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BAYWELL FARMING LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2000

Company Registration Number FC9525



NM

HOWSONS

Chartered Accountants

Registered Auditors

BAYWELL FARMING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year has been that of farming.

The company traded at a loss during the year, but the directors expect that it will return to profitability in the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	At 31 December 2000	Ordinary Shares At 1 January 2000
Sir Bamford DL	-	-
Lady Bamford	-	-

Neither director had any direct interest in the share capital of the company during the year.

EURO

The company does not trade with customers and suppliers who are resident in those European countries that have just entered into the first phase of the introduction of the single currency, the Euro, with effect from 1 January 1999.

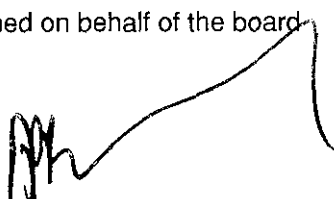
CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

AUDITORS

The auditors, Howsons, shall continue in office under the Elective Resolution to section 386 of the Companies Act 1985 passed by the company on 18 October 1990, the directors having received no notice from any member requiring their re-appointment.

Signed on behalf of the board



SIR ANTHONY BAMFORD DL
CHAIRMAN

BAYWELL FARMING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 6 to 7, 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; and

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. The directors 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.

BAYWELL FARMING LIMITED

AUDITORS' REPORT TO THE DIRECTORS

YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 4 to 12, which have been prepared under the historical cost convention, and the accounting policies set out on pages 6 to 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to 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 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 31 December 2000 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



HOWSONS

Chartered Accountants
Registered Auditors

Winton House
Stoke Road
Stoke on Trent
Staffordshire
ST4 2RW

28 JUNE 2001

BAYWELL FARMING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
TURNOVER	2	278,056	356,727
Cost of sales		190,118	194,225
GROSS PROFIT		87,938	162,502
Farming expenses		223,891	248,914
Administrative expenses		102,434	69,615
Loss/(Profit) on disposal of tangible fixed assets		1,075	(72,503)
Other operating income	3	(34,595)	(35,183)
OPERATING LOSS	4	(204,867)	(48,341)
Interest receivable	6	4,391	7,465
Interest payable and similar charges	7	-	(206)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(200,476)	(41,082)
Tax on loss on ordinary activities	8	(6,424)	(64,803)
DEFICIT FOR THE FINANCIAL YEAR		<u>(206,900)</u>	<u>(105,885)</u>

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the results for the year as set out above.

CONTINUING OPERATIONS

All of the activities of the company are classed as continuing.

The notes on pages 6 to 12 form part of these financial statements.

BAYWELL FARMING LIMITED

BALANCE SHEET

31 DECEMBER 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible assets	9		2,420		2,420
Tangible assets	10		1,109,908		1,127,020
			<u>1,112,328</u>		<u>1,129,440</u>
CURRENT ASSETS					
Stocks	12	234,903		240,533	
Debtors	13	136,756		169,652	
Cash at bank		8,078		99,930	
		<u>379,737</u>		<u>510,115</u>	
CREDITORS: Amounts falling due within one year	14	<u>441,926</u>		<u>388,940</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>62,189</u>		<u>121,175</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,050,139</u>		<u>1,250,615</u>
CREDITORS: Amounts falling due after more than one year	15		<u>812,916</u>		<u>812,916</u>
			<u>237,223</u>		<u>437,699</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	16		<u>71,227</u>		<u>64,803</u>
			<u>165,996</u>		<u>372,896</u>
CAPITAL AND RESERVES					
Called-up share capital	18		55,249		55,249
Profit and loss account	19		110,747		317,647
SHAREHOLDERS' FUNDS	20		<u>165,996</u>		<u>372,896</u>

These financial statements were approved by the board of directors on the 28 June 2001


SIR ANTHONY BAMFORD DL
CHAIRMAN

The notes on pages 6 to 12 form part of these financial statements.

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover represents the invoiced value of goods sold in the year inclusive of subsidies, excluding VAT.

Intangible fixed assets

Milk quota included as an intangible asset has been written off over 7 years on a straight line basis on cost. Sheep quota is carried at its acquisition cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Farm buildings and roads	- 2.5 / 5 %
Farm machinery	- 10 / 25 %
Office equipment	- 25 %
Motor Vehicles	- 25 %
Dairy equipment	- 2.5 / 25 %

Depreciation is charged in full on all assets purchased during the year, but is not charged on assets disposed of during the year. The equipment purchased is expected to have longer useful life and such a depreciation rate of 15% reducing balance was applied to the acquisitions in the year. All previous purchases will continue to be depreciated at 25%.

Stocks

Stock is valued at the lower of cost and net realisable value. The cost of farm grown stores, growing crops and farm reared livestock is determined by reference to generally accepted farming valuation principles.

In common with other farming enterprises farm grown stores include an element of subsidies received proportionate to stores and the produce.

Pension costs

The company is a participant in The J C Bamford Lifeplan and the J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefit Scheme, which are funded, defined benefit schemes. The costs of providing pensions for employees are charged in the profit and loss account over the average working life of the employees, in accordance with the recommendations of a qualified actuary. Any funding surpluses or deficits that may arise from time to time are amortised over the average remaining service life of employees.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Subsidies

Subsidies received are accounted for on the accruals basis.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2000 £	1999 £
United Kingdom	<u>278,056</u>	<u>356,727</u>

3. OTHER OPERATING INCOME

	2000 £	1999 £
Income from shares	2,567	905
Sundry income	28,227	22,388
Quota leasing	3,801	11,890
	<u>34,595</u>	<u>35,183</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2000 £	1999 £
Directors' emoluments	-	-
Depreciation	79,749	84,084
Loss/(Profit) on disposal of fixed assets	1,075	(72,503)
Auditors' remuneration		
- as auditors	5,000	4,000
Rent	66,732	23,175
Hire of machinery	<u>24,367</u>	<u>21,557</u>

PROFIT ON DISPOSAL OF TANGIBLE FIXED ASSETS

During the prior year a combine harvester was destroyed by fire, which had a net book value of £16,799. Insurance proceeds of £87,294 and scrap proceeds of £1,850 gave rise to a profit on disposal of £72,345. Other disposals resulted in a surplus of £158.

5. STAFF NUMBERS AND COSTS - (EXCLUDING DIRECTORS)

The average number of persons employed by the company during the financial year amounted to:

	2000 No.	1999 No.
Farming	<u>4</u>	<u>4</u>

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

5. STAFF NUMBERS AND COSTS - (EXCLUDING DIRECTORS) *(continued)*

The aggregate payroll costs of these employees were:

	2000	1999
	£	£
Wages and salaries	87,446	102,690
Social security costs	6,828	8,173
Other pension costs	6,920	7,583
	<u>101,194</u>	<u>118,446</u>

6. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest receivable	4,379	7,465
Interest on overpayment of PAYE/NI	12	-
	<u>4,391</u>	<u>7,465</u>

7. INTEREST PAYABLE

	2000	1999
	£	£
Other similar charges payable	-	206
	<u>-</u>	<u>206</u>

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Corporation Tax	-	-
Increase in deferred tax provision	6,424	37,149
	<u>6,424</u>	<u>37,149</u>
Adjustment in respect of previous years:		
Deferred tax	-	27,654
	<u>6,424</u>	<u>64,803</u>

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

9. INTANGIBLE FIXED ASSETS

	Sheep Quota £	Milk Quota £	Total £
COST			
At 1 January 2000 and 31 December 2000	<u>2,420</u>	<u>199,636</u>	<u>202,056</u>
AMORTISATION			
At 1 January 2000	-	<u>199,636</u>	<u>199,636</u>
At 31 December 2000	-	<u>199,636</u>	<u>199,636</u>
NET BOOK VALUE			
At 31 December 2000	<u>2,420</u>	-	<u>2,420</u>
At 31 December 1999	<u>2,420</u>	-	<u>2,420</u>

At the end of 1999 the milk quota had been fully amortised, however, it is expected that the benefits will continue to accrue until the year 2006.

10. TANGIBLE FIXED ASSETS

	Farm Buildings £	Farm Machinery £	Fixtures & Equipment £	Motor Vehicles £	Total £
COST					
At 1 January 2000	961,944	259,071	212,048	12,474	1,445,537
Additions	17,986	32,068	18,208	-	68,262
Disposals	-	(16,403)	-	-	(16,403)
At 31 December 2000	<u>979,930</u>	<u>274,736</u>	<u>230,256</u>	<u>12,474</u>	<u>1,497,396</u>
DEPRECIATION					
At 1 January 2000	129,248	83,912	95,843	9,514	318,517
Charge for the year	41,235	10,322	27,452	740	79,749
Disposals	-	(10,778)	-	-	(10,778)
At 31 December 2000	<u>170,483</u>	<u>83,456</u>	<u>123,295</u>	<u>10,254</u>	<u>387,488</u>
NET BOOK VALUE					
At 31 December 2000	<u>809,447</u>	<u>191,280</u>	<u>106,961</u>	<u>2,220</u>	<u>1,109,908</u>
At 31 December 1999	<u>832,696</u>	<u>175,159</u>	<u>116,205</u>	<u>2,960</u>	<u>1,127,020</u>

11. INVESTMENTS

The company acquired 4,160 Dairy Crest shares during 1996 at no cost as an eligible milk producer. The company also holds 428 ordinary shares in National Milk Records these were also acquired at no cost.

At 1 January 2000 the company held 4,125 preference shares of £1 each in Milk Marque Limited, acquired at no cost. During the year 1,650 of these preference shares were redeemed at par, the capital received arising has been included in other income. At 31 December 2000 the company held 2,475 preference shares of £1 each in Milk Marque Limited.

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

12. STOCKS

	2000 £	1999 £
Farmgrown stores	48,282	76,336
Livestock	126,008	118,990
Growing crops	31,245	30,337
Other	29,368	14,870
	<u>234,903</u>	<u>240,533</u>

13. DEBTORS

	2000 £	1999 £
Trade debtors	95,884	29,435
Corporation Tax repayable	6,635	6,635
Other debtors	31,000	131,075
Prepayments	3,237	2,507
	<u>136,756</u>	<u>169,652</u>

Included within prepayment is an amount of £2,887 (1999 - £1,996) in respect of pension costs.

14. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	195,036	192,780
Amounts owed to parent undertakings	34,100	34,100
Other taxation and social security	2,223	2,234
Amount owed to directors	179,379	129,304
Deferred income	21,538	22,752
Accruals	9,650	7,770
	<u>441,926</u>	<u>388,940</u>

15. CREDITORS: Amounts falling due after more than one year

	2000 £	1999 £
Loans	<u>812,916</u>	<u>812,916</u>

The loans which are unsecured, repayable on demand (subject to 12 months notice) and interest free are due to Wootton Farms Limited, the company's parent of £163,150 and J C Bamford Excavators Limited, a group company, of £649,766.

16. DEFERRED TAXATION

	2000 £	1999 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	64,803	-
Increase in provision	6,424	64,803
Provision carried forward	<u>71,227</u>	<u>64,803</u>

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

16. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2000		1999	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>71,227</u>	<u>5,017</u>	<u>64,803</u>	<u>17,090</u>

17. RELATED PARTY TRANSACTIONS

The company occupies farm land, on the Daylesford Estate, which is owned by the director, Sir Anthony Bamford. In the year the company was charged rent by the Estate of £66,731 (1999 - £23,175). The farm and the estate employed a joint manager, costs recharged to the estate were £14,359 (1999 - £Nil).

J C Bamford Excavators Limited, a subsidiary of the company's ultimate parent company, incurred costs on behalf of the company and recharged them at cost. The value of recharges made during the year was £123,515(1999 - £313,980). J C Bamford Excavators Limited also recharged £24,367(1999 - £28,631) in respect of hire charges for machines used on the farm. Through a subsidiary £5,387(1999 - £6,634) was charged in relation to insurance. The balance of such recharges not paid at the year end amounted to £157,585(1999 - £150,484).

18. SHARE CAPITAL

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>55,249</u>	<u>55,249</u>

The authorised share capital of the company consists of a maximum of 500 registered shares without par value, of which 3 shares have been issued with a capital paid in of US\$100.00. This has been converted to sterling at a rate on the date of acquisition.

19. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
At 1 January 2000	317,647	423,532
Deficit for the financial year	<u>(206,900)</u>	<u>(105,885)</u>
At 31 December 2000	<u>110,747</u>	<u>317,647</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Loss for the financial year	<u>(206,900)</u>	<u>(105,885)</u>
Shareholders' funds at 1 January 2000	372,896	478,781
Shareholders' funds at 31 December 2000	<u>165,996</u>	<u>372,896</u>

The shareholders funds are wholly-attributable to equity interests.

BAYWELL FARMING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

21. INCORPORATION AND ULTIMATE HOLDING COMPANY

The company, which is incorporated in Monrovia, Liberia, is wholly owned by Wootton Farms Limited, a company registered in England and Wales and whose ultimate controlling party is Bamford family interests.