

**J B SHROPSHIRE AND SONS LIMITED**

**Report and Financial Statements**

**9 April 2005**



# **J B SHROPSHIRE AND SONS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **J B SHROPSHIRE AND SONS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J B Shropshire  
D Thompson  
W L Forbes  
R K Mann  
K H E Petherick

#### **SECRETARY**

D Thompson

#### **REGISTERED OFFICE**

Hainey Farm  
Barway  
Ely  
Cambridgeshire CB7 5TZ

#### **BANKERS**

The Royal Bank of Scotland  
62/63 Threadneedle Street  
PO Box 412  
London EC2R 8LA

#### **SOLICITORS**

Rustons & Lloyd  
136 High Street  
Newmarket  
Suffolk CB8 8NN

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cambridge

# J B SHROPSHIRE AND SONS LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 9 April 2005.

### ACTIVITY

The principal activity of the group is farming.

### REVIEW OF DEVELOPMENTS

The group made an operating profit of £2,639,971 (2004 - £1,235,209) for the period. The directors expect the group 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 throughout the period and their interests in the shares of the company at the beginning and end of the period were:

	9 April 2005	10 April 2004
J B Shropshire	300,000	300,000
D Thompson	-	-
W L Forbes	-	-
R K Mann	-	-
K H E Petherick	-	-

### AUDITORS

Deloitte & Touche LLP 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

22 November 2005

**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 and the group as at the end of the financial year and of the profit or loss of the group 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 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 group 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 group 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 9 April 2005 which comprise the consolidated profit and loss account, the reconciliation of movement in consolidated shareholders' funds, the balance sheets, the consolidated cash flow statement, the notes to the consolidated cash flow statement and the related notes 1 to 20. These financial statements have been prepared under 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 auditors' 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 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 and other members of the group 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 circumstances of the company and the group, 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 affairs of the company and the group as at 9 April 2005 and of the profit of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and  
Registered Auditors

Cambridge

22 December 2005

# J B SHROPSHIRE AND SONS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

52 weeks ended 9 April 2005

	Note	52 weeks to 9 April 2005 £	UNAUDIT -ED (note 1) 52 weeks to 10 April 2004 £
<b>TURNOVER</b>	2	17,322,802	16,455,348
Cost of sales		(15,480,852)	(15,061,318)
Gross profit		1,841,950	1,394,030
Administrative expenses		(407,166)	(683,287)
Other operating income		1,205,187	524,466
<b>OPERATING PROFIT</b>	4	2,639,971	1,235,209
Dividends received		208	40,425
Interest receivable		209,736	61,164
Interest payable	5	(395,318)	(343,889)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,454,597	992,909
Tax on profit on ordinary activities	6	(692,067)	(799,288)
Retained profit for the financial period		1,762,530	193,621
Retained profit brought forward		1,474,745	1,281,124
Retained profit carried forward		3,237,275	1,474,745

All activities derive from continuing operations.

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

## RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

52 weeks ended 9 April 2005

	52 weeks to 9 April 2005 £	UNAUDIT -ED (note 1) 52 weeks to 10 April 2004 £
Opening shareholders' funds	1,774,745	1,581,124
Retained profit for the period	1,762,530	193,621
Closing shareholders' funds	3,537,275	1,774,745

**J B SHROPSHIRE AND SONS LIMITED**

**CONSOLIDATED BALANCE SHEET**  
**9 April 2005**

	Note	9 April 2005 £	UNAUDITED (note 1) 10 April 2004 £
<b>FIXED ASSETS</b>			
Intangible assets	7	1,135,595	1,203,392
Tangible assets	8	5,875,920	5,262,144
Investments	9	2	2
		<u>7,011,517</u>	<u>6,465,538</u>
<b>CURRENT ASSETS</b>			
Stocks	10	1,430,245	2,191,193
Debtors	11	6,564,380	4,592,718
Cash at bank and in hand		3,643,619	5,245,048
		<u>11,638,244</u>	<u>12,028,959</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>8,659,532</u>	<u>9,667,833</u>
<b>NET CURRENT ASSETS</b>		<u>2,978,712</u>	<u>2,361,126</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,990,229	8,826,664
<b>CREDITORS: amounts falling due after more than one year</b>	13	(5,927,627)	(6,536,219)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	<u>(525,327)</u>	<u>(515,700)</u>
		<u>3,537,275</u>	<u>1,774,745</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	300,000	300,000
Profit and loss account		3,237,275	1,474,745
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>3,537,275</u>	<u>1,774,745</u>

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

18 November 2005



Director



# J B SHROPSHIRE AND SONS LIMITED

## BALANCE SHEET

9 April 2005

	Note	9 April 2005 £	10 April 2004 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,971,075	3,364,395
Investments	9	3,480,847	3,380,847
		<u>5,451,922</u>	<u>6,745,242</u>
<b>CURRENT ASSETS</b>			
Stocks	10	695,090	1,191,361
Debtors - due within one year	11	5,253,358	3,893,316
- due after one year	11	500,000	-
Cash at bank and in hand		2,784,677	4,993,458
		<u>9,233,125</u>	<u>10,078,135</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(6,849,026)	(8,554,306)
<b>NET CURRENT ASSETS</b>		<u>2,384,099</u>	<u>1,523,829</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,836,021	8,269,071
<b>CREDITORS: amounts falling due after more than one year</b>	13	(5,718,183)	(6,355,954)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(153,405)	(408,512)
		<u>1,964,433</u>	<u>1,504,605</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	300,000	300,000
Profit and loss account		1,664,433	1,204,605
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,964,433</u>	<u>1,504,605</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director

18 November 2005

# J B SHROPSHIRE AND SONS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT 52 weeks ended 9 April 2005

	Note	52 weeks to 9 April 2005 £	52 weeks to 10 April 2004 £
<b>Net cash inflow from operating activities</b>	1	2,477,645	4,064,484
<b>Returns on investments and servicing of finance</b>			
Interest paid		(383,557)	(332,013)
Hire purchase interest paid		(11,761)	(11,860)
Interest received		209,736	61,956
Dividends received		208	40,425
		<u>          </u>	<u>          </u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		(185,374)	(241,492)
<b>Taxation</b>		(36,792)	(463,163)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(1,321,206)	(1,483,814)
Receipts from sales of tangible fixed assets		248,552	1,815,522
Receipts from sales of land/shares		-	1,152,699
		<u>          </u>	<u>          </u>
<b>Net cash outflow from capital expenditure and financial investment</b>		(1,072,654)	1,484,407
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking		-	(170,858)
		<u>          </u>	<u>          </u>
<b>Net cash inflow before financing</b>		1,182,825	4,673,378
<b>Financing</b>			
Bank loans received		2,025,000	-
Bank loan repayments		(756,798)	(1,803,028)
New loans made		(2,025,000)	-
Loan repayments received		174,849	-
Capital element of hire purchase payments		(146,296)	302,291
		<u>          </u>	<u>          </u>
<b>Net cash outflow from financing</b>		(728,245)	(1,500,737)
<b>Increase in cash</b>	2	<u>454,580</u>	<u>3,172,641</u>

# J B SHROPSHIRE AND SONS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

52 weeks ended 9 April 2005

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

	52 weeks to 9 April 2005 £	52 weeks to 10 April 2004 £
Operating profit	2,639,971	1,235,209
Amortisation	67,797	67,797
Depreciation	915,799	827,519
(Profit) loss on sale of fixed assets	(126,777)	91,245
Decrease (increase) in stocks	760,948	(840,876)
Increase in debtors	(192,759)	(2,184,731)
(Decrease) increase in creditors	(1,587,334)	4,868,321
<b>Net cash inflow from operating activities</b>	<b>2,477,645</b>	<b>4,064,484</b>

### 2. ANALYSIS OF NET DEBT

	At 11 April 2004 £	Cash flow £	Other non cash movements £	At 9 April 2005 £
Cash at bank and in hand	5,245,048	(1,601,429)	-	3,643,619
Bank overdrafts	(2,056,009)	2,056,009	-	-
		454,580		
Debt due after one year	(6,298,750)	640,304	-	(5,658,446)
Debt due within one year	(670,000)	(2,019,828)	-	(2,689,828)
Hire purchase contracts	(329,207)	146,296	(330,144)	(513,055)
<b>Total</b>	<b>(4,108,918)</b>	<b>(778,648)</b>	<b>(330,144)</b>	<b>(5,217,710)</b>

### 3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	9 April 2005 £	10 April 2004 £
Increase in cash in the period	454,580	3,172,641
Cash (inflow) outflow from change in debt	(1,233,228)	1,809,413
<b>Movement in net debt in the year</b>	<b>(778,648)</b>	<b>4,982,054</b>
New finance leases	(330,144)	(308,676)
Opening net debt	(4,108,918)	(8,782,296)
<b>Closing net debt</b>	<b>(5,217,710)</b>	<b>(4,108,918)</b>

**NOTES TO THE ACCOUNTS**

**52 weeks ended 9 April 2005**

**1. ACCOUNTING POLICIES**

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

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The group financial statements include the consolidation of the company and each of its subsidiary undertakings. All intra-group transactions have been eliminated on consolidation. In accordance with the provisions of section 230 of the Companies Act 1985, the company has not prepared its individual profit and loss account as part of these financial statements. The company's profit after tax for the year was £449,282 (2004 - loss of £250,765).

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The combinations have been accounted for on an acquisition basis.

**Comparatives**

The comparative consolidated figures have not been audited. However, each company included within the consolidation has been audited on an individual entity basis each with unqualified audit opinions.

**Tangible fixed assets**

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

Freehold property	- land nil, buildings 10-20 years straight line on cost
Leasehold property improvements	- 10-20 years straight line on cost
Other plant and machinery	- 25% reducing balance and 3-10 years straight line on cost

**Investments**

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

**Intangible fixed assets**

Tenancy, which represents the value paid for acquiring tenancy rights, is amortised through the profit and loss account by equal annual instalments over its estimated useful economic life of 20 years.

Depreciation is provided on sugar beet quota over 5 years straight line on cost.

**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 and liabilities are not discounted.

# J B SHROPSHIRE AND SONS LIMITED

## NOTES TO THE ACCOUNTS

52 weeks ended 9 April 2005

### 1. ACCOUNTING POLICIES (continued)

#### 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.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### 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 group's ordinary activities after deduction of value added tax. The turnover and profits are entirely attributable to the group's main activity of farming.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 weeks to 9 April 2005 £	52 weeks to 10 April 2004 £
<b>Directors' emoluments</b>		
Salaries	225,279	244,311
Pensions	7,847	6,972
	<u>233,126</u>	<u>251,283</u>

Pension contributions were made on behalf of 3 (2004 - 4) directors. The highest paid director in the period received emoluments totalling £83,986 (2004 - £67,467) including £3,031 (2004 - £2,458) pension contributions.

	52 weeks to 9 April 2005 No	52 weeks to 10 April 2004 No
<b>Average number of persons employed</b>		
Directors	5	5
Others	88	103
	<u>93</u>	<u>108</u>
	£	£
<b>Staff costs during the period (including directors)</b>		
Wages and salaries	2,009,716	2,220,050
Social security costs	197,208	227,738
Pensions	29,446	43,018
	<u>2,236,370</u>	<u>2,490,806</u>

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 9 April 2005**

**4. OPERATING PROFIT**

	52 weeks to 9 April 2005 £	52 weeks to 10 April 2004 £
<b>Operating profit is after charging:</b>		
Auditors' remuneration	17,876	10,000
Depreciation		
Owned assets	830,094	771,512
Leased assets	85,705	61,306
	<u>          </u>	<u>          </u>

**5. INTEREST PAYABLE**

	52 weeks to 9 April 2005 £	52 weeks to 10 April 2004 £
Bank interest	289,116	206,936
Hire purchase interest	11,761	11,680
Other interest	94,441	125,273
	<u>          </u>	<u>          </u>
	395,318	343,889
	<u>          </u>	<u>          </u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	52 weeks to 9 April 2005 £	52 weeks to 10 April 2004 £
<b>Current taxation</b>		
Corporation tax payable at 30% (2004 - 30%) based on the profit for the period	752,827	364,988
Adjustment in respect of prior periods	(70,387)	6,126
	<u>          </u>	<u>          </u>
Total current tax	682,440	371,114
<b>Deferred taxation</b>		
Origination and reversal of timing differences	12,767	186,180
Adjustment in respect of prior periods	(3,140)	241,994
	<u>          </u>	<u>          </u>
	692,067	799,288
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**

**52 weeks ended 9 April 2005**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

The tax assessed for the period differs from that that resulting from applying the standard rate of corporation tax in the UK of 30% (2004 - 30%) for the reasons set out in the following reconciliation.

	<b>52 weeks to 9 April 2005 %</b>	<b>52 weeks to 10 April 2004 %</b>
Standard tax rate for period as a percentage of profits	30	30
Expenses deductible for tax purposes	1	3
Capital allowance in excess of depreciation	(1)	(1)
Utilisation of tax losses	-	(18)
Movement in short term		
UK dividend income	-	(1)
Loss on disposal of ineligible assets	-	2
Chargeable gains	-	21
Prior period adjustment	(2)	1
	<u>28</u>	<u>37</u>
Current tax rate for period as a percentage of profits		

**7. INTANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Tenancy £</b>	<b>Sugar beet quota £</b>	<b>Total £</b>
<b>Cost</b>			
At 11 April 2004 and 9 April 2005	<u>1,250,000</u>	<u>26,488</u>	<u>1,276,488</u>
<b>Accumulated depreciation</b>			
At 11 April 2004	62,500	10,596	73,096
Charge for year	<u>62,500</u>	<u>5,297</u>	<u>67,797</u>
At 9 April 2005	<u>125,000</u>	<u>15,893</u>	<u>140,893</u>
<b>Net book value</b>			
At 9 April 2005	<u>1,125,000</u>	<u>10,595</u>	<u>1,135,595</u>
At 10 April 2004	<u>1,187,500</u>	<u>15,892</u>	<u>1,203,392</u>

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 9 April 2005**

**8. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Freehold property £</b>	<b>Leasehold property improve- ments £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>				
At 11 April 2004	1,836,642	1,174,134	4,970,276	7,981,052
Additions in period	128,084	238,623	1,284,643	1,651,350
Disposals	-	-	(545,746)	(545,746)
At 9 April 2005	1,964,726	1,412,757	5,709,173	9,086,656
<b>Depreciation</b>				
At 11 April 2004	-	112,834	2,606,074	2,718,908
Charge for the period	26,376	38,295	851,128	915,799
Disposals	-	-	(423,971)	(423,971)
At 9 April 2005	26,376	151,129	3,033,231	3,210,736
<b>Net book value</b>				
At 9 April 2005	1,938,350	1,261,628	2,675,942	5,875,920
At 10 April 2004	1,836,642	1,061,300	2,364,202	5,262,144

The net book value of assets under hire purchase agreements is £763,610 (2004 £369,336).

<b>COMPANY</b>	<b>Freehold property £</b>	<b>Leasehold property improve- ments £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>				
At 11 April 2004	982,353	139,798	3,159,147	4,281,298
Additions in period	128,084	-	348,445	476,529
Disposals	-	(139,798)	(2,320,228)	(2,460,026)
At 9 April 2005	1,110,437	-	1,187,364	2,297,801
<b>Depreciation</b>				
At 11 April 2004	-	12,579	904,324	916,903
Charge for the period	26,376	-	170,353	196,729
Disposals	-	(12,579)	(774,327)	(786,906)
At 9 April 2005	26,376	-	300,350	326,726
<b>Net book value</b>				
At 9 April 2005	1,084,061	-	887,014	1,971,075
At 10 April 2004	982,353	127,219	2,254,823	3,364,395

The net book value of assets held under hire purchase agreements is £195,822 (2004 - £81,242).



**NOTES TO THE ACCOUNTS**  
**52 weeks ended 9 April 2005**

**9. INVESTMENTS HELD AS FIXED ASSETS**

<b>GROUP</b>	<b>Shares in unlisted invest- ments £</b>			
<b>Cost</b>				
At 11 April 2004 and at 9 April 2005				<u>2</u>
<b>COMPANY</b>	<b>Shares in Stretham Farms Limited £</b>	<b>Shares in Riverfen Farms Limited £</b>	<b>Share in G's Growers Limited £</b>	<b>Total £</b>
<b>Cost</b>				
At 11 April 2004	157	8,624,464	1	8,624,622
Additions	100,000	-	-	100,000
At 9 April 2005	<u>100,157</u>	<u>8,624,464</u>	<u>1</u>	<u>8,724,622</u>
<b>Provision</b>				
At 11 April 2004 and 9 April 2005	-	5,243,775	-	5,243,775
<b>Net book value</b>				
At 9 April 2005	<u>100,157</u>	<u>3,380,689</u>	<u>1</u>	<u>3,480,847</u>
At 10 April 2004	<u>157</u>	<u>3,380,689</u>	<u>1</u>	<u>3,380,847</u>

Riverfen Farms Limited is incorporated in England and Wales and is 100% owned. Its principal activity is farming.

Stretham Farms Limited is incorporated in England and Wales and is 100% owned. Its principal activity is contract farming.

**10. STOCKS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>9 April 2005 £</b>	<b>10 April 2004 £</b>	<b>9 April 2005 £</b>	<b>10 April 2004 £</b>
Finished goods	403,086	782,530	125,800	285,033
Work in progress	840,624	1,236,280	569,290	823,501
Raw materials and consumables	186,535	172,383	-	82,827
	<u>1,430,245</u>	<u>2,191,193</u>	<u>695,090</u>	<u>1,191,361</u>

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 9 April 2005**

**11. DEBTORS**

	GROUP		COMPANY	
	9 April 2005 £	10 April 2004 £	9 April 2005 £	10 April 2004 £
Due within one year:				
Trade debtors	1,574,423	2,912,668	696,492	2,514,348
Amounts owed by related parties	3,850,151	-	3,850,151	-
Corporation tax	20,802	92,050	20,802	205,225
Other debtors	581,728	1,425,960	299,105	1,028,290
Prepayments and accrued income	537,276	162,040	386,808	145,453
	<u>6,564,380</u>	<u>4,592,718</u>	<u>5,253,358</u>	<u>3,893,316</u>
Due after one year:				
Amounts owed by subsidiary undertaking	-	-	500,000	-
	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	9 April 2005 £	10 April 2004 £	9 April 2005 £	10 April 2004 £
Bank overdraft	-	2,056,009	-	-
Bank loans	2,328,506	420,000	2,328,506	420,000
Obligations under hire purchase contracts	243,874	91,738	64,011	16,811
Other loans	250,000	250,000	250,000	250,000
Trade creditors	4,219,678	5,530,884	3,000,638	4,943,666
Amounts owed to subsidiary undertakings	-	-	825,847	1,119,434
Corporation tax	574,400	-	-	-
Group relief	-	-	23,391	-
Other tax and social security	57,547	-	10,243	-
Other creditors	169,104	585,026	233,959	1,129,234
Accruals	816,423	734,176	112,431	675,161
	<u>8,659,532</u>	<u>9,667,833</u>	<u>6,849,026</u>	<u>8,554,306</u>

**NOTES TO THE ACCOUNTS**

**52 weeks ended 9 April 2005**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>9 April 2005</b>	<b>10 April 2004</b>	<b>9 April 2005</b>	<b>10 April 2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	3,108,446	3,498,750	3,108,446	3,498,750
Other loans	750,000	1,000,000	750,000	1,000,000
Amounts owed to JBS Farming	1,800,000	-	1,800,000	-
Amounts owed to G S Shropshire & Sons	-	1,800,000	-	1,800,000
Obligations under hire purchase contracts	269,181	237,469	59,737	57,204
	<u>5,927,627</u>	<u>6,536,219</u>	<u>5,718,183</u>	<u>6,355,954</u>

**14. BORROWINGS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>9 April 2005</b>	<b>10 April 2004</b>	<b>9 April 2005</b>	<b>10 April 2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	5,436,952	5,974,759	5,436,952	3,918,750
Other loans	1,000,000	1,250,000	1,000,000	1,250,000
Obligations under hire purchase contracts	513,055	329,207	123,748	74,015
Loan from J B S Farming	1,800,000	-	1,800,000	-
Amounts owed to G S Shropshire & Sons	-	1,800,000	-	1,800,000
	<u>8,750,007</u>	<u>9,353,966</u>	<u>8,360,700</u>	<u>7,042,765</u>
Less amounts falling due within one year	<u>4,783,853</u>	<u>2,817,747</u>	<u>4,603,990</u>	<u>686,811</u>
3,966,154	<u>3,966,154</u>	<u>6,536,219</u>	<u>3,756,710</u>	<u>6,355,954</u>
Analysis of loan repayments:				
Bank loans and overdrafts				
In one year or less or on demand	2,328,506	2,476,009	2,328,506	420,000
In more than one year but not more than two years	478,355	420,000	478,355	420,000
In more than two years but not more than five years	1,435,065	1,260,000	1,435,065	1,260,000
In more than five years	1,195,026	1,818,750	1,195,026	1,818,750
Obligations under hire purchase contracts				
In one year or less or on demand	243,874	91,738	64,011	16,811
In more than one year but not more than two years	220,171	127,063	59,737	48,247
In more than two years but not more than five years	49,010	110,406	-	8,957
Loan from J B S Farming				
In more than one year but not more than two years	1,800,000	-	1,800,000	-
Other loans				
In one year or less or on demand	250,000	250,000	250,000	250,000
In more than one year but not more than two years	250,000	250,000	250,000	250,000
In more than two years but not more than five years	500,000	750,000	500,000	750,000
G S Shropshire & Sons				
In more than one year but not more than two years	-	1,800,000	-	1,800,000
	<u>8,750,007</u>	<u>9,353,966</u>	<u>8,360,700</u>	<u>7,042,765</u>

**NOTES TO THE ACCOUNTS**

**52 weeks ended 9 April 2005**

**14. BORROWINGS (continued)**

The company has the following loans

- Bank loan 1 repayable in 40 quarterly instalments of £56,250 (LIBOR plus 1.125%). The loan is secured on land and buildings owned by the group and Mr J B Shropshire.
- Bank loan 2 repayable in 39 quarterly instalments (BBR plus 1.125%). The loan is secured on land and buildings owned by the group and Mr J B Shropshire.
- The Ecologica loan was taken out on 7 September 2004 secured on land and buildings owned by the group and Mr J B Shropshire. It was subsequently settled on 31 May 2005 hence its disclosure being due in less than one year.
- The interest free loan from Mr J B Thompson is repayable in six annual instalments of £250,000 beginning 1 October 2003. Mr J B Thompson was a director of the company's subsidiary, Riverfen Farms Limited (formerly Henry Thompson (Littleport) Farms Limited), until 19 December 2002.

The balance outstanding as at 9 April 2005 on the loans were as follows:

	9 April 2005 £	10 April 2004 £
Bank loan 1	1,743,750	1,968,750
Bank loan 2	1,843,051	1,950,000
Ecologica loan	1,850,151	-
Loan from Mr J B Thompson	1,000,000	1,250,000

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred taxation**

	GROUP £	COMPANY £
<b>Movement in period</b>		
At 11 April 2004	515,700	408,512
Charge for period	9,627	4,149
Amounts arising on transfer of assets	-	(259,256)
At 9 April 2005	525,327	153,405

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

	GROUP Provided		COMPANY Provided	
	9 April 2005 £	10 April 2004 £	9 April 2005 £	10 April 2004 £
Capital allowances in excess of depreciation	525,327	515,700	153,405	408,512

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 9 April 2005**

**16. CALLED UP SHARE CAPITAL**

	9 April 2005 £	10 April 2004 £
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

**17. FINANCIAL COMMITMENTS**

The group is committed to pay £1,288,703 (2004 - £816,000) for land rents under informal leases in the next financial period.

**18. CONTINGENT LIABILITIES**

*The company has contingent liabilities in respect of an unlimited cross guarantee given to The Royal Bank of Scotland PLC on the bank indebtedness of J B Shropshire & Sons Limited, Riverfen Farms Limited and Stretham Farms Limited. No provision has however been made in these accounts as no liability is expected to arise.*

**19. RELATED PARTIES**

The company has taken advantage of the exemption from reporting transactions with other group companies conferred by Financial Reporting Standard No.8 on the ground that it is a parent undertaking which publishes consolidated accounts.

The related parties of the group during the period were:

Marblelane Limited and its subsidiaries - companies in which J B Shropshire is a director.

Laneguard Limited - a company in which J B Shropshire is a director.

G S Shropshire & Sons - a partnership in which J B Shropshire is a partner.

J B S Farming - J B Shropshire's sole trading farming business.

A group headed by G S Shropshire Holdings Limited - a company in which J B Shropshire is a director.

G's Growers Limited - a company in which J B Shropshire is a director.

# J B SHROPSHIRE AND SONS LIMITED

## NOTES TO THE ACCOUNTS 52 weeks ended 9 April 2005

### 19. RELATED PARTIES (continued)

The transactions during the period with these parties and the balances outstanding with these businesses are:

	9 April 2005 £	10 April 2004 £
Total sales	16,148,017	15,964,535
Total purchases	7,750,958	6,346,566
Sale of fixed assets	72,500	498,387
Purchases of fixed assets	52,241	128,572
Interest paid	176,810	59,863
Interest received	123,671	43,150
Balances included within trade debtors	1,445,345	2,066,076
Other balances included in debtors	3,851,470	-
Balances included within trade creditors	1,462,300	4,477,060
Other balances included in creditors	1,962,704	1,800,000

Included in sales and purchases are transactions which have arisen due to group purchasing policies.

### 20. ULTIMATE CONTROLLING PARTY

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