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Baywell Farming Limited

Company Registration Number FC9525

REPORT AND ACCOUNTS

For the year ended 31 December 1995



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 1995.

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.

The directors do not recommend the payment of a dividend, therefore £54,443 is to be transferred to reserves.

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 7 to the accounts. The directors consider that the market value of freehold land and buildings is in excess of their net book value.

The changes in intangible fixed assets are set out in note 6.

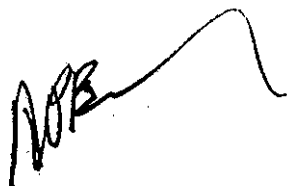
CLOSE COMPANY STATUS

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 1995

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.

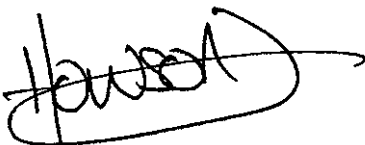
BASIS OF OPINION

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 1995 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

Park Chambers,
28 Avenue Road,
Stoke-on-Trent,
ST4 2EZ.

Date: 10 October 1996

Baywell Farming Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1995

		1995		1994	
	Note	£	£	£	£
TURNOVER - continuing operations	1	427,163		410,512	
Cost of sales		<u>161,396</u>		<u>180,403</u>	
GROSS PROFIT		265,767		230,109	
Farming expenses		147,897		135,110	
Administrative expenses		<u>74,220</u>		<u>82,799</u>	
		<u>222,117</u>		<u>217,909</u>	
OPERATING PROFIT - continuing operations	2	43,650		12,200	
Interest receivable	4	9,204		6,040	
Other income		<u>42,849</u>		<u>30,728</u>	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		95,703		48,968	
Taxation on profit on ordinary activities	5	<u>41,260</u>		<u>27,615</u>	
PROFIT FOR THE YEAR AFTER TAXATION, BEING THE RETAINED PROFIT FOR THE YEAR		<u>54,443</u>		<u>21,353</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.

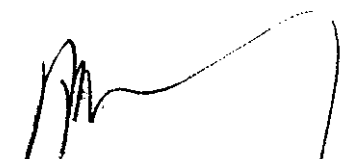
Baywell Farming Limited

BALANCE SHEET

As at 31 December 1995

		1995		1994	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	6		82,845		111,373
Tangible assets	7		<u>269,631</u>		<u>255,652</u>
			352,476		367,025
CURRENT ASSETS					
Stocks	8	297,883		217,992	
Debtors	9	139,956		72,721	
Cash at bank and in hand		<u>166,300</u>		<u>168,646</u>	
		604,139		459,359	
CREDITORS: Amounts falling due within one year	10	<u>214,209</u>		<u>140,488</u>	
NET CURRENT ASSETS			<u>389,930</u>		<u>318,871</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			742,406		685,896
CREDITORS: Amounts falling due after more than one year	11		198,916		198,916
PROVISION FOR LIABILITIES AND CHARGES	12		<u>13,895</u>		<u>11,828</u>
NET ASSETS			<u>529,595</u>		<u>475,152</u>
CAPITAL AND RESERVES					
Called up share capital	13		55,249		55,249
Profit and loss account	14		<u>474,346</u>		<u>419,903</u>
SHAREHOLDERS' FUNDS	15		<u>529,595</u>		<u>475,152</u>

The accounts were approved by the Board of Directors on: 10 October 1996



SIR ANTHONY BAMFORD DL

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

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 6 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. 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.

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 in respect of timing differences 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 1995

2. OPERATING PROFIT

Operating profit is stated after the following:-

	1995 £	1994 £
Depreciation	20,728	17,338
(Deficit)/surplus on sale of assets	4,683	(849)
Amortisation of milk quota	28,528	28,528
Rent	23,175	23,175
Auditors remuneration	2,700	2,700
Hire of machinery	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 (1994: 4).

The aggregate payroll costs of these persons were:-

	1995 £	1994 £
Wages and salaries	74,610	70,619
Social security costs	6,037	5,686
Other pension costs	<u>6,149</u>	<u>6,750</u>
	<u>86,796</u>	<u>83,055</u>

4. INTEREST RECEIVABLE

	1995 £	1994 £
Bank interest	<u>9,204</u>	<u>6,040</u>

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
Corporation tax at 33% (1994: 33%):-		
On profit for the year	39,169	24,130
Adjustments in respect of prior years	24	357
Deferred taxation	<u>2,067</u>	<u>3,128</u>
	<u>41,260</u>	<u>27,615</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

6. INTANGIBLE FIXED ASSETS

Sheep and Milk Quota:-	1995 £
Cost	
At 1 January 1995	202,056
Additions	-
At 31 December 1995	202,056
Amortisation	
At 1 January 1995	90,683
Charge for the year	28,528
At 31 December 1995	119,211
Net Book Values	
At 31 December 1995	82,845
At 1 January 1995	111,373

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Farm Buildings £	Farm Machinery £	Fixtures & Equipment £	Total £
COST					
At 1 January 1995	-	242,211	149,211	120,934	512,356
Additions	12,474	1,780	30,335	-	44,589
Disposals	-	-	(28,498)	(36,507)	(65,005)
At 31 December 1995	12,474	243,991	151,048	84,427	491,940
DEPRECIATION					
At 1 January 1995	-	58,813	82,671	115,220	256,704
Charge for the year	3,119	7,481	8,699	1,429	20,728
Disposals	-	-	(18,616)	(36,507)	(55,123)
At 31 December 1995	3,119	66,294	72,754	80,142	222,309
NET BOOK VALUE					
At 31 December 1995	9,355	177,697	78,294	4,285	269,631
At 31 December 1994	-	183,398	66,540	5,714	255,652

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

8. STOCK

	1995 £	1994 £
Farmgrown stores	117,499	65,369
Livestock	103,838	93,678
Growing crops	57,701	41,831
Other	<u>18,845</u>	<u>17,114</u>
	<u>297,883</u>	<u>217,992</u>

9. DEBTORS

	1995 £	1994 £
Trade debtors	117,237	66,574
Other debtors	19,728	3,678
Prepayments	<u>2,991</u>	<u>2,469</u>
	<u>139,956</u>	<u>72,721</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Trade creditors	41,119	21,879
Amounts owed to parent company	29,100	24,100
Other creditors	7,820	8,509
Accruals	6,390	5,540
Deferred Income	47,052	18,415
Amount owed to directors	43,559	37,942
Corporation Tax	<u>39,169</u>	<u>24,103</u>
	<u>214,209</u>	<u>140,488</u>

Included in other creditors is the following amount:-

Taxation and social security	<u>1,499</u>	<u>1,441</u>
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11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
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).

Baywell Farming Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

12. PROVISION FOR LIABILITIES AND CHARGES

	Provision		Full Potential Liability	
	1995 £	1994 £	1995 £	1994 £
Deferred Taxation				
Accelerated Capital Allowances	13,895	11,828	37,345	11,828

13. 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.

14. PROFIT AND LOSS ACCOUNT

	1995 £	1994 £
Profit at 31 December 1994	419,903	398,550
Profit for the year	<u>54,443</u>	<u>21,353</u>
Profit at 31 December 1995	<u>474,346</u>	<u>419,903</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the year after taxation being net increase in shareholders' funds	54,443	21,353
Shareholders' funds at 31 December 1994	<u>475,152</u>	<u>453,799</u>
Shareholders' funds at 31 December 1995	<u>529,595</u>	<u>475,152</u>

Shareholders' funds are wholly attributable to equity interests.

16. TRANSACTIONS WITH DIRECTORS

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

17. 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 holding company is Transmissions and Engineering Services, Netherlands B.V., a company incorporated in the Netherlands.

Baywell Farming Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

18. 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.