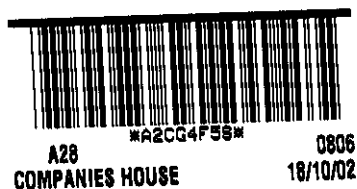


J B SHROPSHIRE AND SONS LIMITED

Report and Financial Statements

6 April 2002



**Deloitte & Touche
Cambridge**

**19/09/2002
AC05gjb9**

REPORT AND FINANCIAL STATEMENTS 2002

| CONTENTS | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 3 |
| Independent auditors' report | 4 |
| Profit and loss account | 5 |
| Reconciliation of movements in shareholders' funds | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes to the cash flow statement | 8 |
| Notes to the accounts | 10 |

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J B Shropshire
D Thompson
W L Forbes
R K Mann

SECRETARY

D Thompson

REGISTERED OFFICE

Barway
Ely
Cambridgeshire CB7 5TZ

BANKERS

Barclays Bank PLC
28 High Street
Ely
Cambridgeshire CB7 4LA

SOLICITORS

Rustons & Lloyd
136 High Street
Newmarket
Suffolk CB8 8NN

AUDITORS

Deloitte & Touche
Chartered Accountants
Cambridge

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 6 April 2002.

ACTIVITY

The principal activity of the company is farming.

REVIEW OF DEVELOPMENTS

The company made an operating profit of £996,147 (2001 - £285,819) for the period. The directors expect the company to continue to trade profitably in the future.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS' AND THEIR INTERESTS

The directors who served during the period and their interests in the shares of the company at the beginning and end of the period were:

| | 6 April 2002 | 7 April 2001 (or date of appointment) |
|--|--------------|--|
| J B Shropshire | 300,000 | 300,000 |
| D Thompson (appointed 4 February 2002) | - | - |
| W L Forbes (appointed 1 March 2002) | - | - |
| R K Mann (appointed 26 March 2002) | - | - |

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

20 September 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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;
- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
J B SHROPSHIRE AND SONS LIMITED**

We have audited the financial statements of J B Shropshire and Sons Limited for the 52 weeks ended 6 April 2002 which comprise the profit and loss account, the reconciliation of movement in shareholders' funds, the balance sheet, and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements.

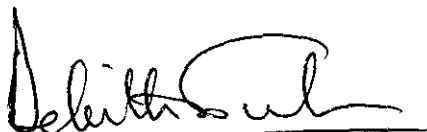
Basis of audit opinion

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 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 affairs as at 6 April 2002 and of its profit for the 52 weeks ended 6 April 2002 then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and
Registered Auditors

Cambridge

4 October 2002

PROFIT AND LOSS ACCOUNT
52 weeks ended 6 April 2002

| | Note | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|--|------|-------------------------------------|-------------------------------------|
| TURNOVER | 2 | 5,751,963 | 4,082,572 |
| Cost of sales | | 4,598,150 | 3,660,329 |
| Gross profit | | 1,153,813 | 422,243 |
| Administrative expenses | | (157,666) | (136,424) |
| OPERATING PROFIT | 4 | 996,147 | 285,819 |
| Interest receivable | | 67,628 | 7,838 |
| Interest payable | 5 | (2,378) | (26,612) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,061,397 | 267,045 |
| Tax on profit on ordinary activities | 6 | 318,529 | 80,069 |
| Retained profit for the financial period | | 742,868 | 186,976 |
| Retained profit brought forward | | 393,874 | 206,898 |
| Retained profit carried forward | | 1,136,742 | 393,874 |

All activities derive from continuing operations.

There were no recognised gains and losses other than the profit for the financial period and preceding period. Accordingly no statement of total recognised gains and losses is provided.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
52 weeks ended 6 April 2002

| | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|------------------------------------|-------------------------------------|-------------------------------------|
| Opening shareholders' funds | 693,874 | 506,898 |
| Retained profit for the period | 742,868 | 186,976 |
| Closing shareholders' funds | 1,436,742 | 693,874 |

BALANCE SHEET

6 April 2002

| | Note | 6 April 2002 £ | 7 April 2001 £ |
|--|------|----------------------|----------------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 808,650 | 740,019 |
| Investments | 8 | 1 | 1 |
| | | <u>808,651</u> | <u>740,020</u> |
| CURRENT ASSETS | | | |
| Stocks | 9 | 427,757 | 544,563 |
| Debtors | 10 | 351,689 | 413,781 |
| Cash at bank and in hand | | 1,440,676 | - |
| | | <u>2,220,122</u> | <u>958,344</u> |
| CREDITORS: amounts falling due within one year | 11 | 1,512,659 | 927,096 |
| NET CURRENT ASSETS | | <u>707,463</u> | <u>31,248</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,516,114 | 771,268 |
| CREDITORS: amounts falling due after more than one year | 12 | - | (5,169) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | (79,372) | (72,225) |
| | | <u>1,436,742</u> | <u>693,874</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 300,000 | 300,000 |
| Profit and loss account | | 1,136,742 | 393,874 |
| EQUITY SHAREHOLDERS' FUNDS | | <u>1,436,742</u> | <u>693,874</u> |

These financial statements were approved by the Board of Directors on 20 September 2002.

Signed on behalf of the Board of Directors



Director

CASH FLOW STATEMENT
52 weeks ended 6 April 2002

| | Note | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|---|------|-------------------------------------|-------------------------------------|
| Net cash inflow from operating activities | 1 | 1,571,099 | 195,623 |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (23,771) | (5,219) |
| Interest received | | 67,628 | 7,838 |
| Net cash inflow from returns on investments and servicing of finance | | 43,857 | 2,619 |
| Taxation | | (73,279) | (19,022) |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (261,871) | (154,071) |
| Receipts from sales of tangible fixed assets | | 17,117 | 15,337 |
| Net cash outflow from capital expenditure and financial investment | | (244,754) | (138,734) |
| Net cash inflow before use of liquid resources and financing | | 1,296,923 | 40,486 |
| Management of liquid resources | | | |
| Increase in 3 day deposits | | (1,400,000) | - |
| Financing | | | |
| Capital element of hire purchase payments | | (5,034) | (4,902) |
| Net cash outflow from financing | | (5,034) | (4,902) |
| (Decrease) increase in cash | 2 | (108,111) | 35,584 |

NOTES TO THE CASH FLOW STATEMENT

52 weeks ended 6 April 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|--|-------------------------------------|-------------------------------------|
| Operating profit | 996,147 | 285,819 |
| Depreciation | 175,753 | 158,305 |
| Loss on sale of fixed asset | 370 | 2,795 |
| Decrease in stocks | 116,806 | 6,165 |
| Decrease (increase) in debtors | 62,092 | (146,035) |
| Increase (decrease) in creditors | 219,931 | (111,426) |
| Net cash inflow from operating activities | 1,571,099 | 195,623 |

2. ANALYSIS OF NET FUNDS (DEBT)

| | At 8 April 2001 £ | Cash flow £ | At 6 April 2002 £ |
|--------------------------|-------------------------|-------------------|-------------------------|
| Cash at bank and in hand | - | 40,676 | 40,676 |
| Bank overdrafts | (11,151) | (148,787) | (159,938) |
| | | (108,111) | |
| Hire purchase contracts | (10,203) | 5,034 | (5,169) |
| Cash on deposit | - | 1,400,000 | 1,400,000 |
| Total | (21,354) | 1,296,923 | 1,275,569 |

| | At 9 April 2000 £ | Cash Flow £ | At 7 April 2001 £ |
|-------------------------|-------------------------|-------------------|-------------------------|
| Bank overdrafts | (46,735) | 35,584 | (11,151) |
| Hire purchase contracts | (15,105) | 4,902 | (10,203) |
| Total | (61,840) | 40,486 | (21,354) |

NOTES TO THE CASH FLOW STATEMENT
52 weeks ended 6 April 2002

3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (DEBT)

| | 6 April 2002 £ | 7 April 2001 £ |
|--|----------------------|----------------------|
| (Decrease) increase in cash in the period | (108,111) | 35,584 |
| Cash outflow from change in debt | 5,034 | 4,902 |
| Cash outflow from increase in liquid resources | 1,400,000 | - |
| | <hr/> | <hr/> |
| Movement in net debt in the year | 1,296,923 | 40,486 |
| Opening net debt | (21,354) | (61,840) |
| | <hr/> | <hr/> |
| Closing net funds (debt) | <u>1,275,569</u> | <u>(21,354)</u> |

NOTES TO THE ACCOUNTS**52 weeks ended 6 April 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation of tangible fixed assets is provided on the following basis:

| | |
|---------------------------------|--|
| Leasehold property improvements | - 10-20 years straight line on cost |
| Office equipment | - 3 years straight line on cost |
| Motor vehicles | - 4 years straight line on cost |
| Tractors | - 25% reducing balance |
| Other plant and machinery | - 25% reducing balance and 5-8 years straight line on cost |

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful economic lives. The finance leases are allocated over the period of the lease rentals in accordance with Statement of Standard Accounting Practice 21, accounting for finance leases and hire purchase.

Pensions

The company operates a defined contribution pension scheme. Payments are charged to the profit and loss account as they accrue.

2. TURNOVER AND PROFITS

Turnover represents amounts derived from the provision of goods and services, arising in the United Kingdom, which fall within the company's ordinary activities after deduction of value added tax. The turnover and profits are entirely attributable to the company's main activity of farming.

NOTES TO THE ACCOUNTS

52 weeks ended 6 April 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|------------------------------|-------------------------------------|-------------------------------------|
| Directors' emoluments | | |
| Salaries | 82,183 | - |
| Pensions | 3,437 | - |
| | <u>85,620</u> | <u>-</u> |

Pension contributions were made on behalf of 3 directors.

| | 52 weeks to 6 April 2002 No | 52 weeks to 7 April 2001 No |
|--|--------------------------------------|--------------------------------------|
| Average number of persons employed | | |
| Directors | 4 | 1 |
| Others | 29 | 22 |
| | <u>33</u> | <u>23</u> |
| | £ | £ |
| Staff costs during the period (including directors) | | |
| Wages and salaries | 518,105 | 380,175 |
| Social security costs | 48,823 | 35,596 |
| Pensions | 5,264 | 3,502 |
| | <u>572,192</u> | <u>419,273</u> |

4. OPERATING PROFIT

| | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|--|-------------------------------------|-------------------------------------|
| Operating profit is after charging: | | |
| Auditors' remuneration | 2,100 | 2,050 |
| Depreciation | | |
| Owned assets | 172,154 | 153,673 |
| Leased assets | 3,599 | 4,632 |
| | <u></u> | <u></u> |

5. INTEREST PAYABLE

| | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|---------------|-------------------------------------|-------------------------------------|
| Bank interest | <u>2,378</u> | <u>26,612</u> |

NOTES TO THE ACCOUNTS

52 weeks ended 6 April 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 52 weeks to 6 April 2002 £ | 52 weeks to 7 April 2001 £ |
|---|-------------------------------------|-------------------------------------|
| Current taxation | | |
| Corporation tax payable at 30% (2001 - 30%) based on the profit for the period | 307,291 | 69,188 |
| Adjustment in respect of prior periods | 4,091 | - |
| Total current tax | 311,382 | 69,188 |
| Deferred taxation | | |
| Origination and reversal of timing differences | 11,188 | 10,881 |
| Adjustment in respect of prior periods | (4,041) | - |
| | 318,529 | 80,069 |

The taxed assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2001 30%) for the reasons set out in the following reconciliation.

| | 2002 % | 2001 % |
|---|-----------|-----------|
| Standard tax rate for period as a percentage of profits | 30 | 30 |
| Capital allowances for period in excess of depreciation | (1) | (4) |
| Current tax rate for period as a percentage of profits | 29 | 26 |

7. TANGIBLE FIXED ASSETS

| | Leasehold property improve- ments £ | Plant and machinery £ | Total £ |
|------------------------|---|-----------------------------|------------------|
| Cost | | | |
| At 8 April 2001 | 16,881 | 917,123 | 934,004 |
| Additions in period | 22,978 | 238,893 | 261,871 |
| Disposals in period | - | (28,270) | (28,270) |
| At 6 April 2002 | 39,859 | 1,127,746 | 1,167,605 |
| Depreciation | | | |
| At 8 April 2001 | 3,730 | 190,255 | 193,985 |
| Charge for the period | 2,048 | 173,705 | 175,753 |
| Disposals in period | - | (10,783) | (10,783) |
| At 6 April 2002 | 5,778 | 353,177 | 358,955 |
| Net book value | | | |
| At 6 April 2002 | 34,081 | 774,569 | 808,650 |
| At 7 April 2001 | 13,151 | 726,868 | 740,019 |

The net book value of assets held under hire purchase agreements is £12,533 (2001 - £16,132).

NOTES TO THE ACCOUNTS

52 weeks ended 6 April 2002

8. INVESTMENTS HELD AS FIXED ASSETS

| | Share in G's Growers Limited £ |
|----------------------------------|--|
| Cost | |
| At 8 April 2001 and 6 April 2002 | <u>1</u> |

9. STOCKS

| | 6 April 2002 £ | 7 April 2001 £ |
|-------------------------------|----------------------|----------------------|
| Finished goods | 31,610 | 114,470 |
| Work in progress | 335,822 | 391,582 |
| Raw materials and consumables | 60,325 | 38,511 |
| | <u>427,757</u> | <u>544,563</u> |

10. DEBTORS

| | 6 April 2002 £ | 7 April 2001 £ |
|--------------------------------|----------------------|----------------------|
| Trade debtors | 62,581 | 101,200 |
| G S Shropshire & Sons | 3,268 | 271,610 |
| G S Shropshire & Sons Limited | 67,621 | - |
| G's Marketing Limited | 127,379 | 4,056 |
| Other debtors | 50,322 | 9,729 |
| Prepayments and accrued income | 40,518 | 27,186 |
| | <u>351,689</u> | <u>413,781</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 6 April 2002 £ | 7 April 2001 £ |
|---|----------------------|----------------------|
| Bank overdraft | 159,938 | 11,151 |
| Obligations under hire purchase contracts | 5,169 | 5,034 |
| Trade creditors | 297,136 | 118,447 |
| G S Shropshire & Sons | 23,642 | 177,874 |
| G's Growers Limited | 279,560 | 85,528 |
| G's Marketing Limited | 134,880 | 85,006 |
| Corporation tax | 307,291 | 69,188 |
| Other creditors | 96,848 | 67,458 |
| Accruals | 208,195 | 307,410 |
| | <u>1,512,659</u> | <u>927,096</u> |

The partners of G S Shropshire & Sons include Mr J B Shropshire.

NOTES TO THE ACCOUNTS

52 weeks ended 6 April 2002

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 6 April 2002 | 7 April 2001 |
|---|-----------------|-----------------|
| | £ | £ |
| Obligations under hire purchase contracts | - | 5,169 |

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

| | £ |
|-----------------------|---------|
| Movement in period | |
| At 8 April 2001 | 72,225 |
| Charge for period | 11,188 |
| Prior year adjustment | (4,041) |
| At 6 April 2002 | 79,372 |

The amounts of deferred tax provided and unprovided in the accounts are as follows:

| | Provided | | Unprovided | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 6 April 2002 | 7 April 2001 | 6 April 2002 | 7 April 2001 |
| | £ | £ | £ | £ |
| Capital allowances in excess of depreciation | 79,372 | 72,225 | - | - |

14. CALLED UP SHARE CAPITAL

| | 6 April 2002 | 7 April 2001 |
|--|-----------------|-----------------|
| | £ | £ |
| Authorised 1,000,000 ordinary shares of £1 each | 1,000,000 | 1,000,000 |
| Called up, allotted and fully paid 300,000 ordinary shares of £1 each | 300,000 | 300,000 |

15. FINANCIAL COMMITMENTS

The company is committed to pay £281,992 (2001 - £205,247) for land rents under informal leases in the next financial period.

NOTES TO THE ACCOUNTS
52 weeks ended 6 April 2002

16. RELATED PARTIES

During the period the company traded on a commercial basis with G S Shropshire & Sons a partnership of which Mr J B Shropshire is a partner and in which he has a material interest. The company purchased assets for £787 (2001 - £nil) and paid £535,849 (2001 - £1,133,309) for services and goods supplied. This reflects the central buying policy with the company purchasing inputs from G S Shropshire & Sons at arm's length rates after they have been obtained from third parties. The company made sales of £613,336 (2001 - £999,859) to the partnership.

At the period end the company owed a net balance of £20,374 to the above business (2001 - £93,736 owed from).

The company received interest from G S Shropshire & Sons Limited for monies loaned (2001 - £13,467 interest paid). At the year end £67,621 (2001 - £nil) was due to this company. Mr G P Shropshire who is a director of G S Shropshire & Sons Limited is also a director of J B Shropshire & Sons Limited.

During the period the company traded on a commercial basis with G's Growers Limited a company of which Mr G P Shropshire is a director. The company made sales of £5,947,380 (2001 - £3,670,138) to G's Growers Limited. At the period end the company owed £279,560 (2001 - £85,528) to G's Growers Limited.

During the period the company traded on a commercial basis with G's Marketing Limited. During the period the company made charges for labour of £8,833 (2001 - £20,408) and paid charges for labour of £1,374,184 (2001 - £330,030). At the period end the company owed £134,880 (2001 - £85,006) to and was owed £127,379 (2001 - £4,056) by G's Marketing Limited. Mr J B Shropshire who is a director of G's Marketing Limited is also a director of J B Shropshire & Sons Limited.

17. ULTIMATE CONTROLLING PARTY

The immediate and ultimate controlling party is Mr J B Shropshire.