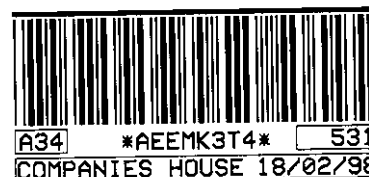


FINANCIAL STATEMENTS

For the year ended 31st May, 1997

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KEVLEY MARKETING LTD

COMPANY INFORMATION

DIRECTORS:

K.J. Curson Esq.
A. Baldry Esq.

SECRETARY:

A. Baldry Esq.

REGISTERED OFFICE:

Portacabin,
Baptist Road,
Upwell,
Wisbech,
Cambs.
PE14 9EY

AUDITORS:

Whiting & Partners,
Chartered Accountants,
Registered Auditor,
12/13 The Crescent,
Wisbech,
Cambs.
PE13 1EP

BANKERS:

Barclays Bank PLC,
Old Market,
Wisbech,
Cambs.
PE13 1NN

REGISTERED NUMBER:

2846259

KEVLEY MARKETING LTD

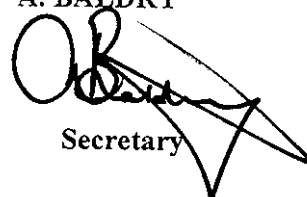
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting of Kevley Marketing Ltd will be held at the Registered Office of the Company on 7th January, 1998 for the following purposes:-

1. To receive Notice of the Meeting.
2. To receive the Financial Statements for the year ended 31st May, 1997 together with the Directors and Auditors Reports thereon.
3. To re-appoint the Director - K.J. Curson Esq. who retires by rotation.
4. To re-appoint the Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
5. To transact any other ordinary business of the Company.

By Order for the Board

A. BALDRY



Secretary

7th January, 1998

NOTES:

1. Any member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote instead of him and such proxy need not be a member of the Company. The form of proxy must be lodged with the Secretary at least 24 hours before the Meeting.
2. In view of the fact that the statutory notice of the Meeting has not been given, all shareholders will be requested to sign the appropriate form of dispensation.

KEYLEY MARKETING LTD

DIRECTORS REPORT

The Directors submit their Report and Financial Statements for the year ended 31st May, 1997.

RESULTS AND DIVIDENDS:

The Trading Profit for the year, after Taxation amounted to £26,545.

The Directors recommend:-

- a) No dividend be paid for the year.
- b) That the Profit after Taxation be transferred to Revenue Reserve.

REVIEW OF THE BUSINESS:

The principal activity of the Company during the year was the same as in previous years, namely Wholesale Produce Merchants. The turnover has again increased despite the fact that the prices received for certain produce was generally lower than in the previous year. The Directors are pleased to report a substantial increase in profits. Since the year end, part of the Freehold Property has been turned into a cold store for the longer term storage of suppliers produce and the Directors anticipate that this should raise extra profits in future years.

SHARE CAPITAL:

A further 98 Ordinary Shares were allotted for cash on 19th December, 1996.

FIXED ASSETS:

The changes in fixed assets of the Company during the year are summarised in the Notes to the Financial Statements.

In the opinion of the Directors, the open market value of the Company's freehold property, acquired during the year, is approximately £2,723 higher than the cost of £47,277. No provision has been made for any taxation liability that may arise if the property was sold for the higher figure.

DIRECTORS, THEIR INTERESTS AND RESPONSIBILITIES:

The Directors at 31st May, 1997 are shown on Page 1.

K.J. Curson Esq. retires by rotation and, being eligible, offers himself for re-election.

The interests of the Directors in the share capital of the Company are set out on Page 12.

The Directors acknowledge their responsibilities as set out on Page 4.

CLOSE COMPANY:

The Company is a close Company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS:

Whiting & Partners have indicated their willingness to continue in office. A resolution will be proposed at the Annual General Meeting to re-appoint them and to authorise the Directors to fix their remuneration.

Approved and signed by the Board on 7th January, 1998

K.J. CURSON

A. BALDREY

)
)
) **DIRECTORS**

KEVLEY MARKETING LTD

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are required under 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 and of the profit or loss of the Company for that period. In preparing these Financial Statements the Directors are required to:-

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume 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.

KEVLEY MARKETING LTD

AUDITORS REPORT TO THE MEMBERS OF KEVLEY MARKETING LTD

We have audited the Financial Statements on Pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on Page 8.

Respective Responsibilities of Directors and Auditors:

As described on Page 4 the Company's Directors are responsible for preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of the 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 as at 31st May, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



WHITING & PARTNERS

**Chartered Accountants
Registered Auditor
12/13 The Crescent,
Wisbech,
Cambs.
PE13 1EP**

7th January, 1998

KEYLEY MARKETING LTD**PROFIT AND LOSS ACCOUNT****For the year ended 31st May, 1997**

	<u>Notes</u>	<u>£</u>	<u>1997</u> <u>£</u>	<u>£</u>	<u>1996</u> <u>£</u>
<u>TURNOVER</u>					
Continuing Operations	2		1,299,930		1,041,628
<u>Cost of Sales</u>					
Continuing Operations			<u>1,119,906</u>		<u>917,101</u>
<u>GROSS PROFIT</u>					
Continuing Operations			180,024		124,527
<u>Net Operating Expenses</u>					
Continuing Operations:					
Distribution Costs		68,409		52,588	
Administrative Expenses		<u>74,354</u>	<u>142,763</u>	<u>62,793</u>	<u>115,381</u>
<u>OPERATING PROFIT</u>					
Continuing Operations	3		37,261		9,146
Loss on Disposal of Tangible Fixed Asset in Continuing Operations			-		<u>495</u>
<u>OPERATING PROFIT BEFORE INTEREST</u>					
Continuing Operations			37,261		8,651
Interest Payable	5		<u>2,211</u>		<u>570</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>					
			35,050		8,081
Tax on Ordinary Activities	6		<u>8,505</u>		<u>2,224</u>
<u>RETAINED PROFIT for the year</u>	14		<u>£26,545</u>		<u>£5,857</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the

Profit for the financial year	<u>£26,545</u>	<u>£5,857</u>
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The Notes on Pages 8 to 13 form part of these Financial Statements

KEYLEY MARKETING LTD**BALANCE SHEET****As at 31st May, 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS:</u>			
Tangible Assets	7	102,732	25,670
<u>CURRENT ASSETS:</u>			
Stock	8	9,181	8,845
Debtors	9	<u>174,861</u>	<u>106,132</u>
		184,042	114,977
<u>CREDITORS:</u> amounts falling due within one year	10	<u>222,877</u>	<u>131,814</u>
<u>NET CURRENT LIABILITIES</u>		<u>(38,835)</u>	<u>(16,837)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		63,897	8,833
<u>CREDITORS:</u> amounts falling due after more than one year	11		
Bank Loan		27,389	-
Hire Purchase		<u>1,569</u>	<u>1,444</u>
		28,958	1,444
<u>PROVISION FOR LIABILITIES AND CHARGES:</u>			
Deferred Taxation	12	<u>1,909</u>	<u>1,002</u>
<u>NET ASSETS</u>		<u>£33,030</u>	<u>£6,387</u>
<u>CAPITAL AND RESERVES - EQUITY INTERESTS:</u>			
Share Capital	13	100	2
Profit and Loss Account	14	<u>32,930</u>	<u>6,385</u>
<u>TOTAL SHAREHOLDERS FUNDS</u>	15	<u>£33,030</u>	<u>£6,387</u>

Approved and signed by the Board on 7th January, 1998

K.J. CURSON)



A. BAILLY)

DIRECTORS

The Notes on Pages 8 to 13 form part of these Financial Statements

KEYLEY MARKETING LTD

NOTES TO THE FINANCIAL STATEMENTS

As at 31st May, 1997

1. ACCOUNTING POLICIES:

Basis of Accounting:

These Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Cash Flow Statement:

The Company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a Cash Flow Statement for the year on the grounds that it is entitled to the exemptions available in Sections 246 and 247 of the Companies Act for small Companies.

Depreciation:

No depreciation is provided on freehold property. The Company has not complied with SSAP 12 (as amended) as the Directors consider that the open market value of the freehold property is in excess of the cost and any depreciation would therefore be inappropriate.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Improvements to Rented Property	-	20% per annum on reducing balance
Motor Vehicles	-	25% per annum on reducing balance
Plant and Equipment	-	20% per annum on reducing balance
Office Equipment	-	10% and 20% per annum on reducing balance

Stock:

Stock is valued by the Directors at cost, a basis consistent with previous years.

Deferred Taxation:

Deferred Taxation is provided at 21% on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements.

Lease Hire Contract:

The Company has entered into an operating lease hire contract for telephone equipment for a 3 year period from 25th April, 1997.

There is a commitment to pay future rentals as follows:-

Year to 31st May, 1998	<u>£</u>
Year to 31st May, 1999	£600
Year to 31st May, 2000	£600
	£450

Rentals are charged to Profit and Loss Account as paid.

Hire Purchase Contracts:

Assets obtained under hire purchase contracts are capitalised in the Balance Sheet and depreciated in the normal way.

The interest element of the obligations is charged to Profit and Loss Account over the period of each contract and represents a constant proportion of the capital repayments outstanding.

KEYLEY MARKETING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****As at 31st May, 1997****2. TURNOVER:**

Turnover represents the invoiced amount of goods sold during the year stated net of value added tax.

3. OPERATING PROFIT BEFORE INTEREST:

This is stated after charging:

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Depreciation	9,397	5,387
Hire of Plant and Equipment	433	591
Staff Costs - Note 4	45,246	42,535
Auditors Remuneration	<u>1,250</u>	<u>1,150</u>

4. STAFF COSTS:

Wages	6,329	2,737
Directors Remuneration	35,100	36,000
Social Security Costs	<u>3,817</u>	<u>3,798</u>
	<u>£45,246</u>	<u>£42,535</u>

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

	<u>No.</u>	<u>No.</u>
Directors	2	2
Office	<u>1</u>	<u>1</u>
	3	3
	=	=

5. INTEREST PAYABLE:

	<u>£</u>	<u>£</u>
Vehicle Loan Interest	-	115
Hire Purchase Interest	574	446
Bank Loan Interest	1,554	-
Bank Interest	<u>83</u>	<u>9</u>
	<u>£2,211</u>	<u>£570</u>

6. TAXATION:

Based on the profit for the year:

Corporation Tax at 23.5% (1996 24.83%)	7,598	1,557
Deferred Taxation at 21% (1996 24%)	<u>907</u>	<u>667</u>
	<u>£8,505</u>	<u>£2,224</u>

The charge for Deferred Taxation is stated after deducting £125 arising from the change in rate for 24% to 21%.

KEVLEY MARKETING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

As at 31st May, 1997

7. TANGIBLE FIXED ASSETS:

	Motor Vehicles	Plant and Equipment	Office Equipment	Property	Total
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost:					
At 1 st June, 1996	7,100	22,772	1,402	2,500	33,774
Additions in year	-	30,859	8,323	47,277	86,459
At 31st May, 1997	£7,100	53,631	9,725	49,777	120,233
Depreciation:					
At 1 st June, 1996	1,775	4,872	237	1,220	8,104
Charge for year	1,330	6,274	1,538	255	9,397
At 31st May, 1997	£3,105	11,146	1,775	1,475	17,501
Net Book Value:					
At 31st May, 1997	£3,995	42,485	7,950	48,302	102,732
At 31st May, 1996	£5,325	17,900	1,165	1,280	25,670

Property consists of:

Freehold Property (at cost)	47,277
Improvements to Property	<u>1,025</u>
	£48,302

The improvements to property are to a property owned by K.J. Curson Esq. but used by the Company.

The above analysis includes the following in respect of assets held under hire purchase contracts:-

	Motor Vehicle	Plant and Equipment
Cost:		
At 31 st May, 1997	<u>£7,100</u>	<u>£5,000</u>
At 31 st May, 1996	<u>£7,100</u>	<u>£4,250</u>
Depreciation:		
Charge for 1997	<u>£1,330</u>	<u>£1,000</u>
Charge for 1996	<u>£1,775</u>	<u>£680</u>
Accumulated to:		
At 31 st May, 1997	<u>£3,105</u>	<u>£1,000</u>
At 31 st May, 1996	<u>£1,775</u>	<u>£1,530</u>

KEVLEY MARKETING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****As at 31st May, 1997**

8. STOCK:	1997	1996
	£	£
Produce	1,377	4,072
Packing Materials	7,804	4,773
	£9,181	£8,845
	=====	=====
9. DEBTORS:		
Trade Debtors	173,612	105,798
Prepayments	1,249	334
	£174,861	£106,132
	=====	=====
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Bank Overdraft	19,236	17,609
Current Instalment on Bank Loan (Note 11)	5,700	-
Trade Creditors	163,957	102,991
Corporation Tax	7,598	1,557
Other Taxes and Social Security Costs	18,732	3,587
Directors Current Accounts	307	818
Hire Purchase Contracts (Note 11)	3,833	2,750
Accruals	3,514	2,502
	£222,877	£131,814
	=====	=====
11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:		
a) Loan:		
A commercial mortgage loan of £36,000 was advanced by Barclays Bank PLC on 20 th December, 1996 for a period of 5 years and bears interest at 4% over the floating base rate. The loan is repayable by monthly instalments of £793 (including interest).		
All bank borrowings are secured by a first legal charge over the deeds of the freehold property.		
The loan is shown as:		
Repayable in 1 year (estimated)	5,700	-
Repayable in 2 to 5 years	27,389	-
	£33,089	£ -
	=====	=====

KEYLEY MARKETING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****As at 31st May, 1997**

<u>11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Cont'd):</u>		<u>1997</u>	<u>1996</u>
		<u>£</u>	<u>£</u>
b) Hire Purchase Contracts:			
Amount repayable year to 31 st May, 1997		-	3,140
year to 31 st May, 1998		4,308	1,572
year to 31 st May, 1999		<u>1,727</u>	<u>131</u>
		6,035	4,843
Less: Interest allocated to future periods		<u>633</u>	<u>649</u>
		£5,402	£4,194
Shown as:		<u>=====</u>	<u>=====</u>
Current Liabilities		3,833	2,750
Non Current Liabilities		<u>1,569</u>	<u>1,444</u>
		£5,402	£4,194
		<u>=====</u>	<u>=====</u>

12. DEFERRED TAXATION:

Deferred Taxation provided in the Financial Statements is the potential amount and is made up as follows:-

On Accelerated Capital Allowances	£1,909	£1,002
	<u>=====</u>	<u>=====</u>

13. SHARE CAPITAL:

	Authorised		Allotted, Called Up and Fully Paid	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary Shares of £1 each	100	100	100	2
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

During the year 98 Shares of £1 each were allotted and fully paid for by cash at par.

The Directors interests in the share capital of the Company (all beneficially held) were as follows:-

	<u>31st May, 1997</u>	<u>31st May, 1996</u>
	<u>Ordinary Shares</u>	<u>Ordinary Shares</u>
K.J. Curson Esq.	60	1
A. Baldry Esq.	40	1

The Directors control the Company.

KEYLEY MARKETING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****As at 31st May, 1997****14. PROFIT AND LOSS ACCOUNT:**

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
As at 1 st June	6,385	528
Retained Profit for the year	<u>26,545</u>	<u>5,857</u>
As at 31st May	<u>£32,930</u>	<u>£6,385</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS:

Profit for the financial year	<u>26,545</u>	<u>5,857</u>
Share Capital Subscribed	<u>98</u>	<u>-</u>
	<u>£26,643</u>	<u>£5,857</u>
Net addition to Shareholders Funds	<u>26,643</u>	<u>5,857</u>
Opening Shareholders Funds	<u>6,387</u>	<u>530</u>
Closing Shareholders Funds	<u>£33,030</u>	<u>£6,387</u>

16. FINANCIAL COMMITMENTS:

Future Capital Expenditure

Authorised, but not contracted or provided for

<u>£ -</u>	<u>£17,950</u>
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17. TRANSACTIONS WITH DIRECTORS:

The Company occupies certain property and buildings that are owned by K.J. Curson Esq. No rent is payable for this tenancy, but the Company has contributed towards the cost of improvements (Note 7).

18. RELATED PARTY TRANSACTIONS:

Included in the Financial Statements are the following amounts relating to transactions with a business run by K.J. Curson Esq. All amounts are in the normal course of business.

Cost of Sales:

Produce Purchased	<u>£610,893</u>
Packing Materials Reimbursed	<u>£14,026</u>

Distribution Costs:

Haulage Reimbursed	<u>£3,511</u>
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Administrative Costs:

Costs Reimbursed	<u>£4,761</u>
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Tangible Fixed Assets:

Costs Reimbursed	<u>£17,589</u>
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Debtors:

Amounts due at 31 st May, 1997	<u>£38,878</u>
---	----------------

Creditors:

Amounts falling due under one year at 31 st May, 1997	<u>£91,787</u>
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