KEVLEY MARKETING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

CONTENTS AND COMPANY INFORMATION

CONTENTS

DIRECTORS	K J Curson N L Curson
SECRETARY	K J Curson
REGISTERED OFFICE	Baptist Road Upwell Wisbech Cambridgeshire PE14 9EY
REGISTRATION NUMBER	2846259
AUDITORS	Prentis & Co Chartered Accountants & Registered Auditors 115c Milton Road Cambridge CB4 1XE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

DIRECTORS REPORT

The directors present their report and the financial statements for the year ended 31st December 2005

STATEMENT OF DIRECTORS RESPONSIBILITIES
Company Law requires the directors to prepare financial statement for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing those financial statements, the directors are required to

(i) Select suitable accounting policies and then apply them consistently
(ii) Make judgements and estimates that are reasonable and prudent
(iii) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In the case of each of the persons who are directors at the time when the directors report is approved

* so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

* each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information (s 234ZA(2))

PRINCIPAL ACTIVITY
The principal activity of the company continues to be that of wholesale produce merchants

DIRECTORS
The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows

	2005	2004
K J Curson	100	100
N L Curson	-	-

The directors beneficial interests were the same at the beginning and end of the year/period

REVIEW OF BUSINESS
The directors have taken steps to refinance the company's working capital and as a result believe that the company will continue to trade for the foreseeable future

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

DIRECTORS REPORT (CONT)

AUDITORS

The Auditors, Prentis & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

This report, has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies was approved by the Board on 30 April 2007
and signed on its behalf

K J CURSON
DIRECTOR

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KEVLEY MARKETING LIMITED

We have audited the financial statements of Kevley Marketing Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes These financial statements 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 7

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 that 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 on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 International Standards on Auditing (UK and Ireland) 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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards on provisions available for small entities in the circumstances set out in note 2 to the financial statements

OPINION DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS
In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in the financial statements concerning the following matters

- We did not audit the previous accounts and therefore have not fully verified the opening balances
- We were appointed after the year end and were unable to attend stocktakings As a result our evidence in this respect was limited

Because of the potential significance, to the financial statements, of the combined effect of the two matters referred to in the paragraph above, we are unable to form an opinion as to whether the financial statements

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KEVLEY MARKETING LIMITED (CONT)

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2005 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern The company incurred a net loss of £(193412) during the year ended 31st December 2005 and, at that date, the company's current liabilities exceeded its current assets by £(636273) These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

PRENTIS & CO

CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

115c Milton Road
Cambridge
CB4 1XE
30 April 2007

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

PROFIT AND LOSS ACCOUNT

	Notes	2005 £	2004 £
Turnover	1	6596661	5058623
Cost of Sales		6629479	4792147
Gross (Loss)/Profit		(32818)	266476
Administrative expenses		193883	87528
Operating (Loss)/Profit	2	(226701)	178948
Interest payable	3	9211	12194
Profit on ordinary activities before tax		(235912)	166754
Tax on (loss)/profit on ordinary activities	4	(42500)	31920
(Loss)/profit on ordinary activities after tax being (loss)/profit on ordinary activities for the financial year		(193412)	134834
Balance at 1st January 2005		231677	146843
		38265	281677
Dividends paid	5	-	50000
Balance at 31st December 2005		38265	231677

None of the company's activities were acquired or discontinued during the year and there were no recognised gains and losses for 2005 or 2004 other than those included in the Profit and Loss Account

The notes on pages 7 to 10 form part of these financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

BALANCE SHEET

	Notes	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		746962		252707
Intangible assets	7		399		399
			747361		253106
CURRENT ASSETS					
Stocks		580435		925	
Debtors	8	234382		451977	
Cash at bank		2		-	
		814819		452902	
CREDITORS amounts falling due within one year	9	1451092		391789	
NET CURRENT ASSETS/(LIABILITIES)			(636273)		61113
Total assets less current liabilities			111088		314219
PROVISIONS FOR LIABILITIES					
Deferred tax	11		-		9719
Net Assets			111088		304500
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Revaluation reserve			72723		72723
Profit and Loss Account			38265		231677
SHAREHOLDERS FUNDS - all equity	13		111088		304500

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the Board on 30 April 2007
and signed on its behalf

K J CURSON
DIRECTOR

N L CURSON
DIRECTOR

The notes on pages 7 to 10 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and include the results of the company's operations, which are described in the Directors Report and all of which are continuing

The financial statements have been prepared on a going concern basis This may not be appropriate because at 31st December 2005 the company's current liabilities exceeded its current assets by £636273 and total liabilities of the company were £1451092 The company is reliant upon the continued support of its directors, bank and creditors, but there is no evidence to suggest that this will not continue and that further funds will not be provided as necessary, to enable the company to continue as a going concern

(b) TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, excluding VAT and trade discounts

(c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs less estimated residual value of each asset evenly over their expected useful lives as follows

Plant and machinery	- 10 - 20% reducing balance basis
Fixtures and fittings	- 10 - 20% reducing balance basis
Motor vehicles	- 20% reducing balance basis

(d) STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads

(e) DEFERRED TAXATION

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(f) FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives Assets acquired under hire purchase contracts are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company

The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

(g) OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profit as incurred

(h) CASH FLOW STATEMENTS

The company, being a company of small size within the meaning of the Companies Act 1985, has used the exemption provided by Financial Reporting Standard No 1 under which they are not required to include a cash flow statement as part of their financial statements

NOTES TO THE FINANCIAL STATEMENTS

2 OPERATING LOSS

	2005	2004
This is stated after charging	£	£
Depreciation of tangible fixed assets		
- owned by the company	14986	14590
Auditors remuneration		
- audit	3811	3600
Operating lease rentals		
- hire of plant and machinery	24549	26663

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

3 INTEREST PAYABLE

	2005	2004
	£	£
Included in interest payable is interest on		
Finance leases and hire purchase agreements	439	1083

4 TAXATION

	2005	2004
	£	£
UK Corporation Tax - current year	-	32781
- prior year	(32781)	-
Total current tax charge	(32781)	32781
Deferred tax credit	(9719)	(861)
	(42500)	31920

The tax assessed for the period differs from the standard rate of UK taxation applicable to the company of 0% (2004 - 19%) The differences are explained below

	2005	2004
(Loss)/profit on ordinary activities before tax	(235912)	166754
Profit on ordinary activities multiplied by standard rate of 0% (2004 - 19%)	-	31683
Depreciation for period in excess of capital allowances	-	1098
Adjustment to tax charge in respect of prior years	(32781)	-
Current tax (credit)/charge for the period	(32781)	32781

5 DIVIDENDS

	2005	2004
	£	£
Equity dividends paid on ordinary shares at £nil (2004 £500) per share	-	50000

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & Machinery £	Total £
COST			
Balance at 1st January 2005	166581	231798	398379
Additions	496128	13113	509241
Balance at 31st December 2006	662709	244911	907620
DEPRECIATION			
Balance at 1st January 2005	2322	143350	145672
Charge for the year	35	14951	14986
Balance at 31st December 2005	2357	158301	160658
NET BOOK VALUE AT 31st December 2005	660352	86610	746962
NET BOOK VALUE AT 31st December 2004	164259	88448	252707

7 INTANGIBLE FIXED ASSETS

	£
COST	
Balance at 1st January 2005 and 31st December 2005	399

8 DEBTORS

	2005 Due within one year £	2004 Due within one year £
Trade debtors	193155	444233
Other debtors	34369	2925
Prepayments	6858	4819
	234382	451977

9 CREDITORS

	2005 Due within one year £	2004 Due within one year £
Bank loans and overdraft	960781	88540
Net obligations under finance, lease and hire purchase agreements	-	1811
Trade creditors	433955	194960
Corporation Tax	32781	32781
Other creditors	3204	70084
Accruals and deferred income	20371	3613
	1451092	391789

10 SECURITIES GIVEN

The total amount included in creditors for which security has been given is £960781 These bank borrowings are secured by a charge over the freehold land and buildings situated at Baptist Road, Upwell

11 DEFERRED TAXATION

	2005	2004
	£	£
Balance at 1st January	9719	10580
(Credit) for the year	(9719)	(861)
Balance at 31st December	-	9719

The provision for deferred taxation is made up of accelerated capital allowances

12 SHARE CAPITAL

	Authorised		Allotted, Called Up & Fully Paid	
	2005	2004	2005	2004
	£	£	£	£
Ordinary shares of £1 each	100	100	100	100

13 RECONCILIATION OF RESERVES

	Called Up Share Capital	Revaluation Reserve	Profit and Loss Account
	£	£	£
Balance at 1st January 2005	100	72723	231677
Loss for the year	-	-	(193412)
Balance at 31st December 2005	100	72723	38265

14 RELATED PARTIES

The controlling party is K J Curson by virtue of his 100% ownership of the issued ordinary share capital

During the year transactions took place with K J Curson Farms, of with K J Curson is the proprietor These transactions took place on normal commercial terms No balances were outstanding at 31st December 2005