(255,596)	(36,218)
(Loss)/profit on ordinary activities after taxation		(53,622)	106,148
Dividends	8	(300,000)	(200,000)
Retained loss for the year	18	(353,622)	(93,852)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

	2000	1999
	£	£
(Loss)/profit for the financial year	(53,622)	106,148
Unrealised surplus on revaluation of properties	144,383	-
Total recognised gains and losses relating to the year	<u>90,761</u>	<u>106,148</u>

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

BALANCE SHEETS AS AT 31 DECEMBER 2000

	Notes	Group 2000 £	1999 £	Company 2000 £	1999 £
Fixed assets					
Tangible assets	9	1,204,522	1,275,392	254,539	316,740
Investments	10	274,177	389,594	17,833	9
		<u>1,478,699</u>	<u>1,664,986</u>	<u>272,372</u>	<u>316,749</u>
Current assets					
Stocks	11	239,380	287,855	237,532	29,472
Debtors	12	954,527	1,088,957	1,684,769	1,876,211
Cash at bank and in hand		282,807	147,409	172,947	4,998
		<u>1,476,714</u>	<u>1,524,221</u>	<u>2,095,248</u>	<u>1,910,681</u>
Creditors: amounts falling due within one year	13	(1,824,683)	(1,838,748)	(1,586,878)	(1,216,470)
Net current liabilities		<u>(347,969)</u>	<u>(314,527)</u>	<u>508,370</u>	<u>694,211</u>
Total assets less current liabilities		<u>1,130,730</u>	<u>1,350,459</u>	<u>780,742</u>	<u>1,010,960</u>
Creditors: amounts falling due after more than one year	14	(221,399)	(411,485)	-	-
Provisions for liabilities and charges	15	(179,596)	-	-	-
		<u>729,735</u>	<u>938,974</u>	<u>780,742</u>	<u>1,010,960</u>
Capital and reserves					
Called up share capital	17	100,000	100,000	100,000	100,000
Revaluation reserve	18	144,383	-	-	-
Profit and loss account	18	485,352	838,974	680,742	910,960
Shareholders' funds - equity interests	19	<u>729,735</u>	<u>938,974</u>	<u>780,742</u>	<u>1,010,960</u>

The financial statements were approved by the board on 27 September 2001

G.T. Hughes
Director

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Net cash inflow from operating activities	403,456	(266,941)
Returns on investments and servicing of finance		
Interest received	1,232	43,225
Interest paid	(50,696)	(97,615)
Net cash outflow for returns on investments and servicing of finance	(49,464)	(54,390)
Taxation	(42,692)	(106,626)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(98,999)	(88,532)
Payments to acquire investments	(4,583)	-
Receipts from sales of tangible assets	44,018	-
Receipts from sales of investments	120,000	-
Net cash inflow/(outflow) for capital expenditure	60,436	(88,532)
Equity dividends paid	(200,000)	-
Net cash inflow/(outflow) before management of liquid resources and financing	171,736	(516,489)
Financing		
Issue of ordinary share capital	6,265	2
Cost of share issue	(44)	-
	6,221	2
Repayment of other long term loans	(175,686)	-
Decrease in debt	(175,686)	-
Net cash (outflow)/inflow from financing	(169,465)	2
Increase/(decrease) in cash in the year	2,271	(516,487)

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2000	1999
		£	£
	Operating profit	251,438	196,795
	Depreciation of tangible assets	226,491	222,120
	Loss on disposal of tangible assets	43,742	-
	Decrease in stocks	48,475	141,083
	Decrease in debtors	134,430	(110,326)
	Increase/(decrease) in creditors within one year	301,120	(716,613)
	Net cash inflow/(outflow) from operating activities	(403,456)	(266,941)

2	Analysis of net debt	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	147,409	135,398	-	282,807
	Bank overdrafts	(177,468)	(133,127)	-	(310,595)
		(30,059)	2,271	-	(27,788)
	Debt:				
	Debts falling due within one year	(170,400)	(14,400)	-	(184,800)
	Debts falling due after one year	(411,485)	190,086	-	(221,399)
		(581,885)	175,686	-	(406,199)
	Net debt	(611,944)	177,957	-	(433,987)

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	Increase/(decrease) in cash in the year	2,271	(516,487)
	Cash outflow from decrease in debt	175,686	163,098
	Movement in net debt in the year	177,957	(353,389)
	Opening net debt	(611,944)	(258,555)
	Closing net debt	(433,987)	(611,944)

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2000. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Computer	over three years
Fixed wing aircraft	10% on straight line
Fixtures, fittings & equipment	15% on written down value
Motor vehicles	25% on written down value

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

2 Segmental analysis by class of business

The analysis by class of business of the company's turnover and profit before taxation is set out as below:

Turnover

	2000 £	1999 £
Class of business		
Wholesale of Fruit and Vegetables	13,143,357	(10,164,085)
Aircraft leasing	84,894	153,175
	<u>13,228,251</u>	<u>(10,010,910)</u>

3 Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2000 £	1999 £
Geographical segment		
UK	13,228,251	(10,317,260)
	<u>13,228,251</u>	<u>(10,317,260)</u>

4 Operating profit

	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation of tangible assets	226,491	222,120
Operating lease rentals	44,030	23,181
Auditors' remuneration (company £26,000; 1999: £22,000)	33,500	29,500
	<u>226,491</u>	<u>222,120</u>

5 Interest payable

	2000 £	1999 £
On bank loans and overdrafts	4,382	7,353
On other loans wholly repayable within 5 years	46,314	90,301
	<u>50,696</u>	<u>97,654</u>

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

6	Taxation	2000 £	1999 £
	U.K. current year taxation		
	U.K. corporation tax at 30% (1999 - 30%)	68,592	36,218
	Deferred taxation	179,596	-
		<u>248,188</u>	<u>36,218</u>
	Prior years		
	U.K. corporation tax	7,408	-
		<u>255,596</u>	<u>36,218</u>

7 Profit for the financial period

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial period is made up as follows:

	2000 £	1999 £
Holding company's profit for the financial period	<u>69,783</u>	<u>123,537</u>

8 Dividends

	2000 £	1999 £
Ordinary interim payable	300,000	-
Ordinary final proposed	-	200,000
	<u>300,000</u>	<u>200,000</u>

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

9 Tangible fixed assets Group

	Leasehold Property	Computer	Fixed wing aircraft	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2000	1,762	-	1,381,000	337,932	462,304	2,182,998
Additions	-	65,210		25,789	8,000	98,999
Revaluation	-	-	144,383	-	-	144,383
Disposals	-	-	-	(63,314)	(98,800)	(162,114)
At 31 December 2000	1,762	65,210	1,525,383	300,407	371,504	2,264,266
Depreciation						
At 1 January 2000	1,762	-	447,283	173,740	284,822	907,607
On disposals	-	-	-	(9,497)	(64,857)	(74,354)
Charge for the year	-	21,737	138,100	25,123	41,531	226,491
At 31 December 2000	1,762	21,737	585,383	189,366	261,496	1,059,744
Net book value						
At 31 December 2000	-	43,473	940,000	111,041	110,008	1,204,522
At 31 December 1999	-	-	933,717	164,192	177,483	1,275,392

At the year end, the aircraft was revalued based on the directors' valuations.

Comparable historical cost for the fixed wing aircraft included at valuation:

	£
Cost	
At 1 January 2000 & at 31 December 2000	1,381,000
Depreciation based on cost	
At 1 January 2000	447,283
Charge for the year	138,100
At 31 December 2000	585,383
Net book value	
At 31 December 2000	795,617
At 31 December 1999	933,717

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

9 Tangible fixed assets (continued) Company

	Computers	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2000	-	297,641	437,946	735,587
Additions	65,210	24,088	3,526	92,824
Disposals	-	(63,314)	(82,800)	(146,114)
	<u>65,210</u>	<u>258,415</u>	<u>358,672</u>	<u>682,297</u>
At 31 December 2000	65,210	258,415	358,672	682,297
Depreciation				
At 1 January 2000	-	144,683	274,165	418,848
On disposals	-	(9,497)	(56,170)	(65,667)
Charge for the year	21,737	16,811	36,029	74,577
	<u>21,737</u>	<u>151,997</u>	<u>254,024</u>	<u>427,758</u>
At 31 December 2000	21,737	151,997	254,024	427,758
Net book value				
At 31 December 2000	<u>43,473</u>	<u>106,418</u>	<u>104,648</u>	<u>254,539</u>
At 31 December 1999	<u>-</u>	<u>152,959</u>	<u>163,781</u>	<u>316,740</u>

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

10 Fixed asset investments Group

	Unlisted investments	Shares in participating interests	Total
	£	£	£
Cost or valuation			
At 1 January 2000	376,356	13,238	389,594
Additions	-	4,583	4,583
Disposals	(120,000)	-	(120,000)
At 31 December 2000	256,356	17,821	274,177
At 31 December 1999	136,356	253,238	389,594

10 Fixed asset investments Company

	Unlisted investments	Shares in participating interests	Total
	£	£	£
Cost			
At 1 January 2000	9	-	9
Additions	3	17,821	17,824
At 31 December 2000	12	17,821	17,833
At 31 December 1999	9	-	9

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Direct Produce South Africa Limited	United Kingdom	Ordinary	100
DPS Aviation Limited	United Kingdom	Ordinary	100
International Produce Holdings Limited	United Kingdom	Ordinary	100
European Fruit Services Limited	United Kingdom	Ordinary	100
DP France	France	Ordinary	100
DP Portugal	Portugal	Ordinary	100
Agromark (96) Limited	United Kingdom	Ordinary	100
Participating interests			
Direct Produce South Africa (Pty) Limited	South Africa	Ordinary	47

The principal activity of these undertakings for the last relevant financial year was as follows:

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

10 Fixed asset investments

(continued)

	Principal activity
Direct Produce South Africa Limited	Importation and wholesale of fruit and vegetables
DPS Aviation Limited	Aircraft leasing
International Produce Holdings Limited	Holding company
European Fruit Services Limited	Dormant
DP France	Wholesale of fruits
DP Portugal	Wholesale of fruits
Agromark (96) Limited	Dormant
Direct Produce South Africa (Pty) Limited	Wholesale of fruits

11 Stocks

	Group 2000 £	1999 £	Company 2000 £	1999 £
Finished goods and goods for resale	239,380	287,855	237,532	29,472

The replacement cost of finished goods and goods for resale are not materially different from those stated in the financial statements.

12 Debtors

	Group 2000 £	1999 £	Company 2000 £	1999 £
Trade debtors	818,846	960,084	756,740	560,872
Amounts owed by group undertakings	-	-	679,927	1,011,470
Called up share capital not paid	-	3	-	-
Other debtors	97,001	100,051	214,535	277,225
Prepayments and accrued income	38,680	28,819	33,567	26,644
	954,527	1,088,957	1,684,769	1,876,211

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

13 Creditors : amounts falling due within one year

	Group 2000 £	1999 £	Company 2000 £	1999 £
Bank loans and overdrafts	310,595	177,468	310,595	177,468
Trade creditors	781,240	944,585	765,316	500,591
Amounts owed to group undertakings	-	-	2	-
Corporation tax	67,900	34,592	41,513	19,488
Taxes and social security costs	57,825	71,134	55,757	71,134
Directors current accounts	348,527	7,148	348,527	7,148
Other creditors	196,405	300,979	-	120,000
Accruals and deferred income	62,191	102,842	65,168	120,641
Proposed dividend	-	200,000	-	200,000
	<u>1,824,683</u>	<u>1,838,748</u>	<u>1,586,878</u>	<u>1,216,470</u>

14 Creditors : amounts falling due after more than one year

	Group 2000 £	1999 £	Company 2000 £	1999 £
Other loans	<u>221,399</u>	<u>411,485</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Wholly repayable within five years	406,199	581,885	-	-
Included in current liabilities	<u>(184,800)</u>	<u>(170,400)</u>	<u>-</u>	<u>-</u>
	<u>221,399</u>	<u>411,485</u>	<u>-</u>	<u>-</u>
In more than two years but not more than five years	<u>221,399</u>	<u>411,485</u>	<u>-</u>	<u>-</u>

The aircraft mortgage is secured by a first legal charge over the aircraft owned by the group, and by a guarantee and indemnity provided by Direct Produce Supplies Plc.

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

15 Provisions for liabilities and charges Group

	Deferred taxation £
Profit and loss account	179,596

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

Group

	Not provided 2000 £	1999 £	Provided 2000 £	1999 £
Accelerated capital allowances	-	168,741	179,596	-

16 Pension costs

The company operates a defined contribution pension 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 £59,788 (1999: £274,250).

17 Share capital

	2000 £	1999 £
Authorised		
100,000 Ordinary shares of £ 1 each	100,000	100,000
Allotted, called up and fully paid		
100,000 Ordinary shares of £ 1 each	100,000	100,000

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

18 Statement of movements on reserves Group

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2000	-	838,974
Retained loss for the year	-	(353,622)
Revaluation during the year	144,383	-
	<u>144,383</u>	<u>-</u>
Balance at 31 December 2000	<u>144,383</u>	<u>485,352</u>

Company

	Profit and loss account £
Balance at 1 January 2000	910,959
Retained loss for the period	(230,217)
	<u>680,742</u>
Balance at 31 December 2000	<u>680,742</u>

At the year end, the aircraft was revalued based on the directors' valuations.

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

19 Reconciliation of movements in shareholders' funds	2000	1999
Group	£	£
(Loss)/Profit for the financial year	(53,622)	106,148
Dividends	(300,000)	(200,000)
	<u>(353,622)</u>	<u>(93,852)</u>
Other recognised gains and losses	144,383	-
Proceeds from issue of shares	-	2
	<u>(209,239)</u>	<u>(93,850)</u>
Net depletion in shareholders' funds	(209,239)	(93,850)
Opening shareholders' funds	938,974	1,032,824
	<u>729,735</u>	<u>938,974</u>
	2000	1999
Company	£	£
Profit for the financial period	69,783	123,537
Dividends	(300,000)	(200,000)
	<u>(230,217)</u>	<u>(76,463)</u>
Net depletion in shareholders' funds	(230,217)	(76,463)
Opening shareholders' funds	1,010,960	1,087,423
	<u>780,742</u>	<u>1,010,960</u>
20 Directors' emoluments	2000	1999
	£	£
Emoluments for qualifying services	464,359	341,844
Company pension contributions to money purchase schemes	46,200	265,000
Compensation for loss of office	-	30,000
	<u>510,559</u>	<u>636,844</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	171,525	135,985
Company pension contributions to money purchase schemes	3,100	37,500
	<u>174,625</u>	<u>173,485</u>

21 Transactions with directors

At the year end, the company owed £222,597 to Mr Gerard T. Hughes, and £125,930 to Mr Gavin B. Hughes, in the form of directors' loan account.

DIRECT PRODUCE SUPPLIES PLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Office and management	24	22

Employment costs

	£	£
Wages and salaries	1,021,105	750,780
Social security costs	13,924	15,568
Other pension costs	59,788	274,250
	1,094,817	1,040,598

23 Control

The ultimate controlling party of the group is Mr Gerard T.Hughes, a director of the group.

24 Related party transactions

Group

During the year, the group acquired goods and services totalling £1,597,956 from Agromark 96 SA, a company in which the group has a participating interest. The transactions were conducted at commercial rates.

Advantage has been taken of the exemption available under Financial Reporting Standard No. 8, whereby disclosure of transactions with related parties within the same group are not required.

25 Post Balance Sheet Events

Group

The aircraft was disposed of in August 2001.