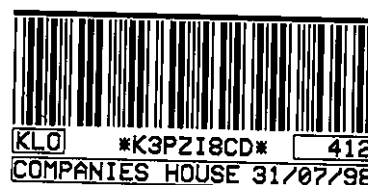


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1336601 (England & Wales)

DIRECT PRODUCE SUPPLIES PLC
AND ITS SUBSIDIARIES
ACCOUNTS FOR THE YEAR ENDED
31st DECEMBER 1997



**Direct Produce Supplies Plc
and its subsidiaries**

Company Information

| | |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Directors | Gerard T. Hughes David J. Wood Gavin Hughes |
| Secretary | David J. Wood |
| Company Number | 1336601 |
| Registered Office | 7/10 Chandos Street Cavendish Square London W1M 9DE |
| Auditors | Simmons Gainsford Chartered Accountants & Registered Auditors 7/10 Chandos Street Cavendish Square London W1M 9DE |

**Direct Produce Supplies Plc
and its subsidiaries**

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**Direct Produce Supplies Plc
and its subsidiaries**

Directors Report

The Directors present their Report together with the audited financial statements for the year ended 31st December 1997.

Results and Dividends

The Profit and Loss Account is set out on page 4 and shows the profit for the year.

The Directors paid a dividend during the year of £Nil (1996: £306,667 (net)).

Principal Activities and Business Review

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 Directors are satisfied with the results of the Group for the year.

Payment Policy for Creditors

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 1997 represents 50 days of average purchases (based on aggregate amounts invoiced by suppliers during the year) for the Group.

Directors

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

| | 1997 | 1996 |
|------------------|-------------------|-------------------|
| Gerard T. Hughes | 51,000 | 51,000 |
| David J. Wood | - | - |
| Gavin Hughes | 49,000 | 49,000 |
| | <u> </u> | <u> </u> |

**Direct Produce Supplies Plc
and its subsidiaries**

Directors Report (continued)

Donations

During the year the group made charitable donations of £8,421 (1996: £7,683).

Directors' Responsibilities

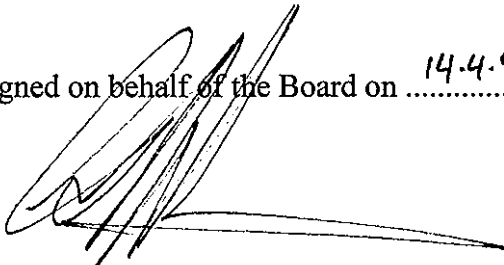
The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss, total recognised gains or losses and cash flows of the Group for that period. The Directors confirm their responsibility to ensure that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31st December 1997. The Directors also confirm their responsibility to 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 maintaining adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Auditors

Simmons Gainsford have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Signed on behalf of the Board on 14.4.98.

A handwritten signature in black ink, appearing to be 'Gerard T. Hughes', written over a horizontal line.

Gerard T. Hughes
Director

AUDITORS REPORT

To the members of

Direct Produce Supplies Plc

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9 and 10.

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.

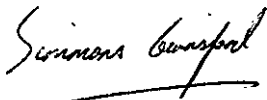
Basis of Opinion

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 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 of the Group's affairs as at 31st December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford

Chartered Accountants
& Registered Auditors

Date: 14.4.98.

7/10 Chandos Street
Cavendish Square
London W1M 9DE

**Direct Produce Supplies Plc
and its Subsidiaries**

**Consolidated Profit and Loss Account
for the year ended 31st December 1997**

| | Note | 1997 £ | 1996 £ |
|----------------------------------------------------------|------|---------------------|--------------------|
| Turnover | | | |
| continuing operations | 2 | 12,960,071 | 11,098,607 |
| Cost of Sales | | <u>(10,509,744)</u> | <u>(9,301,103)</u> |
| Gross Profit | | 2,450,327 | 1,797,504 |
| Administrative Expenses | | <u>(2,250,317)</u> | <u>(1,216,711)</u> |
| Operating Profit | | | |
| continuing operations | 3 | 200,010 | 580,793 |
| Interest Receivable | | <u>49,574</u> | <u>35,097</u> |
| | | 249,584 | 615,890 |
| Interest Payable | 4 | <u>(31,951)</u> | <u>(31,590)</u> |
| Profit on ordinary activities before taxation | | 217,633 | 584,300 |
| Taxation on profits from ordinary activities | 5 | <u>(67,288)</u> | <u>(194,409)</u> |
| Profit on ordinary activities after taxation | | 150,345 | 389,891 |
| Dividend | 8 | <u>0</u> | <u>(306,667)</u> |
| Profit for the year | | 150,345 | 83,224 |
| Retained Profit brought forward | | <u>345,127</u> | <u>261,903</u> |
| Retained Profit carried forward | | <u>£495,472</u> | <u>£345,127</u> |

The company has no recognised gains and losses other those included in the profit and loss account above and, therefore no separate statement of total recognised gains and losses has been presented.

There is no difference in profit on ordinary activities before taxation and profit for the financial year stated above and the historical cost equivalents and therefore no separate note of historical cost profits and losses has been presented.

The notes on pages 9 to 17 form part of these accounts

**Direct Produce Supplies Plc
and its Subsidiaries**

**Consolidated Balance Sheet
as at 31st December 1997**

| | Note | 1997 | | 1996 | |
|----------------------------------------------|------|--------------------|------------------|--------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible Assets | 9a | 702,966 | | 657,692 | |
| Investments | 10a | <u>318,375</u> | 1,021,341 | <u>78,375</u> | 736,067 |
| Current Assets | | | | | |
| Stocks | 11 | 107,804 | | 68,334 | |
| Debtors | 12 | 988,923 | | 733,338 | |
| Cash at Bank and in Hand | | <u>1,863,802</u> | | <u>506,916</u> | |
| | | 2,960,529 | | 1,308,588 | |
| Creditors: | | | | | |
| Amounts falling due within one year | 13 | <u>(3,386,398)</u> | | <u>(1,411,213)</u> | |
| Net Current Liabilities | | | <u>(425,869)</u> | | <u>(102,625)</u> |
| Total Assets less Current Liabilities | | | 595,472 | | 633,442 |
| Creditors: | | | | | |
| Amounts falling due after more than one year | 14 | | <u>0</u> | | <u>(188,315)</u> |
| | | | <u>£595,472</u> | | <u>£445,127</u> |
| Capital and Reserves | | | | | |
| Called up Share Capital | 15 | | 100,000 | | 100,000 |
| Profit and Loss Account | | | <u>495,472</u> | | <u>345,127</u> |
| Shareholders Funds | 18 | | <u>£595,472</u> | | <u>£445,127</u> |

Signed on behalf of the Board on 14.4.98.

Gerard T. Hughes
Director

The notes on pages 9 to 17 form part of these accounts

**Direct Produce Supplies Plc
and its Subsidiaries**

**Balance Sheet
as at 31st December 1997**

| | Note | 1997 | 1996 |
|----------------------------------------------|------|--------------------|--------------------|
| | | £ | £ |
| Fixed Assets | | | |
| Tangible Assets | 9b | 249,101 | 158,991 |
| Investment | 10b | <u>6</u> | <u>4</u> |
| | | 249,107 | 158,995 |
| Current Assets | | | |
| Stock | 11 | 105,892 | 63,377 |
| Debtors | 12 | 1,481,369 | 1,044,033 |
| Cash at Bank and in Hand | | <u>1,745,369</u> | <u>410,727</u> |
| | | 3,332,630 | 1,518,137 |
| Creditors: | | | |
| Amounts falling due within one year | 13 | <u>(3,120,623)</u> | <u>(1,271,093)</u> |
| Net Current Assets | | <u>212,007</u> | <u>247,044</u> |
| Total Assets less Current Liabilities | | <u>£461,114</u> | <u>£406,039</u> |
| Capital and Reserves | | | |
| Called up Share Capital | 15 | 100,000 | 100,000 |
| Profit and Loss Account | | <u>361,301</u> | <u>306,039</u> |
| Shareholders Funds | 18 | <u>£461,301</u> | <u>£406,039</u> |

Signed on behalf of the Board on 14.4.98.

Gerard T. Hughes
Director

The notes on pages 9 to 17 form part of these accounts

**Direct Produce Supplies
and its Subsidiaries**

**Consolidated Cash Flow Statement
for the year ended 31st December 1997**

| | Notes | 1997 | 1996 |
|----------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| | | £ | £ |
| Net Cash inflow from operating activities | 1 | 2,028,360 | 39,066 |
| Returns on investments & servicing of finance | | | |
| Interest received | | 49,574 | 35,097 |
| Interest paid | | (31,951) | (31,590) |
| Dividends paid | | 0 | (306,667) |
| Net Cash inflow (1996:outflow) from returns on investments & servicing of finance | | 17,623 | (303,160) |
| Taxation | | | |
| Corporation Tax paid (including ACT paid) | | (116,622) | (208,075) |
| Investing Activities | | | |
| Investment in participating interest | | (240,000) | (78,375) |
| Payments to acquire tangible fixed assets | | (225,777) | (8,948) |
| Receipts from sales of tangible fixed assets | | 41,500 | 19,000 |
| Net Cash outflow from investing activities | | (424,277) | (68,323) |
| Increase/(1996: Decrease) in cash and cash equivalents | | <u>£1,505,084</u> | <u>(£540,492)</u> |

The notes on page 8 form part of these cash flow statement

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes to the Consolidated Cash Flow Statement
for the year ended 31st December 1997**

1 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

| | 1997 £ | 1996 £ |
|--------------------------------------------------|-------------------|------------------|
| Operating Profit | 200,010 | 580,793 |
| Depreciation Charge | 140,387 | 106,091 |
| Profit (1996: Loss) on disposal of fixed assets | (1,384) | 4,625 |
| Increase in Stocks | (39,470) | (14,852) |
| Increase in Debtors | (255,585) | (107,967) |
| Increase (1996: Decrease) in Creditors | <u>1,984,402</u> | <u>(529,624)</u> |
| Net Cash inflow from operating activities | <u>£2,028,360</u> | <u>£ 39,066</u> |

2 Reconciliation of net cash flow to movement in net debt (note 3)

| | 1997 £ | 1996 £ |
|---------------------------------|-------------------|------------------|
| Balance at 1st January | 167,009 | 707,501 |
| Net Cash Inflow (1996: Outflow) | <u>1,505,084</u> | <u>(540,492)</u> |
| Balance at 31st December | <u>£1,672,093</u> | <u>£167,009</u> |

3 Analysis of changes in net debt

| | 1996 £ | Cash flows £ | 1997 £ |
|--------------------------|------------------|-------------------|-------------------|
| Cash at bank and in hand | 506,916 | 1,356,886 | 1,863,802 |
| Bank Overdrafts | (68,792) | 68,792 | - |
| Debt due within 1 year | (82,800) | (108,909) | (191,709) |
| Debt due after 1 year | <u>(188,315)</u> | <u>188,315</u> | <u>-</u> |
| | <u>£167,009</u> | <u>£1,505,084</u> | <u>£1,672,093</u> |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

1 Accounting Policies

There have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The financial statements adopt the following principal accounting policies:

Turnover

Turnover represents sales to outside customers at invoiced amounts less Value Added Tax.

Basis of Consolidation

The consolidated accounts of the group comprise the combined accounts of the company and all its subsidiaries. The results of the SARL European Fruit Services, a wholly owned subsidiary incorporated in France, have been consolidated on the basis of draft management accounts prepared for the period 1st April 1997 to 30th November 1997.

SARL European Fruit Services is a wholly owned subsidiary of European Fruit Services Limited, incorporated in England, which in turn is a wholly owned subsidiary of the company.

Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets over their expected useful lives. It is calculated on the original cost of the assets, on the reducing balance basis, at the following rates:

| | |
|----------------------------------|-----------------------------|
| Fixed Wing Aircraft | - 10% on straight line |
| Motor Vehicles | - 25% on written down value |
| Furniture, Fixtures and Fittings | - 15% on written down value |
| Office Equipment | - 15% on written down value |

Stock

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

Foreign Currencies

Assets and liabilities, other those covered by foreign currency forward contracts, are translated into sterling at the rates of exchange ruling at 31st December 1997. All other transactions in foreign currency are translated at actual rates.

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

1 Accounting Policies (continued)

Pension Scheme Contributions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

2 Turnover and Profits - continuing operations

Analysis by activity:

| | Turnover | | Profit/(Loss) on Ordinary Activities before Taxation | |
|-----------------------------------|--------------------|--------------------|------------------------------------------------------------|-----------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £ | £ | £ | £ |
| Wholesale of Fruit and Vegetables | 12,777,411 | 10,967,459 | 148,724 | 545,132 |
| Aircraft Leasing | <u>182,660</u> | <u>131,148</u> | <u>68,909</u> | <u>39,168</u> |
| | <u>£12,960,071</u> | <u>£11,098,607</u> | <u>£217,633</u> | <u>£584,300</u> |

Analysis by Geographic Location:

| | | |
|----|--------------------|--------------------|
| UK | <u>£12,960,071</u> | <u>£11,098,607</u> |
|----|--------------------|--------------------|

3 Operating Profit

| | 1997 | 1996 |
|-------------------------------|------------------|----------------|
| | £ | £ |
| After charging: | | |
| Depreciation | 140,387 | 106,091 |
| Auditors' Remuneration | 20,500 | 20,600 |
| Directors Emoluments (note 7) | <u>1,304,275</u> | <u>452,796</u> |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

4 Interest Payable

| | 1997 £ | 1996 £ |
|------------------------------------------------|----------------|----------------|
| On late payment of tax | 148 | - |
| On other loans wholly repayable within 5 years | <u>31,803</u> | <u>31,590</u> |
| | <u>£31,951</u> | <u>£31,590</u> |

5 Taxation on Profits from Ordinary Activities

| | 1997 £ | 1996 £ |
|---------------------------------------------------------------------------------|----------------|-----------------|
| UK Corporation Tax @ 31% (1996: 33%) based on the company's profit for the year | 60,000 | 186,000 |
| Under-provision of Corporation Tax in previous years | <u>7,288</u> | <u>8,409</u> |
| | <u>£67,288</u> | <u>£194,409</u> |

6 Staff Costs (including Directors)

| | 1997 £ | 1996 £ |
|-----------------------|-------------------|-----------------|
| Wages and Salaries | 1,499,003 | 583,430 |
| Social Security Costs | 172,185 | 83,534 |
| Other Pension Costs | <u>4,902</u> | <u>4,902</u> |
| | <u>£1,676,090</u> | <u>£671,866</u> |

The average weekly number of employees during the year was as follows:

| | 1997 Number | 1996 Number |
|-----------------------|----------------|----------------|
| Office and Management | <u>10</u> | <u>9</u> |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

| | | |
|-------------------------------------------------------------------|-------------------|-----------------|
| 7 Directors' Remuneration | 1997 | 1996 |
| | £ | £ |
| Remuneration | 1,304,275 | 410,796 |
| Pension contributions | <u>52,000</u> | <u>42,000</u> |
| | <u>£1,356,275</u> | <u>£452,796</u> |
| Emoluments and pension contributions of highest paid director: | | |
| Remuneration | 631,712 | 60,000 |
| Pension contributions | <u>30,000</u> | <u>20,000</u> |
| | <u>£661,712</u> | <u>£80,000</u> |
| 8 Dividends | 1997 | 1996 |
| Ordinary Dividend Paid | £ - | £306,667 |
| | <u> </u> | <u> </u> |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

| 9a Tangible Fixed Assets - Group | Motor Vehicles £ | Furniture Fixtures & Fittings £ | Office Equipment £ | Leasehold Property £ | Fixed Wing Aircraft £ | Total £ |
|-------------------------------------------------|---------------------------------|--------------------------------------------------------|-----------------------------------|-------------------------------------|------------------------------------------|--------------------|
| Cost: | | | | | | |
| At 1st January 1997 | 302,184 | 35,603 | 126,682 | 1,762 | 605,000 | 1,071,231 |
| Additions | 183,332 | 0 | 19,232 | 0 | 23,213 | 225,777 |
| Disposals | (119,660) | 0 | 0 | 0 | 0 | (119,660) |
| At 31st December 1997 | £365,856 | £35,603 | £145,914 | £1,762 | £628,213 | £1,177,348 |
| Depreciation: | | | | | | |
| At 1st January 1997 | 192,477 | 30,852 | 77,865 | 1,762 | 110,583 | 413,539 |
| Charge for the year | 63,230 | 713 | 10,140 | 0 | 66,304 | 140,387 |
| Eliminated on Disposal | (79,544) | 0 | 0 | 0 | 0 | (79,544) |
| At 31st December 1997 | £176,163 | £31,565 | £88,005 | £1,762 | £176,887 | £474,382 |
| Net Book Value at 31st December 1997 | £189,693 | £4,038 | £57,909 | £0 | £451,326 | £702,966 |
| Net Book Value at 31st December 1996 | £109,707 | £4,751 | £48,817 | £0 | £494,417 | £657,692 |

| 9b Tangible Fixed Assets - Company | Motor Vehicles £ | Furniture Fixtures & Fittings £ | Office Equipment £ | Total £ |
|-------------------------------------------------|---------------------------------|--------------------------------------------------------|-----------------------------------|--------------------|
| Cost: | | | | |
| At 1st January 1997 | 302,184 | 35,603 | 117,075 | 454,862 |
| Additions | 183,332 | 0 | 20,608 | 203,940 |
| Disposals | (119,660) | 0 | 0 | (119,660) |
| At 31st December 1997 | £365,856 | £35,603 | £137,683 | £539,142 |
| Depreciation: | | | | |
| At 1st January 1997 | 192,477 | 30,852 | 72,542 | 295,871 |
| Charge for the year | 63,230 | 713 | 9,771 | 73,714 |
| Eliminated on Disposal | (79,544) | 0 | 0 | (79,544) |
| At 31st December 1997 | £176,163 | £31,565 | £82,313 | £290,041 |
| Net Book Value at 31st December 1997 | £189,693 | £4,038 | £55,370 | £249,101 |
| Net Book Value at 31st December 1996 | £109,707 | £4,751 | £44,533 | £158,991 |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

10a Investment in a participating interest - Group

| | 1997 £ | 1996 £ |
|----------------------------------|-----------------|----------------|
| Shares in Agromark 96 SA | 78,375 | 78,375 |
| Long term loan to Agromark 96 SA | <u>240,000</u> | <u>-</u> |
| | <u>£318,375</u> | <u>£78,375</u> |

10b Investment in Subsidiary Undertakings - Company

| | 1997 £ | 1996 £ |
|------------------------------------------------------------------------|------------|------------|
| 2 Ordinary Shares of £1 each in International Produce Holdings Limited | 2 | 2 |
| 2 Ordinary Shares of £1 each in European Fruit Services Ltd | 2 | - |
| 2 Ordinary Shares of £1 each in DPS Aviation Limited | <u>2</u> | <u>2</u> |
| | <u>£ 6</u> | <u>£ 4</u> |

International Produce Holdings Limited is a wholly owned subsidiary incorporated in England. Its principal activity is that of a holding company.

European Fruit Services Limited is a wholly owned subsidiary incorporated in England. Its principal activity is that of a holding company.

DPS Aviation Limited is a wholly owned subsidiary incorporated in England. Its principal activity is that of Aircraft Leasing.

11 Stocks

| | Group | | Company | |
|-------------------|-----------------|----------------|-----------------|-----------------|
| | 1997 £ | 1996 £ | 1997 £ | 1996 £ |
| Goods for Resale | 92,496 | 63,377 | 92,496 | 63,377 |
| Packing Materials | <u>15,308</u> | <u>4,957</u> | <u>13,396</u> | <u>-</u> |
| | <u>£107,804</u> | <u>£68,334</u> | <u>£105,892</u> | <u>£ 63,377</u> |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

12 Debtors: falling due within one year

| | Group | | Company | |
|----------------------------------------|-----------------|-----------------|-------------------|-------------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £ | £ | £ | £ |
| Trade Debtors | 907,619 | 695,631 | 780,167 | 623,763 |
| Amounts owed by Subsidiary Undertaking | - | - | 390,400 | 387,154 |
| Other Debtors | 66,832 | 23,904 | 296,330 | 19,313 |
| Prepayments and Accrued Income | <u>14,472</u> | <u>13,803</u> | <u>14,472</u> | <u>13,803</u> |
| | <u>£988,923</u> | <u>£733,338</u> | <u>£1,481,369</u> | <u>£1,044,033</u> |

13 Creditors: falling due within one year

| | Group | | Company | |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £ | £ | £ | £ |
| Bank Loans and Overdraft | 191,709 | 151,592 | 0 | 68,792 |
| Trade Creditors | 1,447,197 | 787,950 | 1,399,205 | 782,178 |
| Directors Loan accounts | 865,920 | 177,886 | 865,921 | 177,886 |
| Other Creditors including Taxation and Social Security | 710,238 | 99,092 | 672,102 | 76,035 |
| Corporation Tax | 60,000 | 109,333 | 53,400 | 109,333 |
| Accruals | <u>111,334</u> | <u>85,360</u> | <u>129,995</u> | <u>56,869</u> |
| | <u>£3,386,398</u> | <u>£1,411,213</u> | <u>£3,120,623</u> | <u>£1,271,093</u> |

The Bank Overdraft is secured by a debenture in favour of the bank.

14 Creditors: falling due after more than one year

| | 1997 | 1996 |
|-------|------|---------|
| | £ | £ |
| Loans | - | 188,315 |

The loan is secured by a first legal charge over the groups aircraft.

15 Share Capital

| | Authorised, Issued and Fully Paid | |
|----------------------------|--------------------------------------|-----------------|
| | 1997 | 1996 |
| Ordinary Shares of £1 each | <u>£100,000</u> | <u>£100,000</u> |

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

16 Pension Commitments

The company operates a defined contribution pension scheme for all its present Directors and Employees. Premiums paid to this scheme amounted to:

| | 1997 £ | 1996 £ |
|-------------------|-----------------|-----------------|
| Present Directors | 52,000 | 42,000 |
| Present Employees | <u>4,902</u> | <u>4,902</u> |
| | <u>£ 56,902</u> | <u>£ 46,902</u> |

17 Deferred Taxation

| | Not provided in Accounts 1997 | Provided in Accounts 1997 | Not provided in Accounts 1996 | Provided in Accounts 1996 |
|--------------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| Accelerated Capital Allowances | <u>£63,000</u> | <u>£ -</u> | <u>£ 54,833</u> | <u>£ -</u> |

18 Reconciliation of movements in Shareholders Funds

| | Group | | Company | |
|----------------------------|-----------------|------------------|-----------------|------------------|
| | 1997 £ | 1996 £ | 1997 £ | 1996 £ |
| Profit for the year | 150,345 | 389,891 | 55,262 | 337,892 |
| Dividends paid | <u>-</u> | <u>(306,667)</u> | <u>-</u> | <u>(306,667)</u> |
| | 150,345 | 83,224 | 55,262 | 31,225 |
| Opening Shareholders Funds | <u>445,127</u> | <u>361,903</u> | <u>406,039</u> | <u>374,814</u> |
| Closing Shareholders Funds | <u>£595,472</u> | <u>£445,127</u> | <u>£461,301</u> | <u>£406,039</u> |

19 Holding Company Profit and Loss Account

The Directors have taken advantage of Section 230 of the Companies Act 1985 and have not prepared a separate profit and loss account for the company. The consolidated profit on ordinary activities after taxation includes a profit of £55,262 (1996: £337,892) attributable to the company.

**Direct Produce Supplies Plc
and its Subsidiaries**

**Notes forming part of the Accounts
for the year ended 31st December 1997**

20 Related Party Transactions

During the year, the group acquired goods and services totalling £1,429,771 from Agromark 96 SA, a company in which the group has a participating interest. The transactions were conducted at commercial rates.

At the year end the company owed the following amounts to the directors of the company in the form of directors loan accounts:

| | |
|------------------|--------------|
| Gerard T. Hughes | £390,210 |
| David Wood | £364,754 |
| G. Huges | £110,956 |
| | <u>=====</u> |

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.

21 Controlling Party

The company is under the control of Mr Gerard T. Hughes, a director of the company.