

RIDGEWOOD FARM LIMITED

FINANCIAL STATEMENTS

YEAR ENDED

31 AUGUST 2002

Registered Number: 01743884



Ridgewood Farm Limited

Annual report for the year ended 31 August 2002

Contents

Director's report for the year ended 31 August 2002	1
Independent auditors' report to the members of Ridgewood Farm Limited	3
Profit and loss account for the year ended 31 August 2002	4
Balance sheet as at 31 August 2002	5
Notes to the financial statements for the year ended 31 August 2002	6

Ridgewood Farm Limited

Director's report for the year ended 31 August 2002

The director presents his report together with the audited financial statements for the year ended 31 August 2002.

Principal activities and review of the business

The principal activity of the company during the year was that of farming.

Review of business and future developments

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

The company has guaranteed the overdraft and loans of its parent undertaking and fellow subsidiaries. Subsequent to the year-end, a subsidiary company has been sold and the proceeds from the sale have eliminated the bank borrowings of the group.

Director and his interests

The director of the company at 31 August 2002, who has been a director for the whole of the year ended on that date, was F Brook

The director has no interest in the share capital of the company. His interest in the share capital of the parent company is shown in that company's financial statements.

Dividends

The director does not recommend the payment of a dividend (2001: £Nil).

Director's responsibilities

The director is required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. The director is required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The director confirms that suitable accounting policies have been used and applied consistently. He also confirms that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 August 2002 and that applicable accounting standards have been followed.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Ridgewood Farm Limited

Auditors

During the year Pricewaterhouse Coopers were replaced as auditors to the company by Smith Cooper.

A resolution for the reappointment of Smith Cooper as auditors to the company will be proposed at the annual general meeting.

Special exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



S G Brook
Company secretary

Ridgewood Farm Limited

Independent auditors' report to the members of Ridgewood Farm Limited

We have audited the financial statements of Ridgewood Farm Limited for the year ended 31 August 2002 on pages 4 to 11. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

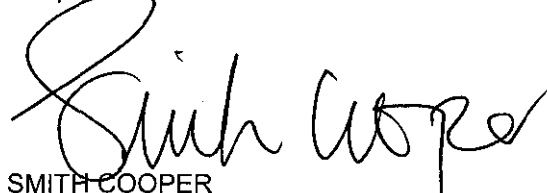
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SMITH COOPER
Registered Auditors and Chartered Accountants
DERBY

20 June 2003

Ridgewood Farm Limited

Profit and loss account for the year ended 31 August 2002

	Note	2002 £	2001 £
Turnover	2	48,599	79,101
Cost of sales		(25,998)	(1,816)
Gross profit		22,601	77,285
Administrative expenses		(76,033)	(66,126)
Other operating income		4,973	17,114
Operating (loss)/profit	3	(48,459)	28,273
Interest payable and similar charges	4	(1,073)	(1,073)
(Loss)/profit on ordinary activities before taxation		(49,532)	27,200
Taxation	5	6,688	(10,865)
(Loss)/profit for the financial year	12	(42,844)	16,335

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profits/(losses) stated above, therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents.

Ridgewood Farm Limited

Balance sheet as at 31 August 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	7	414,893	417,792
Current assets			
Stocks		15,781	35,706
Debtors	8	16,215	6,682
		31,996	42,388
Creditors: amounts falling due within one year	9	(737,977)	(701,736)
Net current liabilities		(705,981)	(659,348)
Total assets less current liabilities		(291,088)	(241,556)
Provisions for liabilities and charges	10	-	(6,688)
Net liabilities		(291,088)	(248,244)
Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account	12	(391,088)	(348,244)
Deficiency of equity shareholders' funds	13	(291,088)	(248,244)

The director has taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985 and the Financial Reporting Standards for Smaller Entities (effective June 2002) and have done so on the grounds that, in his opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved by the board of directors on 20 June 2003

F Brook
Director



Ridgewood Farm Limited

Notes to the financial statements for the year ended 31 August 2002

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with Financial Reporting Standards for Smaller Entities (effective June 2002).

The balance sheet at the year-end shows that liabilities exceed assets by £291,088 (2001: £248,244). The parent company, Pendleton Investments Limited (formerly Honormead Limited), has confirmed that it will maintain its financial support for the foreseeable future to enable the company to continue normal trading operations.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Tangible fixed assets and depreciation

Interests in freehold property are stated at valuation. Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rate calculated so to write off the cost of fixed assets, less the estimated residual value, on a reducing balance basis over the expected useful economic life of the asset, at the following annual rates:

Plant and equipment	20%
Motor vehicles	25%

The directors do not consider it appropriate to depreciate either land or freehold property since, in their opinion, the buildings owned by the company are such that any charge to depreciation would be immaterial as the estimated residual value of the buildings is not materially different from the carrying values of the buildings.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cashflow

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985 and as a consequence is exempt from the requirement to publish a cashflow statement.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences using currently enacted tax rates. No discounting is applied to the deferred tax timing differences.

Assets held under finance leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their useful lives. The finance charges are allocated over the period of the lease on a straight line basis.

Ridgewood Farm Limited

2 Turnover

Turnover arose entirely within the United Kingdom.

3 Operating (loss)/profit

	2002 £	2001 £
Operating (loss)/profit is stated after charging:		
Auditors' remuneration	2,000	7,623
Depreciation of owned tangible fixed assets	6,562	6,562
Depreciation of tangible fixed assets held under finance leases	9,027	500

4 Interest payable and similar charges

	2002 £	2001 £
Interest payable on finance leases	1,073	1,073

5 Taxation

There is no current tax charge on the result for the year. The tax credit represents the movement on the deferred taxation provision (note 10).

6 Director's emoluments

The director received no emoluments in respect of his services to the company (2001: £Nil).

Ridgewood Farm Limited

7 Tangible fixed assets

	Freehold land and buildings	Plant and machinery, fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 September 2001	355,253	143,495	58,100	556,848
Additions	-	7,100	16,400	23,500
Transfer from group company	-	-	15,410	15,410
Disposals	-	(500)	(16,100)	(16,600)
At 31 August 2002	355,253	150,095	73,810	579,158
Depreciation				
At 1 September 2001	-	126,935	12,121	139,056
Charge for year	-	3,751	11,838	15,589
Transfer from group company	-	-	14,922	14,922
Eliminated on disposal	-	-	(5,302)	(5,302)
At 31 August 2002	-	130,686	33,579	164,265
Net book value				
At 31 August 2002	355,253	19,409	40,231	414,893
At 31 August 2002	355,253	16,560	45,979	417,792

The net book value of fixed assets includes an amount of £11,486 (2001: £18,048) in respect of assets held under finance leases.

The freehold property was valued in June 1999 on the open market basis by independent, qualified valuers, Salloway & Associates, Surveyors and Valuers. The valuations were undertaken in accordance with Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. There was no significant difference between the valuation and the cost of the property and therefore no adjustment was made in the financial statements. The directors consider that the valuation is reasonable as market value at 31 August 2002.

Ridgewood Farm Limited

8 Debtors

	2002 £	2001 £
Amounts falling due within one year		
Trade debtors	14,739	5,122
Other debtors	1,476	1,560
	16,215	6,682

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank overdraft	9,231	17,738
Trade creditors	4,448	698
Amounts owed to group undertakings	718,751	669,409
Other creditors	832	1,093
Net obligations under finance leases	4,715	12,798
	737,977	701,736

The bank overdraft is secured by a fixed charge over the freehold property.

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

10 Provisions for liabilities and charges

	Deferred taxation £
At 1 September 2001	6,688
Transfer to profit and loss account	(6,688)
At 31 August 2002	-

	2002 £	2001 £
Provision for deferred tax comprises:		
Accelerated capital allowances	20,289	17,542
Losses	(24,068)	(10,854)
	(3,779)	6,688

Ridgewood Farm Limited

10 Provisions for liabilities and charges (continued)

The deferred tax asset of £3,779 at 31 August 2002, has not been recognised in the financial statements.

There was unprovided deferred taxation of £5,491 in respect of capital gains at 31 August 2002 (2001: £5,491).

11 Called up share capital

	2002 £	2001 £
Authorised		
100,000 ordinary £1 shares	100,000	100,000
Allotted, called up and fully paid		
100,000 ordinary £1 shares	100,000	100,000

12 Profit and loss account

	2002 £
At 1 September 2001	(348,244)
Loss for the year	(42,844)
At 31 August 2002	(391,088)

13 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	(248,244)	(264,579)
(Loss)/profit for the year	(42,844)	16,335
Closing shareholders' funds	(291,088)	(248,244)

14 Transactions with related parties

The company has taken advantage of the exemptions in FRS 8 not to report transactions with companies which are at least 90% owned by the group.

15 Capital commitments

The company had no capital commitments at 31 August 2002 (2001: £Nil).

Ridgewood Farm Limited

16 Contingent liabilities

The company has given an unlimited guarantee to secure the bank borrowings of other companies in the Pendleton Investment Limited (formerly Honormead Limited) group. At 31 August 2002 total group borrowings amounted to £6,559,000 (2001: £5,706,000).

17 Ultimate controlling party

The directors regard Pendleton Investments Limited as the ultimate holding company. According to the register kept by the company, Pendleton Investments Limited has 100% interest in the equity capital of Ridgewood Farm Limited at 31 August 2002.

There is not considered to be any individual party controlling Pendleton Investments Limited.

A copy of the accounts of Pendleton Investments Limited can be obtained from the company's registered office.