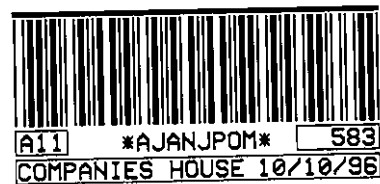


Farmspeed Limited

Directors' Report and Financial Statements

31 March 1996

Registered Number 1572771



KPMG
Chartered Accountants
Bristol

FARMSPEED LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 1996

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 March 1996.

PRINCIPAL ACTIVITIES

The Company manages a farm and woodland at Albury, Hertfordshire, on behalf of the Allied Domecq Pension Funds.

BUSINESS REVIEW

The results for the year are:-

	<u>1996</u> £	<u>1995</u> £
Turnover	400,521	369,608
Profit for the financial year, transferred to reserves	62,641	40,571

SIGNIFICANT CHANGES IN FIXED ASSETS

Additions to tangible fixed assets during the year amounted to £32,509 (1995 £25,900) and disposals at cost amounted to £31,775 (1995 £44,711) as disclosed in Note 8.

DIRECTORS

The Directors of the Company during the year under review were as follows:-

Mr P W Rosewell, FCA	(Chairman)
Mr L M Cooper, FCA	(Appointed 01.12.95)
Mr G A Button, FRICS	(Resigned 30.11.95)
Mr E A Watling	

DIRECTORS' INTERESTS

Directors on 31 March 1996 held Ordinary Shares of £1 each fully paid in the share capital of the Company as follows:-

	<u>Held on</u> <u>31 March 1996</u>	<u>Held on</u> <u>1 April 1995</u>
Mr P W Rosewell	2	2
Mr L M Cooper	1	0
Mr G A Button	0	1
Mr E A Watling	1	1

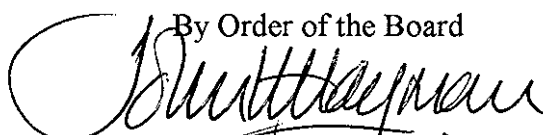
These shares were held throughout the year as nominees of the Allied Domecq Pension Fund and Allied Domecq Executives Pension Fund.

FARMSPEED LIMITED**REPORT OF THE DIRECTORS (Continued)**

For the year ended 31 March 1996

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

J H HAYMAN

Secretary

20 September 1996

Wyndham Court
Pritchard Street
Bristol
BS2 8RH

FARMSPEED 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 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 a 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

KPMG

TO THE MEMBERS OF FARMSPEED LIMITED

For the year ended 31 March 1996

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the dependence of the Company on the continued support of the debenture loan creditor and of the landlord. The financial statements have been prepared on a going concern basis the validity of which depends upon this support being provided. The debenture loan creditor and the landlord have provided written confirmation that they will continue to provide such support. The financial statements do not include any adjustments that would result from the withdrawal of support from either the debenture loan creditor or the landlord. Details of the circumstances relating to this fundamental uncertainty are described in note 1 to the financial statements. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors
Bristol

2/10/96

FARMSPEED LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1996

	Note	From Continuing Operations	
		<u>1996</u> £	<u>1995</u> £
TURNOVER	2	400,521	369,608
Cost of sales		(279,488)	(259,361)
		<hr/>	<hr/>
GROSS PROFIT		121,033	110,247
Administrative expenses		(104,581)	(113,786)
Other operating income		46,499	44,420
		<hr/>	<hr/>
OPERATING PROFIT	3	62,951	40,881
Interest payable and similar charges	4	(310)	(310)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,641	40,571
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		62,641	40,571
ACCUMULATED LOSS BROUGHT FORWARD		(496,099)	(536,670)
		<hr/>	<hr/>
ACCUMULATED LOSS CARRIED FORWARD		(433,458)	£(496,099)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 12 form part of these Financial Statements.

There are no recognised gains or losses other than the profit for the financial year.

FARMSPEED LIMITED

BALANCE SHEET

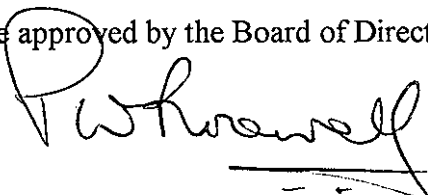
At 31 March 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	8	160,302	169,964
Investments	9	100	100
		<hr/>	<hr/>
		160,402	170,064
CURRENT ASSETS			
Stocks	10	144,294	124,717
Debtors	11	21,393	28,873
Cash at bank and in hand		35,381	21,804
		<hr/>	<hr/>
		201,068	175,394
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	12	(408,115)	(100,216)
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ ASSETS			
		(207,047)	75,178
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(46,645)	245,242
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	13	-	(354,528)
		<hr/>	<hr/>
NET LIABILITIES			
		£ (46,645)	£(109,286)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	14	386,813	386,813
Profit and loss account		(433,458)	(496,099)
		<hr/>	<hr/>
		£ (46,645)	£(109,286)
		<hr/>	<hr/>

The notes on pages 7 to 12 form part of these Financial Statements.

These accounts were approved by the Board of Directors on

P W ROSEWELL
Director



FARMSPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 1996

1 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

(a) Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention and on a going concern basis which assumes that the Company will continue to trade. The validity of this assumption is dependent upon the continued support of the Company's debenture loan creditor and the Company's landlord. If the Company were unable to continue to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

(b) Depreciation

The charge for depreciation is calculated so as to write off tangible fixed assets over their expected useful lives by equal instalments. The annual rates of depreciation used are:

Improvements to leasehold property and estate water supply	2%
Machinery and equipment	Between 10% and 15%
Fixtures and Fittings (classified as machinery and equipment)	10%
Office equipment (classified as machinery and equipment)	20%
Motor Vehicles	25%

(c) Stocks and Cultivations

Stocks of seeds, fertilisers and miscellaneous items held in stores are valued at the lower of cost and net realisable value.

The valuation of cultivations is assessed, using rates laid down by the Central Association of Agricultural Valuers to cover labour and machinery, with other direct crop applications included at cost.

(d) Deferred taxation

No provision has been made on the basis that it is not expected that any future liability will crystallise.

(e) Finance Leases and Lease Purchase

The cost of assets acquired on finance leases is capitalised and written off over the estimated useful lives of the assets or over the primary periods of the leases when such periods approximate to the estimated useful lives. The lease finance charges are charged to revenue in the year in which they accrue.

The costs of assets acquired under lease purchase are capitalised and written off over their estimated useful lives. Lease interest charges are charged to revenue in the year in which they accrue.

FARMSPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 1996

1 PRINCIPAL ACCOUNTING POLICIES (Continued)**(f) Government Grants**

Government grants receivable in the form of "area aid subsidies", "set aside" and forestry subsidies are credited to profit and loss in the years in which the related harvested crop is recognised.

(g) Pension Contributions

Pension contributions are charged to the profit and loss account in accordance with the monthly charge made by Allied Domecq Pension Fund, based on the recommendations of the scheme's actuary.

2 TURNOVER

Turnover represents amounts invoiced in respect of the sale of crops during the year excluding any value added tax chargeable.

Arable Farming

	<u>1996</u>	<u>1995</u>
	£	£
Wheat	211,597	239,308
Oil Seed Rape	53,099	32,259
Spring Rape	21,142	660
Oats	36,357	17,953
Beans	15,887	13,306
Spring Beans	29,868	13,834
Haylage	-	13,699
Linseed	-	66
Rye	-	14,386
Straw	9,313	3,425
Set Aside	23,058	20,572
	<u>400,321</u>	<u>369,468</u>
<u>Forestry</u>	200	140
	<u>400,521</u>	<u>369,608</u>

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:-

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation of tangible fixed assets	39,683	41,653
Hire of plant and machinery	27,241	22,466
Auditors' remuneration and expenses	2,750	2,500
Profit on sale of tangible fixed assets	(5,150)	(6,500)
Land rents received	(26,865)	(24,440)
Area aid subsidies and set aside	(149,309)	(104,734)
Loss/(Profit) on forestry activities	2,913	(611)
	<u> </u>	<u> </u>

FARMSPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 1996

4 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
Leasing/finance charges	£310	£310
	<u> </u>	<u> </u>

5 TAXATION

No taxation has been provided for in the accounts as a result of taxation losses carried forward.

6 EMOLUMENTS OF DIRECTORS

The Directors received no emoluments during this year or the previous year in respect of services provided to this Company.

7 STAFF NUMBERS AND COSTS

The average number of persons (excluding Directors) employed by the Company during the year, analysed by category, was as follows:-

	<u>1996</u>	<u>1995</u>
Management and Administration	2	2
Farming	3	3
	<u> </u>	<u> </u>
Total employees	5	5
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:-

	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	73,877	71,056
Social security costs	6,182	5,291
Other pension costs	5,543	5,383
	<u> </u>	<u> </u>
	85,602	£81,730
	<u> </u>	<u> </u>

FARMSPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 1996

8 TANGIBLE FIXED ASSETS

	<u>Land and Water Supply</u> £	<u>Machinery and Equipment</u> £	<u>Furniture and Fixtures</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
COST					
1 April 1995	62,166	300,351	23,706	20,413	406,636
Additions	-	32,509	-	-	32,509
Disposals	-	(31,775)	-	-	(31,775)
31 March 1996	£62,166	301,085	23,706	20,413	407,370
DEPRECIATION					
1 April 1995	1,348	205,436	21,788	8,100	236,672
Charge for the year	336	33,690	545	5,112	39,683
Disposals	-	(29,287)	-	-	(29,287)
31 March 1996	£1,684	209,839	22,333	13,212	247,068
NET BOOK VALUE					
31 March 1996	£60,482	91,246	1,373	7,201	160,302
31 March 1995	£60,818	94,915	1,918	12,313	169,964

Included within 'Land and Water Supply' are assets at cost of £17,000 which are being depreciated.

Included under 'Machinery and Equipment' assets are leased assets subject to outstanding lease purchase agreements with a net book value of £3,722 (1995 £9,086). The depreciation charge in the year on these assets was £5,364 (1995 £5,364).

9 FIXED ASSET INVESTMENTS

	<u>1996</u>	<u>1995</u>
Shares in South Anglia Marketing Company	£100	£100

10 STOCKS

	<u>1996</u> £	<u>1995</u> £
Seeds, fertilisers and sprays	16,129	5,432
Fuel and miscellaneous stores	3,712	3,370
Work in progress - cultivations	124,453	115,915
Harvested Crops	-	-
	£144,294	£124,717

FARMSPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 1996

11 DEBTORS

	<u>1996</u> £	<u>1995</u> £
Trade debtors	4,463	1,427
Other debtors	6,360	8,224
Prepayments and accrued income	10,570	19,222
	<hr/>	<hr/>
	£21,393	£28,873
	<hr/>	<hr/>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u> £	<u>1995</u> £
Trade creditors	5,455	27,474
Amounts due to group undertakings	928	68,303
Other creditors	449	1,260
Accruals and deferred income	3,442	3,179
Debenture loan-non interest bearing	397,841	-
	<hr/>	<hr/>
	£408,115	£100,216
	<hr/>	<hr/>

The debenture loan represents amounts owing to the Allied Domecq Pension Funds at 31 March 1996. The debenture loan is repayable on demand but Allied Domecq Pension Funds have given undertakings to the Company that demand for repayment will not be made for a period of at least a year from the balance sheet date unless agreement to sell the farmland is reached or the shareholders of the Company change. They have also undertaken to continue to provide such financial assistance as is necessary to maintain the Company as a going concern subject to the same conditions. The debenture loan is secured by a first floating charge on the assets of the Company.

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1996</u>	<u>1995</u>
Debenture loan-non interest bearing	£ Nil	£354,528
	<hr/>	<hr/>

14 SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised:		
450,000 Ordinary Shares of £1 each	<u>£450,000</u>	<u>£450,000</u>
Issued, called up and fully paid:		
386,813 Ordinary Shares of £1 each	<u>£386,813</u>	<u>£386,813</u>

FARMSPEED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 March 1996

15 RECONCILIATION OF SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit for the year	62,641	40,571
Opening deficit on shareholders' funds	(109,286)	(149,857)
	<hr/>	<hr/>
Closing deficit on shareholders' funds	<u>£(46,645)</u>	<u>£(109,286)</u>

16 CAPITAL COMMITMENTS

	<u>1996</u>	<u>1995</u>
Comprise:		
Authorised capital expenditure not contracted for	£ Nil	£ Nil
	<hr/>	<hr/>

17 OTHER COMMITMENTS

The Company has annual commitments under non-cancellable operating leases expiring in the next year of £2,914 on plant and machinery.

18 PENSIONS

The Company's employees are eligible to become members of the Allied Domecq PLC group schemes of the defined benefit type, the assets of which are largely held under separate trustee administered funds. Contributions are based on pension costs across the group as a whole. Details of the most recent actuarial valuations are contained in the finalised statements of Farmspeed (Southery Anchor) Limited.

The pension charge for the year was £5,543 (1995: £5,383).

19 ULTIMATE PARENT UNDERTAKINGS

The directors regard Allied Domecq First Pension Trust Limited and Allied Domecq Second Pension Trust Limited, which are registered in England and Wales, as being the Company's joint ultimate parent undertakings.

The parent undertaking is Farmspeed (Southery Anchor) Limited, a Company registered in England and Wales.

FARMSPEED LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

The following pages are for information only and do not form part of the Company's statutory accounts.

FARMSPEED LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

	-----1995/96-----		1994/95
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	£	£	£
SALES:			
Wheat	211,597	176,908	239,308
Oilseed Rape	53,099	43,070	32,259
Spring Rape	21,142	23,793	660
Oats	36,357	48,441	17,953
Beans	15,887	14,280	13,306
Spring Beans	29,868	33,365	13,834
Haylage	-	-	13,699
Linseed	-	-	66
Rye	-	-	14,386
Straw	9,313	-	3,425
Set Aside	23,058	21,938	20,572
	<hr/>	<hr/>	<hr/>
	400,321	361,795	369,468
	<hr/>	<hr/>	<hr/>
Increase in Cultivations	8,279	-	11,994
	<hr/>	<hr/>	<hr/>
	408,600	361,795	381,462
	<hr/>	<hr/>	<hr/>
VARIABLE COSTS:			
Seeds	(17,910)	(18,976)	(13,234)
Fertilisers	(31,425)	(29,876)	(37,291)
Sprays	(42,507)	(37,178)	(44,943)
Contractors	(9,009)	(4,166)	(8,763)
Tractor & Machinery Hire	(27,241)	(25,080)	(22,466)
Other	(4,863)	(3,780)	(3,639)
	<hr/>	<hr/>	<hr/>
	(132,955)	(119,056)	(130,336)
	<hr/>	<hr/>	<hr/>
GROSS MARGIN:	275,645	242,739	251,126
	<hr/>	<hr/>	<hr/>
FIXED COSTS (Note 1)	(150,473)	(160,967)	(151,336)
	<hr/>	<hr/>	<hr/>
FARM OPERATING PROFIT	125,172	81,772	99,790
	<hr/>	<hr/>	<hr/>
FORESTRY (Note 2)	(2,913)	-	611
	<hr/>	<hr/>	<hr/>
	122,259	81,772	100,401
	<hr/>	<hr/>	<hr/>
FINANCIAL CHARGES:			
Rent	(59,618)	(59,850)	(59,830)
Interest	-	-	-
A.D. Management	-	-	-
	<hr/>	<hr/>	<hr/>
	(59,618)	(59,850)	(59,830)
	<hr/>	<hr/>	<hr/>
NET PROFIT	62,641	21,922	40,571
	<hr/>	<hr/>	<hr/>

FARMSPEED LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

	-----1995/96-----		1994/95
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	£	£	£
<u>Note 1</u>			
FIXED COSTS			
Wages - Regular	68,871		67,953
Casual	8,993		5,991
Administration	7,472		7,786
	<hr/>		<hr/>
	85,336	84,769	81,730
Machinery Repairs	28,709	21,500	22,411
Fuel	9,235	10,500	9,296
Vehicle Taxation	444	400	380
Electricity	1,520	2,500	1,565
Insurance	7,416	8,000	7,677
Bank Charges	1,031	1,000	964
Small Tools	867	1,000	126
Contractors (Fixed)	1,947	2,500	2,243
Property Repairs	8,082	8,500	13,239
Council Tax	2,238	3,000	2,013
Water Rates	302	2,000	2,232
Office Expenses	1,275	1,500	1,361
General Overheads	3,154	4,000	4,093
Depreciation	39,161	36,148	41,197
Professional Fees	3,725	4,000	3,195
Leasing/Finance Charges	310	350	310
Telephone	2,220	1,500	1,724
	<hr/>	<hr/>	<hr/>
	196,972	193,167	195,756
	<hr/>	<hr/>	<hr/>
LESS INCOME:			
Profit on Sale of Plant	5,150	-	6,500
Rent Received	26,865	21,700	24,440
Contract Work Income	10,743	10,500	11,687
Shoot Income	-	-	1,000
Electricity Wayleaves	770	-	793
Water Company Compensation	2,971	-	-
	<hr/>	<hr/>	<hr/>
	46,499	32,200	44,420
	<hr/>	<hr/>	<hr/>
	150,473	160,967	151,336
	<hr/>	<hr/>	<hr/>

FARMSPEED LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

	-----1995/96-----		1994/95
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	£	£	£
<u>Note 2</u>			
FORESTRY			
Sales	200	250	140
Grants	1,786	1,750	1,786
	<u> </u>	<u> </u>	<u> </u>
	1,986	2,000	1,926
	<u> </u>	<u> </u>	<u> </u>
LESS COSTS:			
New Planting	333		-
Fertilisers and Sprays	1,005		130
Fences and Guards	756		-
Wages and Sub-Contract	1,775		389
Repairs/Tools	475		214
Depreciation	522		456
Miscellaneous	33		126
	<u> </u>		<u> </u>
	4,899	2,000	1,315
	<u> </u>	<u> </u>	<u> </u>
NET (COST)/INCOME	<u>(2,913)</u>	<u>-</u>	<u>611</u>