

**J B Shropshire and Sons Limited**  
Financial statements  
For the period from 9 April 2005 to  
8 April 2006

Grant Thornton 



## Officers and professional advisers

<b>Company registration number</b>	3516726
<b>Registered office</b>	Hainey Farm Barway Ely Cambs CB7 5TZ
<b>Directors</b>	J B Shropshire D Thompson W L Forbes R K Mann K H E Petherick E Johnson
<b>Secretary</b>	D Thompson
<b>Bankers</b>	The Royal Bank of Scotland 62/63 Threadneedle Street PO Box 412 EC2R 8LA
<b>Solicitors</b>	Rustons & Lloyd 136 High Street Newmarket Suffolk CB8 8NN
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Kettering Parkway Kettering Venture Park Kettering NN15 6XR

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**Financial statements for the period from 10 April 2005 to  
8 April 2006**

The directors present their annual report together with the audited financial statements for the period ended 8 April 2006.

**Principal activities**

The principal activity of the group is farming.

**Review of developments and future prospects****Business Review**

The group made an operating profit of £2,186,620 (2005: £2,639,971) for the period. The directors expect the group to continue to trade profitably in the future. The year end position has improved although there has been a decrease in cash, a direct result of an increase of tangible fixed assets and stocks, sold in the first quarter of 2006/07.

**Key performance indicators**

<b>Financial</b>	2006	2005
Turnover (year on year increase)	23%	5%
Return on Capital Employed	62%	179%
Debtor Days	38	27
Creditor Days	47	54
Gearing	50%	38%

In addition to the above, other KPI's, both financial and non financial, are used for management purposes.

**Financial Risk Management**

The group uses various financial instruments including loans, cash and various items including trade debtors that arise directly from its operations. The main purpose of these instruments is to finance the companies ongoing operations and capital expenditure program. Their existence exposes the group to a number of financial risks, primarily interest rate and liquidity risk.

The groups exposure to interest rate and liquidity risk is limited to that associated with the loans disclosed in note 15. Our policy is to minimise the effect of market risk of changes in interest rates by fixing 50% of groups funding, 2006: 53% (2005: 49%).

The groups exposure to credit risk lies principally with trade debtors. This is not considered a high risk as 68% of the group's turnover is with G's Growers Limited, a cooperative with 26 active members within the UK and Spain, who via marketing agents trade with major supermarket multiples, processors and wholesale markets. The credit terms with G's Growers Limited is 30 days. Other customers credit terms are based on payment history and reviewed on a regular basis.

**Dividends**

The directors do not recommend the payment of a dividend.

**The directors and their interests in the shares of the company**

The present membership of the Board is set out below. All served on the Board throughout the year.

The interests of the directors in the shares of the company as at 9 April 2005 and 8 April 2006 were as follows:

	2006	2005
J B Shropshire	300,000	300,000
D Thompson	-	-
W L Forbes	-	-
R K Mann	-	-
K H E Petherick	-	-
E Johnson (appointed 11 July 2005)	-	-

The interests of the directors in the shares of the parent company are disclosed in those accounts.

**Directors' responsibilities**

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 of 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

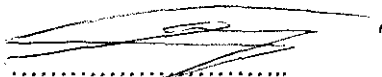
there is no relevant audit information of which the company's auditors are unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditor**

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary

Date: 17/11/06

Grant Thornton 

## Report of the independent auditor to the members of J B Shropshire and Sons Limited

We have audited the group and company financial statements of J B Shropshire and Sons Limited for the period from 10 April 2005 to 8 April 2006 on page 10 to 24. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 Report of the Directors 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 other transactions is not disclosed.

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

### **Basis of 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.

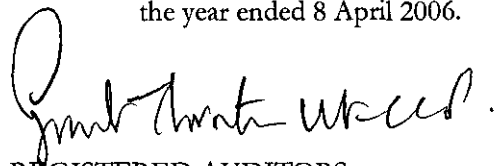
## Report of the independent auditor to the members of J B Shropshire and Sons Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 8 April 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 8 April 2006.



REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

Kettering

22nd November 2006.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company are set out below.

### **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 £245,352 (2005: £449,282).

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.

### **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.

### **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, account 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.

### **Tangible fixed assets and Depreciation**

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 provisions for any impairment value.

### **Intangible fixed assets**

Value of the tenancy has been fully amortised in the year.

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

Amortisation is provided on single farm payment (SFP) entitlements over 6 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 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.

### **Contributions to pension schemes**

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

## Consolidated profit and loss account

	Note	2006 £	2005 £
Turnover		21,369,282	17,322,802
Cost of sales		<u>(18,729,025)</u>	<u>(15,354,075)</u>
Gross profit		2,640,257	1,968,727
Administrative expenses		<u>(1,575,833)</u>	<u>(407,166)</u>
Other operating charges		<u>1,122,196</u>	<u>1,078,410</u>
<b>Operating profit</b>	5	<b>2,186,620</b>	<b>2,639,971</b>
Dividends received		-	208
Interest payable	6	<u>(314,352)</u>	<u>(395,318)</u>
Interest receivable		<u>547,248</u>	<u>209,736</u>
<b>Profit on ordinary activities before taxation</b>		<b>2,419,516</b>	<b>2,454,597</b>
Tax on profit on ordinary activities	7	<u>(1,039,505)</u>	<u>(692,067)</u>
<b>Retained profit for the financial period</b>		<b>1,380,011</b>	<b>1,762,530</b>
Retained profit brought forward		<u>3,237,275</u>	<u>1,474,745</u>
<b>Retained profit carried forward</b>		<u><b>4,617,286</b></u>	<u><b>3,237,275</b></u>

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

### RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS PERIOD ENDED 8 APRIL 2006

	Period to 8 April 2006 £	Period to 9 April 2005 £
Opening shareholders' funds	3,537,275	1,774,745
Retained profit for the period	<u>1,380,011</u>	<u>1,762,530</u>
Closing shareholder's funds	<u><b>4,617,286</b></u>	<u><b>3,537,275</b></u>


The accompanying accounting policies and notes form part of these financial statements.

## Consolidated balance sheet

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Intangible assets	8	75,297	1,135,595
Tangible assets	9	7,086,320	5,875,920
Investments	10	2	2
		<u>7,161,619</u>	<u>7,011,517</u>
<b>Current assets</b>			
Stocks	11	2,265,515	1,430,245
Debtors	12	7,813,958	6,564,380
Cash at bank and in hand		807,291	3,643,619
		<u>10,886,764</u>	<u>11,638,244</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>8,418,662</u>	<u>8,659,532</u>
<b>Net current assets</b>		<u>2,468,102</u>	<u>2,978,712</u>
<b>Total assets less current liabilities</b>		<u>9,629,721</u>	<u>9,990,229</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(4,326,656)	(5,927,627)
<b>Provisions for liabilities and charges</b>	16	<u>(385,779)</u>	<u>(525,327)</u>
		<u>4,917,286</u>	<u>3,537,275</u>
<b>Capital and reserves</b>			
Called up share capital	17	300,000	300,000
Profit and loss account		4,617,286	3,237,275
<b>Equity shareholders' funds</b>		<u>4,917,286</u>	<u>3,537,275</u>

The financial statements were approved by the Board of Directors on 17/11/06

Signed on behalf of the Board of Directors

  
 Director


The accompanying accounting policies and notes form part of these financial statements.

## Balance sheet

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Intangible assets		70,000	-
Tangible assets	9	2,550,869	1,971,075
Investments	10	2,216,190	3,480,847
		<u>4,837,059</u>	<u>5,451,922</u>
<b>Current assets</b>			
Stocks	11	987,909	695,090
Debtors	12		
Due within one year		5,492,455	5,253,358
Due after one year		1,000,000	500,000
Cash at bank and in hand		953,101	2,784,677
		<u>8,433,465</u>	<u>9,233,125</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>5,787,174</u>	<u>(6,489,026)</u>
<b>Net current assets</b>		<u>2,646,291</u>	<u>2,384,099</u>
<b>Total assets less current liabilities</b>		<b>7,482,350</b>	<b>7,836,021</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(5,231,396)</b>	<b>(5,718,183)</b>
<b>Provisions for liabilities and charges</b>	16	<u>(15,473)</u>	<u>(153,405)</u>
		<u>2,236,481</u>	<u>1,964,433</u>
<b>Capital and reserves</b>			
Called up share capital	17	300,000	300,000
Profit and loss account		1,936,481	1,664,433
<b>Equity shareholders' funds</b>		<u>2,236,481</u>	<u>1,964,433</u>

The financial statements were approved by the Board of Directors on 17/11/06

Signed on behalf of the Board of Directors

.....  ..... Director

The accompanying accounting policies and notes form part of these financial statements.

Financial statements for the period from 10 April 2005 to  
8 April 2006

## Consolidated cashflow statement

	Note	Period to 8 April 2006 £	Period to 9 April 2005 £
<b>Net cash inflow from operating activities</b>	1	3,577,615	2,477,645
<b>Return on investments and servicing of finance</b>			
Interest paid	(308,423)	(383,557)	
Hire purchase interest paid	(5,929)	(11,761)	
Interest received	547,248	209,736	
Dividends received	-	208	
<b>Net cash outflow from returns on investments and servicing of finance</b>		232,896	(185,374)
<b>Taxation</b>		(1,114,063)	(36,792)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(2,500,656)	(1,321,206)	
Receipts from sales of tangible fixed assets	558,755	284,552	
Receipts from sales of land/shares	-	-	
<b>Net cash outflow from capital expenditure and financial investment</b>		(1,941,901)	(1,072,654)
<b>Acquisition and disposals</b>			
Purchase of Intangible fixed assets		(70,000)	-
<b>Net cash inflow before financing</b>		684,547	1,182,825
<b>Financing</b>			
Bank loans received	-	2,025,000	
Bank loan repayments	(3,277,201)	(756,798)	
New loans made	-	(2,025,000)	
Loan repayments received	-	174,849	
Capital element of hire purchase payments	(243,674)	(146,296)	
<b>Net cash outflow from financing</b>		(3,520,875)	(728,245)
<b>(Decrease)/Increase in cash</b>		<u>(2,836,328)</u>	<u>454,580</u>

Financial statements for the period from 10 April 2005 to  
8 April 2006

**1 Reconciliation of operating profit to net cash inflow from operating activities**

	Period to 8 April 2006 £	Period to 9 April 2005 £
Operating profit	2,186,620	2,639,071
Amortisation	1,130,298	67,797
Depreciation	985,389	915,799
(Profit)/loss on sale of fixed assets	(162,656)	(126,777)
(Increase)/decrease in stocks	(835,269)	760,948
(Increase) in debtors	(1,249,578)	(192,759)
Increase/decrease in creditors	1,522,811	(1,587,334)
<b>Net cash inflow from operating activities</b>	<b>3,577,615</b>	<b>2,477,645</b>

**2 Analysis of net debt**

	At 9 April 2005 £	Cash flow £	Other non cash movements £	At 8 April 2006 £
Cash at bank and in hand	3,643,619	(2,836,328)	-	807,291
Debt due after one year	(5,658,446)	1,427,050	-	(4,231,396)
Debt due within one year	(2,689,828)	1,855,748	-	(834,080)
Hire purchase contracts	(513,055)	243,674	(91,224)	(360,605)
<b>Total</b>	<b>(5,217,710)</b>	<b>690,144</b>	<b>(91,224)</b>	<b>(4,618,790)</b>

**3 Reconciliation of net cash flow to movement in net debt**

	Period to 8 April 2006 £	Period to 9 April 2005 £
Increase in cash in the period	(2,836,328)	454,580
Cash (inflow)/outflow from change in debt	3,526,472	(1,233,228)
<b>Movement in net debt in the year</b>	<b>690,144</b>	<b>(778,646)</b>
New finance leases	(91,224)	(330,144)
Opening net debt	(5,217,710)	(4,108,918)
<b>Closing net debt</b>	<b>(4,618,790)</b>	<b>(5,217,710)</b>

**4 Information regarding directors and employees**

*Directors emoluments*

	Period to 8 April 2006 £	Period to 9 April 2005 £
Salaries	336,890	225,279
Pensions	10,995	7,847
	<u>347,885</u>	<u>233,126</u>

The directors Mr J B Shropshire and Mr D Thompson are also directors of the subsidiary companies, Riverfen Farms Limited, Stretham Farms Limited and Barway Farms Ltd. However, it is not practicable to allocate their remuneration between their services as directors of J B Shropshire & Sons Ltd and their services as directors to the subsidiaries

Pension contributions were made on behalf of 4 (2005: 3) directors. The highest paid director in the period received emoluments totalling £106,167 (2005: £83,986) including £3,233 (2005: £3,031) pension contributions.

The average number of employees of the company during the year was:

	Period to 8 April 2006 Number	Period to 9 April 2005 Number
Directors	7	5
Others	98	88
	<u>105</u>	<u>93</u>

Staff costs during the period (including directors):

	Period to 8 April 2006 £	Period to 9 April 2005 £
Wages and salaries	1,994,380	2,009,716
Social security costs	206,573	197,208
Pensions	40,559	29,446
	<u>2,241,512</u>	<u>2,236,370</u>

**5 Operating profit**

The operating profit is stated after:

	Period to 8 April 2006 £	Period to 9 April 2005 £
Auditors' remuneration:		
Audit services	39,935	17,876
Depreciation:		
Owned assets	856,361	830,094
Leased assets	<u>129,028</u>	<u>85,705</u>

**6 Interest payable and similar charges**

	Period to 8 April 2006 £	Period to 9 April 2005 £
Bank interest	242,228	289,116
Hire purchase interest	5,929	11,761
Other interest	66,195	94,441
	<u>314,352</u>	<u>395,318</u>

**7 Tax on profit on ordinary activities**

	Period to 8 April 2006 £	Period to 9 April 2005 £
<b>Current taxation</b>		
Corporation tax at 30% (2005: 30%) based on the profit for the period	1,199,390	752,827
Adjustment in respect of prior periods	<u>(20,338)</u>	<u>(70,387)</u>
Total current tax	1,179,052	682,440
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(132,391)	12,767
Adjustment in respect of prior years	<u>(7,156)</u>	<u>(3,140)</u>
	<u>1,039,505</u>	<u>692,067</u>

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 30%(2005: 30%) for the reasons set out in the following reconciliation.

	Period to 8 April 2006 %	Period to 9 April 2005 %
Standard tax rate for period as a percentage of profits	30	30
Expenses deductible for tax purposes	-	1
Capital allowances in excess of depreciation	6	(1)
Utilisation of tax losses	(1)	-
Amortisation not deductible for tax purposes	16	-
Chargeable gains	(1)	-
Prior year adjustment	<u>(1)</u>	<u>(2)</u>
Current tax for period as a percentage of profits	<u>49</u>	<u>28</u>



**8 Intangible fixed assets**

GROUP	Tenancy £	Sugar beet quota £	SFP entitlement £	Total £
<b>Cost</b>				
At 9 April 2005 and 8 April 2006	1,250,000	26,488	-	1,276,488
Additions	-	-	70,000	70,000
	<u>1,250,000</u>	<u>26,488</u>	<u>-</u>	<u>1,346,488</u>
<b>Accumulated depreciation</b>				
At 10 April 2005	125,000	15,893	-	140,893
Charge for year	1,125,000	5,298	-	1,130,298
At 8 April 2006	<u>1,250,000</u>	<u>21,191</u>	<u>-</u>	<u>1,271,191</u>
Net book amount at 8 April 2006	<u>-</u>	<u>5,297</u>	<u>70,000</u>	<u>75,297</u>
Net book amount at 9 April 2005	<u>1,125,000</u>	<u>10,595</u>	<u>-</u>	<u>1,135,595</u>

**9 Tangible fixed assets**

GROUP	Freehold property 2006 £	Leasehold property improvements 2006 £	Plant and machinery 2006 £	Total 2006 £
<b>Cost</b>				
At 10 April 2005	1,964,726	1,412,757	5,709,173	9,086,656
Additions in period	1,607,242	173,130	811,516	2,591,888
Disposals	(138,294)	-	(689,593)	(827,887)
At 8 April 2006	<u>3,433,674</u>	<u>1,585,887</u>	<u>5,831,096</u>	<u>10,850,657</u>
<b>Depreciation</b>				
At 10 April 2005	26,376	151,129	3,033,231	3,210,736
Charge for the period	43,490	54,751	887,148	985,389
Disposals	-	-	(431,788)	(431,788)
At 8 April 2006	<u>69,866</u>	<u>205,880</u>	<u>3,488,591</u>	<u>3,764,337</u>
<b>Net book value</b>				
At 8 April 2006	<u>3,363,808</u>	<u>1,380,007</u>	<u>2,342,505</u>	<u>7,086,320</u>
At 9 April 2005	<u>1,938,350</u>	<u>1,261,628</u>	<u>2,675,942</u>	<u>5,875,920</u>

The net book value of assets under hire purchase agreements is £634,808 (2005: £763,610).

**9 Tangible fixed assets continued**

COMPANY	Freehold property 2006 £	Plant and machinery 2006 £	Total 2006 £
<b>Cost</b>			
At 10 April 2005	1,110,437	1,187,364	2,297,801
Additions in period	1,607,242	17,202	1,624,444
Disposals	(138,294)	(1,142,662)	(1,280,956)
At 8 April 2006	<u>2,579,385</u>	<u>61,904</u>	<u>2,641,289</u>
<b>Depreciation</b>			
At 10 April 2005	26,376	300,350	326,726
Transfer	(26,376)	26,376	-
Charge for the period	43,490	199,933	243,423
Disposals	-	(479,729)	(479,729)
At 8 April 2006	<u>43,490</u>	<u>46,930</u>	<u>90,420</u>
<b>Net book value</b>			
At 8 April 2006	<u>2,535,895</u>	<u>14,978</u>	<u>2,550,869</u>
At 9 April 2005	<u>1,084,061</u>	<u>887,014</u>	<u>1,971,075</u>

The net book value of assets held under hire purchase agreements is £149,045 (2005: £195,822).

**10 Investments held as fixed assets**

					Shares in unlisted investments £
<b>GROUP</b>					
<b>Cost</b>					
At 10 April 2005 and 8 April 2006					<u>2</u>
<b>COMPANY</b>	<b>Shares in Stretham Farms Limited 2006 £</b>	<b>Shares in Riverfen Farms Limited 2006 £</b>	<b>Shares in Barway Farms Limited 2006</b>	<b>Shares in G's Growers Limited 2006 £</b>	<b>Total 2006 £</b>
<b>Cost</b>					
At 10 April 2005	100,157	8,624,464	-	1	8,742,622
Additions in period	-	-	185	-	185
At 8 April 2006	<u>100,157</u>	<u>8,624,464</u>	<u>185</u>	<u>1</u>	<u>8,742,807</u>
<b>Provision</b>					
At 10 April 2005	-	5,243,775	-	-	5,243,775
Charge for the period	-	1,264,843	-	-	1,264,843
Disposals	-	-	-	-	-
At 8 April 2006	<u>-</u>	<u>6,508,618</u>	<u>-</u>	<u>-</u>	<u>6,508,618</u>
<b>Net book value</b>					
At 8 April 2006	<u>100,157</u>	<u>2,115,846</u>	<u>185</u>	<u>1</u>	<u>2,216,189</u>
At 9 April 2005	<u>100,157</u>	<u>3,380,689</u>	<u>-</u>	<u>1</u>	<u>3,480,847</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*.

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

**11 Stocks**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>8 April 2006 £</b>	<b>9 April 2005 £</b>	<b>8 April 2006 £</b>	<b>9 April 2005 £</b>
Finished goods	1,101,734	403,086	359,687	125,800
Work in progress	1,030,216	840,624	628,222	569,290
Raw materials and consumables	133,565	186,535	-	-
	<u>2,265,515</u>	<u>1,430,245</u>	<u>987,909</u>	<u>695,090</u>

**12 Debtors**

	GROUP		COMPANY	
	8 April 2006	9 April 2005	8 April 2006	9 April 2005
	£	£	£	£
Due within one year:				
Trade debtors	3,580,142	1,574,423	1,601,482	696,492
Amounts owed by related parties	1,719,000	3,850,151	1,719,000	3,850,151
Amounts owed by subsidiary undertaking	-	-	1,314,048	-
Corporation tax	20,802	20,802	20,802	20,802
Other debtors	1,610,249	581,728	385,458	299,105
Prepayments and accrued income	883,765	537,276	451,665	386,808
	<u>7,813,958</u>	<u>6,564,380</u>	<u>5,492,455</u>	<u>5,253,358</u>
Due after one year:				
Amounts owed by subsidiary undertaking	-	-	1,000,000	500,000

**13 Creditors: amounts falling due within one year**

	GROUP		COMPANY	
	8 April 2006	9 April 2005	8 April 2006	9 April 2005
	£	£	£	£
Bank loans	478,355	2,328,506	478,355	2,328,506
Obligations under hire purchase contracts	265,345	243,874	59,737	64,011
Other loans	250,000	250,000	250,000	250,000
Trade creditors	4,145,649	4,219,678	1,864,427	3,000,638
Amounts owed to J B Shropshire Farming	105,725	-	105,725	-
Amounts owed to subsidiary undertakings	-	-	1,575,845	825,847
Corporation tax	639,399	574,400	203,103	-
Group relief	-	-	23,391	23,391
Other tax and social security	71,378	57,547	11,688	10,243
Other creditors	614,352	169,104	716,230	233,959
Accruals	1,848,459	816,423	498,673	112,431
	<u>8,418,662</u>	<u>8,659,532</u>	<u>5,787,174</u>	<u>6,849,026</u>

**14 Creditors: amounts falling due after more than one year**

	GROUP		COMPANY	
	8 April 2006 £	9 April 2005 £	8 April 2006 £	9 April 2005 £
Bank loans	2,731,396	3,108,446	2,731,396	3,108,446
Other loans	500,000	750,000	500,000	750,000
Amounts owed to JBS Farming	1,000,000	1,800,000	1,000,000	1,800,000
Amounts owed to subsidiary undertakings	-	-	1,000,000	-
Obligations under hire purchase contracts	95,260	269,181	-	59,737
	<u>4,326,656</u>	<u>5,927,627</u>	<u>5,231,396</u>	<u>5,718,183</u>

**15 Borrowings**

	GROUP		COMPANY	
	8 April 2006	9 April 2005	8 April 2006	9 April 2005
	£	£	£	£
Bank loans and overdrafts	3,209,751	5,436,952	3,209,751	5,436,952
Other loans	750,000	1,000,000	750,000	1,000,000
Obligations under hire purchase contracts	360,605	513,055	59,737	123,748
Loan from JBS Farming	1,000,000	1,800,000	1,000,000	1,800,000
Loan from subsidiary undertakings	-	-	1,000,000	-
	<u>5,320,356</u>	<u>8,750,007</u>	<u>6,019,488</u>	<u>8,360,700</u>
Less amounts falling due within one year	<u>993,700</u>	<u>4,783,853</u>	<u>788,092</u>	<u>4,603,990</u>
	<u>4,326,656</u>	<u>3,966,154</u>	<u>5,231,396</u>	<u>3,756,710</u>
Analysis of loan repayments:				
Bank loans and overdrafts				
In one year or less or on demand	478,355	2,328,506	478,355	2,328,506
In more than one year but not more than two years	478,355	478,355	478,355	478,355
In more than two years but not more than five years	1,435,065	1,435,065	1,435,065	1,435,065
In more than five years	817,976	1,195,026	817,976	1,195,026
Obligations under hire purchase contracts				
In one year or less or on demand	265,345	243,874	59,737	64,011
In more than one year but not more than two years	87,202	220,171	-	59,737
In more than two years but not more than five years	8,058	49,010	-	-
Loan from subsidiary undertakings				
In more than one year but not more than two years	-	-	1,000,000	-
Loan from JBS Farming				
In more than one year but not more than two years	1,000,000	1,800,000	1,000,000	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	250,000	500,000	250,000	500,000
	<u>5,320,356</u>	<u>8,750,007</u>	<u>6,019,488</u>	<u>8,360,700</u>

There is a fixed charge over freehold land amounting to 20.35 hectares as security for borrowing by G's Growers Limited a company in which the director, Mr J B Shropshire is also a director. At 8 April 2006 the amount outstanding on the loan was £1,925,000.

Financial statements for the period from 10 April 2005 to  
8 April 2006**Borrowings continued**

The company has the following loans:

- Bank loan 1 repayable in 40 quarterly instalments of £56,250 (BBR 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 (Fixed). The loan is secured on land and buildings owned by the group and Mr J B Shropshire.
- 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 8 April 2006 on the loans were as follows:

	8 April 2006 £	9 April 2005 £
Bank loan 1	1,518,750	1,743,750
Bank loan 2	1,691,000	1,843,051
Ecological loan	-	1,850,151
Loan from Mr J B Thompson	<u>750,000</u>	<u>1,000,000</u>

The company has entered into an interest rate swap on loans to the value of £1,759,693 which is due to mature on 26 May 2014. The fair value of the interest rate swap at the year end was £72,444.

**16 Provisions for liabilities and charges**

Deferred taxation

	Group £	Company £
<b>Movement in period</b>		
At 10 April 2005	525,327	153,405
Charge for period	<u>(139,548)</u>	<u>137,932</u>
At 8 April 2006	<u>385,779</u>	<u>15,473</u>

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

	Group Provided		Company Provided	
	8 April 2006 £	9 April 2005 £	8 April 2006 £	9 April 2005 £
Capital allowances in excess of depreciation	<u>385,779</u>	<u>525,327</u>	<u>15,473</u>	<u>153,405</u>

**17 Called up share capital**

	8 April 2006 £	9 April 2005 £
Authorised 1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 300,000 Ordinary share of £1	<u>300,000</u>	<u>300,000</u>

**18 Financial liabilities**

The group is committed to pay £1,151,366 (2005: £1,288,703) for land rents under informal leases in the next financial period.

**19 Related party transactions**

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:

- Mablelane Limited and its subsidiaries - companies in which Mr J B Shropshire is a director
- Laneguard Limited - a company in which Mr J B Shropshire is a director
- G S Shropshire & Sons - a partnership in which Mr J B Shropshire is a partner
- JBS Farming - J B Shropshire's sole trading farming business
- A group headed by G S Shropshire Holdings Limited - a company in which Mr J B Shropshire is a director
- G's Growers Limited - a company in which Mr J B Shropshire is a director

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

	2006 £	2005 £
Total sales	19,290,788	16,148,017
Total purchases	9,649,158	7,750,958
Sale of fixed assets	81,900	72,500
Purchase of fixed assets	2,325	52,241
Interest paid	106,848	176,810
Interest received	219,248	123,671
Balances included within trade debtors	3,439,238	1,445,345
Other balances included in debtors	2,562,380	3,851,470
Balances included within trade creditors	3,032,827	1,462,300
Other balances included in creditors	<u>1,105,725</u>	<u>1,962,704</u>

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



**20      Contingent liabilities**

The company has contingent liabilities in respect of an ultimate composite guarantee given to The Royal Bank of Scotland PLC on the bank indebtedness of Streatham Farms Ltd, Riverfen Farms Ltd and Barway Farms Ltd. No provision has however been made in these accounts as no liability is expected to arise. At 8 April 2006 the total borrowings outstanding were £6,521,555 (2005: Nil). However the net cash at the bank within the group was £453,867.

**21      Ultimate controlling party**

The immediate and ultimate controlling party is Mr J B Shropshire