

Baywell Farming Limited

Company Registration Number FC9525

REPORT AND ACCOUNTS

For the year ended 31 December 1996



JC BARNFORD EXCAV
BB
215 —

HOWSONS

Chartered Accountants

Registered Auditors

Baywell Farming Limited

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The company traded profitably during the year and the directors expect that it will continue to do so for the foreseeable future. The directors do not recommend the payment of a dividend for the year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently were as follows:-

Sir Anthony Bamford DL
Lady Bamford

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

FIXED ASSETS

The changes in tangible fixed assets are set out in note 8 to the accounts.

The changes in intangible fixed assets are set out in note 7.

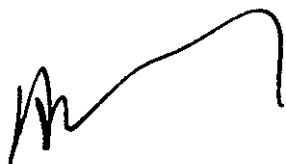
CLOSE COMPANY STATUS

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

AUDITORS

The auditors, Howsons, have expressed their willingness to continue in office, and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

Signed on behalf of the Board



SIR ANTHONY BAMFORD DL

CHAIRMAN

Baywell Farming Limited

DIRECTORS RESPONSIBILITIES

For the year ended 31 December 1996

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;
- prepare the financial statements on the going concern basis unless it is not appropriate 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR'S REPORT TO THE MEMBERS

OF BAYWELL FARMING LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of 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 the 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 at 31 December 1996 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Howsons
Chartered Accountants
Registered Auditors

P O Box 165
Winton House
Stoke Road
Stoke-on-Trent
ST4 2RN

Date: 24 October 1997

Baywell Farming Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1996

		1996		1995	
	Note	£	£	£	£
TURNOVER - continuing operations	1		543,214		427,163
Cost of sales			<u>256,923</u>		<u>161,396</u>
GROSS PROFIT			286,291		265,767
Farming expenses		150,304		147,897	
Administrative expenses		<u>72,937</u>		<u>74,220</u>	
			<u>223,241</u>		<u>222,117</u>
OPERATING PROFIT - continuing operations	2		63,050		43,650
Interest receivable	4		12,219		9,204
Other income	5		<u>64,479</u>		<u>42,849</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			139,748		95,703
Taxation on profit on ordinary activities	6		<u>44,725</u>		<u>41,260</u>
PROFIT FOR THE YEAR AFTER TAXATION, BEING THE RETAINED PROFIT FOR THE YEAR			<u>95,023</u>		<u>54,443</u>

TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the retained profit for the year ends as stated.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The accounts are prepared under the historical cost convention and thus the reported profit on ordinary activities before taxation is the historical cost profit.

Baywell Farming Limited

BALANCE SHEET

As at 31 December 1996

		1996		1995	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	7		54,317		82,845
Tangible assets	8		<u>278,389</u>		<u>269,631</u>
			332,706		352,476
CURRENT ASSETS					
Stocks	10	261,417		297,883	
Debtors	11	47,270		139,956	
Cash at bank and in hand		<u>421,322</u>		<u>166,300</u>	
		730,009		604,139	
CREDITORS: Amounts falling due within one year	12	<u>226,801</u>		<u>214,209</u>	
NET CURRENT ASSETS			<u>503,208</u>		<u>389,930</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			835,914		742,406
CREDITORS: Amounts falling due after more than one year	13		198,916		198,916
PROVISION FOR LIABILITIES AND CHARGES	14		<u>12,380</u>		<u>13,895</u>
NET ASSETS			<u>624,618</u>		<u>529,595</u>
CAPITAL AND RESERVES					
Called up share capital	15		55,249		55,249
Profit and loss account	16		<u>569,369</u>		<u>474,346</u>
SHAREHOLDERS' FUNDS	17		<u>624,618</u>		<u>529,595</u>

The accounts were approved by the Board of Directors on: 24/12 October 1997



SIR ANTHONY BAMFORD DL

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are 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, (excluding Value Added Tax) inclusive of subsidies. All turnover is achieved within the United Kingdom.

Tangible Fixed Assets

Tangible fixed assets are included at cost as set out in note 7 to the accounts.

Depreciation is calculated so as to write-off the original cost on a reducing balance basis over the expected useful lives of the assets concerned. Depreciation is charged in full on all assets disposed of during the year. The principal rates used are:-

	%
Farm buildings and roads	2.5 - 5.00
Farm machinery	10
Dairy equipment	25
Office equipment	25

Intangible Fixed Assets

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

Stock

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.

Pension Costs

The pension cost charge represents contributions payable by the company to the fund.

Deferred Taxation

Provision is only made for deferred taxation, using the liability method, in respect of timing differences arising from the difference in treatment of certain items for accounting and taxation purposes, where it is considered that the deferral is unlikely to continue for the foreseeable future and where the consequent liability is expected to be material.

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

2. OPERATING PROFIT

Operating profit is stated after the following:-

	1996 £	1995 £
Depreciation	20,952	20,728
Surplus on sale of assets	728	4,683
Amortisation of milk quota	28,528	28,528
Rent	23,175	23,175
Auditors remuneration	2,350	2,700
Hire of machinery	4,051	6,219

No director received any remuneration for this or the previous year.

3. EMPLOYEES (excluding directors)

The average number of persons employed by the company during the year was 4 (1995: 4).

The aggregate payroll costs of these persons were:-

	1996 £	1995 £
Wages and salaries	72,343	74,610
Social security costs	6,091	6,037
Other pension costs	<u>6,766</u>	<u>6,149</u>
	85,200	86,796

4. INTEREST RECEIVABLE

	1996 £	1995 £
Bank interest	12,197	9,204
Interest on tax refund	<u>22</u>	<u>-</u>
	12,219	9,204

5. OTHER INCOME

	1996 £	1995 £
Quota leasing	58,593	40,223
Income from shares	4,037	-
Sundry income	<u>1,849</u>	<u>2,626</u>
	64,479	42,849

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Corporation tax at 33% (1994: 33%):-		
On profit for the year	54,036	39,169
Adjustments in respect of prior years	(7,796)	24
Deferred taxation	<u>(1,515)</u>	<u>2,067</u>
	<u>44,725</u>	<u>41,260</u>

7. INTANGIBLE FIXED ASSETS

	Sheep Quota £	Milk Quota £	Total £
Sheep and Milk Quota:-			
COST			
At 1 January 1996 and 31 December 1996	<u>2,420</u>	<u>199,636</u>	<u>202,056</u>
AMORTISATION			
At 1 January 1996	-	119,211	119,211
Charge for the year	<u>-</u>	<u>28,528</u>	<u>28,528</u>
At 31 December 1996	<u>-</u>	<u>147,739</u>	<u>147,739</u>
NET BOOK VALUE			
At 31 December 1996	<u>2,420</u>	<u>51,897</u>	<u>54,317</u>
At 31 December 1995	<u>2,420</u>	<u>80,425</u>	<u>82,845</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

8. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Farm Buildings £	Farm Machinery £	Fixtures & Equipment £	Total £
COST					
At 1 January 1996	12,474	243,991	151,048	84,427	491,940
Additions	-	11,581	16,989	1,140	29,710
Disposals	-	-	(236)	(200)	(436)
At 31 December 1996	12,474	255,572	167,801	85,367	521,214
DEPRECIATION					
At 1 January 1996	3,119	66,294	72,754	80,142	222,309
Charge for the year	2,338	7,730	9,528	1,356	20,952
Disposals	-	-	(236)	(200)	(436)
At 31 December 1996	5,457	74,024	82,046	81,298	242,825
NET BOOK VALUE					
At 31 December 1996	7,017	181,548	85,755	4,069	278,389
At 31 December 1995	9,355	177,697	78,294	4,285	269,631

9. INVESTMENTS

The company acquired 4,160 Dairy Crest shares during the year at no cost as an eligible milk producer. The company also holds 428 ordinary shares in Nation of Milk Records and £2,358 of Milk Marque Limited Loan Stock, both acquired at no cost.

10. STOCK

	1996 £	1995 £
Farmgrown stores	81,034	117,499
Livestock	94,008	103,838
Growing crops	70,297	57,701
Other	16,078	18,845
	261,417	297,883

11. DEBTORS

	1996 £	1995 £
Trade debtors	28,766	117,237
Other debtors	11,393	19,728
Prepayments	3,462	2,991
Corporation tax	3,649	-
	47,270	139,956

Included in prepayments is an amount of £1,807 (1995: £1,701) in respect of pension costs.

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	32,324	41,119
Amounts owed to parent company	34,100	29,100
Other creditors	3,586	7,820
Accruals	6,627	6,390
Deferred Income	32,857	47,052
Amount owed to directors	63,271	43,559
Corporation Tax	<u>54,036</u>	<u>39,169</u>
	<u>226,801</u>	<u>214,209</u>

Included in other creditors is the following amount:-

Taxation and social security	<u>1,403</u>	<u>1,499</u>
------------------------------	--------------	--------------

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

	1996 £	1995 £
Loans	<u>198,916</u>	<u>198,916</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, (£163,150) and J.C. Bamford Excavators Limited, a group company, (£35,766).

14. PROVISION FOR LIABILITIES AND CHARGES

	Provision		Full Potential Liability	
	1996 £	1995 £	1996 £	1995 £
Deferred Taxation				
Accelerated Capital Allowances	<u>12,380</u>	<u>13,895</u>	<u>38,787</u>	<u>37,345</u>

15. SHARE CAPITAL

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 \$100,000. This has been converted to sterling at the rate on the date of acquisition.

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

16. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
Profit at 31 December 1995	474,346	419,903
Profit for the year	<u>95,023</u>	<u>54,443</u>
Profit at 31 December 1996	<u>569,369</u>	<u>474,346</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the year after taxation being net increase in shareholders' funds	95,023	54,443
Shareholders' funds at 31 December 1995	<u>529,595</u>	<u>475,152</u>
Shareholders' funds at 31 December 1996	<u>624,618</u>	<u>529,595</u>

Shareholders' funds are wholly attributable to equity interests.

18. TRANSACTIONS WITH DIRECTORS

In the year the company was charged £23,175 rent by Daylesford Estate, which is owned by the directors, Sir Anthony and Lady Bamford.

19. RELATED PARTY TRANSACTIONS

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 balance of such recharges not paid at the year end amounted to £5,489.

20. INCORPORATION & 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 are Bamford family interests.

21. PENSION SCHEME ARRANGEMENTS

The company operates a pension scheme for its employees in association with a number of other companies. It is a funded, defined benefit scheme.

The fund is valued every three years by a professionally qualified independent actuary and overall contribution rates are determined by the actuary.

As at 6th April, 1995, when the fund was last valued, on an ongoing basis method, it was 107% funded on the final salary target. The company continues to pay contributions at 14% of pensionable salary.