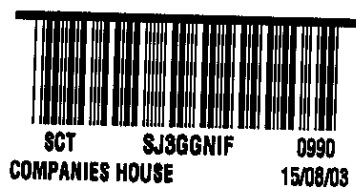


**CHARLES CONNELL & COMPANY
(HOLDINGS) LIMITED**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2002

COMPANY NO. 5140



DIRECTORS

C.R. CONNELL (Chairman and Managing Director)

H.C. DAVIDSON, C.A.

B.N.A. HARDMAN

SECRETARY

H.C. DAVIDSON, C.A.

AUDITORS

ALEXANDER SLOAN
Chartered Accountants
144 West George Street
GLASGOW G2 2HG

REGISTERED OFFICE

WOODEND,
CRAIGALLIAN,
MILNGAVIE,
GLASGOW G62 8EN

REPORT OF THE DIRECTORS

The Directors submit their Report and Financial Statements for the year ended 31st December 2002.

REVIEW OF THE BUSINESS

On the trading side the Farming Company returned a small profit, with the Broiler Division again showing a satisfactory return. Falling prices placed the Arable Division under considerable pressure to some extent mitigated by costs being kept under control. The recent fall in Sterling against the Euro hopefully will benefit Farm incomes in the coming year.

The Group has expanded its trading base into electricity generation with the conclusion of a contract to build a small hydro electric power station on its Inverness-shire property. Approval for this is presently at the final stage and hopefully generation should commence in mid-2004.

As mentioned last year world stock markets in the first quarter of 2002 had continued to drift lower. The second quarter showed a small rally which however was very short-lived and in the second half of the year markets fell sharply. The fall has continued into 2003 as uncertainty in regard to the situation in Iraq continues. Interest rates have continued to fall further reaching their lowest levels in nearly half a century.

PRINCIPAL ACTIVITIES

The main activities of the Group are Farming, Forestry, Property and Investments.

The Company's principal subsidiaries and their trades and activities are set out in Note 12 to the Financial Statements on page 16.

RESULTS

The results for the Group for the year are as shown in the Group Profit and Loss Account on page 6.

The loss retained by the Group amounted to £2,992,813 and has been deducted from reserves.

FIXED ASSETS

In the opinion of the Directors, the market value at 31st December 2002 of the Group's Land and Buildings, excluding Broiler Buildings, exceeds the Balance Sheet value by at least £3,200,000.

REPORT OF THE DIRECTORS (Contd.)

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their interests in the Share Capital of the Company were as follows:-

		Ordinary Shares of £5 each	6% Preference Shares of £2.50 each
C.R. CONNELL (including wife's shareholding)	At 31.12.02 & 31.12.01	2,363 (Beneficial) 13,013 (As Trustee)	78,000 (Beneficial) 15,560 (As Trustee)
H.C. DAVIDSON	At 31.12.02 & 31.12.01	NIL	NIL
B.N.A. HARDMAN	At 31.12.02 & 31.12.01	NIL	NIL

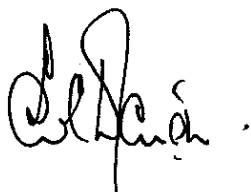
CHARITABLE & POLITICAL DONATIONS

During the year the Group made donations of £2,415 to Charitable Organisations.

AUDITORS

A resolution to re-appoint Alexander Sloan, Chartered Accountants, as Auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



H.C. DAVIDSON, C.A.
Secretary

Woodend,
Craigallan,
Milngavie,
Glasgow, G62 8EN

24th March 2003

YEAR ENDED 31st DECEMBER 2002

STATEMENT OF 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 profit or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:-

- * select suitable accounting policies and then apply them consistently;
- * make judgments 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 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. They 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.

The Directors confirm that the Financial Statements comply with the above requirements.

CHARLES CONNELL & COMPANY (HOLDINGS) LIMITED

We have audited the Financial Statements of Charles Connell & Company (Holdings) Limited for the year ended 31st December 2002 on pages 6 to 20. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 is not disclosed.

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

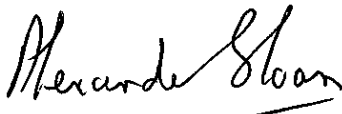
Basis of Opinion

We conducted our audit in accordance with 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 judgments 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 31st December 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**ALEXANDER SLOAN**

Chartered Accountants

Registered Auditors

GLASGOW, 24th March 2003

GROUP PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31st DECEMBER 2002**

	Notes	2002 £	2001 £
Turnover	2	1,424,077	1,444,515
Cost of Sales	3	<u>(1,170,758)</u>	<u>(1,126,226)</u>
Gross Profit		253,319	318,289
Administration Expenses	4	<u>(717,930)</u>	<u>(733,687)</u>
Other Operating Income	5	<u>(464,611)</u> <u>38,979</u>	<u>(415,398)</u> <u>75,821</u>
Other Operating Costs	6	<u>(425,632)</u> <u>(7,662)</u>	<u>(339,577)</u> <u>(10,112)</u>
Operating Loss		(433,294)	(349,689)
Investment Income less			
Interest Payable	7	(2,460,678)	(371,040)
Associated Undertaking	12	<u>680</u>	<u>10,518</u>
(Loss) on ordinary activities before Taxation	2	(2,893,292)	(710,211)
Taxation	8	<u>(23,430)</u>	<u>(93,708)</u>
(Loss) on ordinary activities after Taxation		(2,916,722)	(803,919)
Dividends Paid	9	<u>(76,091)</u>	<u>(76,091)</u>
Retained (Loss) for Year	18	<u>(2,992,813)</u>	<u>(880,010)</u>

STATEMENT OF RETAINED PROFITS

Retained (Loss) for the year	(2,992,813)	(880,010)
Retained Profit at beginning of year	<u>17,941,511</u>	<u>18,821,521</u>
Retained Profit at year end	<u>14,948,698</u>	<u>17,941,511</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31st DECEMBER 2002**

The Group made no recognised gains or losses in the years ended 31st December 2002 or 2001 other than the (loss) for the year.

GROUP BALANCE SHEET

AS AT 31st DECEMBER 2002

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible Assets	1 & 10		2,073,383		2,135,895
Intangible Assets	1 & 11		4,518		12,705
Investments	12		69,198		74,888
			2,147,099		2,223,488
CURRENT ASSETS					
Stocks	13	324,699		334,140	
Debtors	14	320,206		236,194	
Investments	12	9,928,325		14,471,894	
Short Term Deposits		5,480,662		3,903,152	
Cash at Bank and in Hand		105,137		56,211	
			16,159,029		19,001,591
CREDITORS - Amounts falling due within one year	15	(185,543)		(254,100)	
NET CURRENT ASSETS			15,973,486		18,747,491
TOTAL ASSETS LESS CURRENT LIABILITIES			18,120,585		20,970,979
CREDITORS - Amounts falling due after more than one year	15		(33,885)		(41,367)
			18,086,700		20,929,612
DEFERRED INCOME	16		(152,146)		(2,245)
			<u>17,934,554</u>		<u>20,927,367</u>
SHARE CAPITAL AND RESERVES					
Called up Share Capital	17		590,775		590,775
Reserves	18		17,343,779		20,336,592
TOTAL SHAREHOLDERS' FUNDS	21		<u>17,934,554</u>		<u>20,927,367</u>
Equity Shareholders' Funds			17,614,744		20,607,557
Non-equity Shareholders' Funds			319,810		319,810
			<u>17,934,554</u>		<u>20,927,367</u>


Signed on behalf of the Board on 24th March 2003



C.R. CONNELL
Director

BALANCE SHEET**AS AT 31st DECEMBER 2002**

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible Assets	10		144,301		144,301
Investments in Subsidiary Undertakings	12		1,052,556		1,052,556
			<hr/>		<hr/>
			1,196,857		1,196,857
CURRENT ASSETS					
Debtors	14	115,587		197,015	
Investments	12	7,364,347		10,622,868	
Short Term Deposits		3,494,032		3,800,804	
		<hr/>		<hr/>	
			10,973,966		14,620,687
CREDITORS - Amounts falling due within one year	15	(1,009,161)		(2,684,535)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			9,964,805		11,936,152
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,161,662		13,133,009
			<hr/>		<hr/>
CREDITORS - Amounts falling due after more than one year	15		(33,885)		(20,001)
			<hr/>		<hr/>
			<u>11,127,777</u>		<u>13,113,008</u>
SHARE CAPITAL AND RESERVES					
Called up Share Capital	17		590,775		590,775
Reserves	18		10,537,002		12,522,233
			<hr/>		<hr/>
TOTAL SHAREHOLDERS' FUNDS			<u>11,127,777</u>		<u>13,113,008</u>
			<hr/>		<hr/>
Equity Shareholders' Funds			10,807,967		12,793,198
Non-equity Shareholders' Funds			319,810		319,810
			<hr/>		<hr/>
			<u>11,127,777</u>		<u>13,113,008</u>

Signed on behalf of the Board on 24th March 2003


C.R. CONNELL
Director

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2002

	Notes	£	2002 £	£	2001 £
Net Cash (Outflow) from Operating Activities	19a)		(333,651)		(744,997)
Returns on Investments and Servicing of Finance					
Investment Income		655,786		617,974	
Interest Paid		(593)		(79)	
Non Equity Dividends Paid		(19,188)		(19,188)	
			636,005		598,707
Taxation	19b)		(22,569)		(197,855)
Capital Expenditure					
Purchase of Tangible Fixed Assets		(41,448)		(178,273)	
Purchase of Intangible Fixed Assets		-		(3,791)	
Proceeds of Sale of Tangible Fixed Assets		1,835		70,364	
			(39,613)		(111,700)
Equity Dividends Paid			(56,903)		(56,903)
Management of Liquid Resources					
Investments Purchased		(3,869,849)		(7,365,888)	
Proceeds from Sales of Investments		5,325,989		9,478,741	
Payments (in to) Short Term Deposits		(1,577,510)		(1,646,325)	
Currency (Losses)/Gains		(1,476)		2,085	
			(122,846)		468,613
Financing					
Partners Capital		6,370		1,470	
Hire Purchase Finance		-		64,100	
Grants Received		500		2,494	
Lease Premium Received		3,000		-	
Capital Element on Hire Purchase					
Rental Payment		(21,367)		(21,367)	
			(11,497)		46,697
Increase in Cash	19c)		<u>48,926</u>		<u>2,562</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2002

1. ACCOUNTING POLICIES

- a) The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. No Profit and Loss Account is presented for the Parent Company as permitted by Section 228 of the Companies Act 1985.

The Group Financial Statements comprise a consolidation of the Parent Company and all its Subsidiary Undertakings.

b) **Depreciation**

Buildings, plant and machinery are depreciated down to their estimated residual values at the end of their useful lives. The estimated useful lives of the assets are as follows:-

Buildings	-	5 to 50 years
Plant and Machinery	-	5 to 15 years
Quota	-	5 years

In the case of Land, no depreciation is provided. The Group's London property has not been depreciated as required by FRS15. The Directors consider that no depreciation is required on the long leasehold property as it has a long useful life and accordingly any depreciation charge would be immaterial. The Directors have also carried out an impairment review on the long leasehold property and they are satisfied that no adjustment is required to the carrying value.

c) **Goodwill**

Goodwill arising on acquisition is capitalised, classified as an asset on the Balance Sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill will be amortised over 3 years.

d) **Stocks**

Stocks have been valued at the lower of average cost and net realisable value.

e) **Investments**

Investments are valued at the lower of cost or net realisable value.

f) **Foreign Currencies**

The value of Current Assets and Liabilities in currencies other than sterling have been converted at the rate ruling on 31st December 2002.

g) **Grants**

Agricultural Grants received are credited to the Profit and Loss Account by annual instalments calculated at 20% on the straight line basis. Grants of a revenue nature are credited to income in the period to which they relate.

h) **Leasing**

Operating lease rentals are charged to the Profit and Loss Account on an annual basis.

i) **Pensions**

The Group operates a defined contribution pension scheme. Contributions are charged in the Profit and Loss Account as they become payable.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

2. ANALYSIS OF TURNOVER AND PROFIT		2002	2001
	Turnover	Profit/ (Loss)	Profit/ (Loss)
	£	£	£
Farming	1,283,707	11,975	53,633
Investment	140,370	(2,905,267)	(763,844)
	<u>1,424,077</u>	<u>(2,893,292)</u>	<u>(710,211)</u>
3. COST OF SALES		2002	2001
		£	£
Depreciation		89,704	71,491
Leasing Charges		549	549
Other Costs		1,080,505	1,054,186
		<u>1,170,758</u>	<u>1,126,226</u>
4. ADMINISTRATION EXPENSES			
Directors' Remuneration (excluding benefits)		235,000	239,700
Auditors' Remuneration		16,285	15,711
Depreciation		15,515	16,978
Other Expenses		451,130	461,298
		<u>717,930</u>	<u>733,687</u>
Directors' Remuneration			
For Services as Director		10,000	10,000
For Executive Services		289,204	295,127
		<u>299,204</u>	<u>305,127</u>
Emoluments of the Chairman and Highest Paid Director (excluding Pension Contributions)		<u>283,204</u>	<u>289,127</u>
Employees			
The average number of employees (excluding non-Executive Directors) during the year is made up as follows:		Number	Number
Production		27	27
Management and Administration		<u>8</u>	<u>8</u>
		<u>35</u>	<u>35</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

4. ADMINISTRATION EXPENSES (Contd.)	2002	2001
Employees (Contd.)		
Staff Costs for the above employees during the year amounted to:-	£	£
Wages and Salaries	828,301	834,335
Social Security Costs	78,846	82,388
Other Pension Costs	29,111	29,724
	<u>936,258</u>	<u>946,447</u>
5. OTHER OPERATING INCOME		
Gains on Sale of Fixed Assets	1,672	49,658
Management Charges Receivable	1,000	1,050
Property Revenue	32,708	24,864
Grants	599	249
Lease Premium	3,000	-
	<u>38,979</u>	<u>75,821</u>
6. OTHER OPERATING COSTS		
Goodwill Amortisation	6,765	6,764
Expenditure on Commercial Woodlands	897	3,348
	<u>7,662</u>	<u>10,112</u>
7. INVESTMENT INCOME LESS INTEREST PAYABLE		
Interest and Dividends Receivable - Listed Investments	469,350	506,571
Interest Receivable - Other	154,319	165,145
(Losses)/Gains on Exchange	(1,476)	2,085
(Losses) on Sales of Investments	(1,152,357)	(718,846)
Provision for Diminution in Value of Investments	(2,058,012)	(526,723)
Surplus on Loan Relationships	128,347	201,011
	<u>(2,459,829)</u>	<u>(370,757)</u>
Interest Payable:-		
on Bank Loan and Overdrafts wholly repayable within five years	(619)	(83)
Other	(230)	(200)
	<u>(2,460,678)</u>	<u>(371,040)</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

8. TAXATION	2002 £	2001 £
The charge for the year comprises:-		
Current Year		
Corporation Tax	26,521	94,500
Overseas Tax	6,915	6,162
Deferred Tax	(5,987)	-
Prior Year		
Corporation Tax	(10,006)	(6,954)
Deferred Tax	5,987	-
	<hr/>	<hr/>
	<u>23,430</u>	<u>93,708</u>
 9. DIVIDENDS		
Preference - paid 28 June 2002	9,594	9,594
- paid 13 December 2002	9,594	9,594
Ordinary - 15 April 2002	56,903	56,903
	<hr/>	<hr/>
	<u>76,091</u>	<u>76,091</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

10. TANGIBLE FIXED ASSETS

GROUP	Freehold, Farmland, Woodland & Buildings £	Leasehold Property		Plant, Vehicles & Fittings £	Total £
		Long £	Short £		
Cost					
At 1 st January 2002	2,613,115	127,178	37,851	1,550,257	4,328,401
Additions	-	-	-	41,448	41,448
Disposals	-	-	-	(38,018)	(38,018)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st December 2002	<u>2,613,115</u>	<u>127,178</u>	<u>37,851</u>	<u>1,553,681</u>	<u>4,331,831</u>
Aggte. Depreciation					
At 1 st January 2002	836,016	-	37,851	1,318,639	2,192,506
Charge for Year	13,206	-	-	90,591	103,797
On Disposals	-	-	-	(37,855)	(37,855)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st December 2002	<u>849,222</u>	<u>-</u>	<u>37,851</u>	<u>1,371,375</u>	<u>2,258,448</u>
Net Book Values					
At 31 st December 2002	<u>1,763,893</u>	<u>127,178</u>	<u>-</u>	<u>182,312</u>	<u>2,073,383</u>
At 31 st December 2001	<u>1,777,099</u>	<u>127,178</u>	<u>-</u>	<u>231,618</u>	<u>2,135,895</u>

	Freehold, Farmland, Woodland & Buildings £	Total £
COMPANY		
Cost		
At 1.1.02 & 31.12.02	<u>144,301</u>	<u>144,301</u>
Net Book Value		
At 31.12.02 & 31.12.01	<u>144,301</u>	<u>144,301</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

11. INTANGIBLE FIXED ASSETS

	Quota £	Goodwill £	Total £
GROUP			
Cost			
At 1st January 2002	26,021	20,293	46,314
	<hr/>	<hr/>	<hr/>
At 31 st December 2002	<u>26,021</u>	<u>20,293</u>	<u>46,314</u>
Depreciation			
At 1st January 2002	20,081	13,528	33,609
Charge for year	1,422	6,765	8,187
	<hr/>	<hr/>	<hr/>
At 31st December 2002	<u>21,503</u>	<u>20,293</u>	<u>41,796</u>
Net Book Value			
At 31st December 2002	<u>4,518</u>	<u>-</u>	<u>4,518</u>
At 31st December 2001	<u>5,940</u>	<u>6,765</u>	<u>12,705</u>

12. INVESTMENTS

	2002 £	2001 £
GROUP		
Trade	1	1
Property Development Partnership at Directors' valuation	4,572	4,572
Associated Undertaking	64,625	70,315
	<hr/>	<hr/>
	<u>69,198</u>	<u>74,888</u>
 Listed Investments (Market Value £10,437,804, 2001 - £14,482,495)	 <u>9,928,325</u>	 <u>14,471,894</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

12. INVESTMENTS (Contd.)	2002 £	2001 £
COMPANY		
Subsidiary Undertakings Shares at Cost or Directors' Valuation if lower	<u>1,052,556</u>	<u>1,052,556</u>
Listed Investments (Market Value £7,731,386, 2001 - £10,633,469)	<u>7,364,347</u>	<u>10,622,868</u>

The Subsidiary Undertakings which, in the opinion of the Directors, principally affected the Group Accounts are:-

Subsidiary Undertaking	Country of Incorporation	Class of Shares	Proportion Held	Activity
Bodies Corporate				
Charles Connell & Co. Ltd.	Scotland	Ordinary	100%	Group Management
Charles Connell & Co. (Colquhalzie Farms) Ltd.	Scotland	Preference	100%	
		Ordinary	100%	Farming
Craigallian Realty Ltd.	Scotland	Ordinary	100%	Property Development

Associated Undertakings	Share of Net Tangible Assets £
Capital Investment	70,315
Share of Profit retained by Associate	680
Capital Withdrawn	(6,370)
	<hr/>
At 31st December 2002	<u>64,625</u>

The Company owns 49% of the Farming Partnership based at Ladyston.

The group share of profit in Associate amounted to £680.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

13. STOCKS	2002 £	2001 £
Raw Materials and Stores	19,688	38,098
Livestock	263,687	234,605
Growing Stocks and Finished Goods	<u>41,324</u>	<u>61,437</u>
	<u>324,699</u>	<u>334,140</u>

14. DEBTORS	2002 £	Group 2001 £	2002 £	Company 2001 £
Amounts falling due within one year:-				
Trade Debtors	38,672	23,583	-	-
Taxation Recoverable	14,300	8,833	14,300	8,833
Other Debtors	152,506	5,537	-	-
Prepayments and Accrued Income	114,728	167,639	98,287	152,080
Amounts owed by Subsidiary Undertakings	-	-	<u>3,000</u>	<u>5,500</u>
	320,206	205,592	115,587	166,413
Amounts falling due after one year:-				
Loan Relationship Deferred Surplus	-	<u>30,602</u>	-	<u>30,602</u>
	<u>320,206</u>	<u>236,194</u>	<u>115,587</u>	<u>197,015</u>

15. CREDITORS	2002 £	Group 2001 £	2002 £	Company 2001 £
Amounts falling due within one year:-				
Bank Overdraft	-	1,750	-	1,750
Trade Creditors	47,890	47,050	-	-
Hire Purchase Creditors	21,367	21,367	-	-
Other Creditors	5,714	60,085	-	49,934
Taxation	13,000	28,000	8,000	27,000
Other Taxes and Social Security	48,727	52,493	-	-
Accruals and Deferred Income	47,845	43,355	14,089	16,264
Amounts owed to Subsidiary Undertakings	-	-	<u>987,072</u>	<u>2,589,587</u>
	<u>185,543</u>	<u>254,100</u>	<u>1,009,161</u>	<u>2,684,535</u>
Amounts falling due after one year:-				
Hire Purchase Creditors	-	21,366	-	-
Loan Relationship Deferred Deficit	<u>33,885</u>	<u>20,001</u>	<u>33,885</u>	<u>20,001</u>
	<u>33,885</u>	<u>41,367</u>	<u>33,885</u>	<u>20,001</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

16. DEFERRED INCOME	2002 £	2001 £
Agricultural Grants		
At 1 st January 2002	2,245	-
Grant Received in Year	500	2,494
Transfer To Profit and Loss	(599)	(249)
	<u>2,146</u>	<u>2,245</u>
Lease Premium	153,000	-
Transfer to Profit and Loss	(3,000)	-
	<u>150,000</u>	<u>-</u>
As at 31 st December 2002	<u>152,146</u>	<u>2,245</u>

17. CALLED UP SHARE CAPITAL

Authorised	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, Issued and Fully Paid		
54,193 Ordinary Shares of £5 each	270,965	270,965
127,924 6% Non-Cumulative Non-Redeemable Preference Shares of £2.50 each	319,810	319,810
	<u>590,775</u>	<u>590,775</u>

Preference Shares

The non-cumulative preference shares are non-equity shares which carry an entitlement to a dividend at a rate of 6.0p (net) per annum. Every holder of a preference share shall be entitled to receive notice of and to attend and to vote at any general meeting and shall be entitled to one vote in respect of each preference share held.

18. RESERVES

	Capital Redemption Reserve Fund £	Consolidation Reserve £	Profit and Loss Account £	Total £
Group				
As at 1 st January 2002	759,225	1,635,856	17,941,511	20,336,592
Retained (Loss) for Year	-	-	(2,992,813)	(2,992,813)
As at 31 st December 2002	<u>759,225</u>	<u>1,635,856</u>	<u>14,948,698</u>	<u>17,343,779</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

18. RESERVES (Contd)

	Capital Redemption Reserve Fund £	Profit and Loss Account £	Total £
Company			
As at 1st January 2002	759,225	11,763,008	12,522,233
Retained (Loss) for Year	-	(1,985,231)	(1,985,231)
	<hr/>	<hr/>	<hr/>
As at 31st December 2002	<u>759,225</u>	<u>9,777,777</u>	<u>10,537,002</u>

19. CASH FLOW STATEMENT

	2002 £	2001 £
a) Reconciliation of Operating Loss to Net Cash (Outflow) from Operating Activities		
Operating Loss	(433,294)	(349,689)
Depreciation	105,219	88,469
(Gain) on Sale of Fixed Assets	(1,672)	(49,658)
Goodwill Amortisation	6,765	6,764
Transfer from Grants	(599)	(249)
Transfer from Lease Premium	(3,000)	-
Stock Decrease	9,441	11,119
Debtors (Increase)/Decrease	(12,592)	68,348
Creditors (Decrease)	(3,919)	(520,101)
	<hr/>	<hr/>
Net Cash (Outflow) from Operating Activities	<u>(333,651)</u>	<u>(744,997)</u>
b) Net Cash (Outflow) on Taxation		
Corporation Tax Paid	(24,877)	(198,046)
Overseas Tax Repaid	2,308	191
	<hr/>	<hr/>
	<u>(22,569)</u>	<u>(197,855)</u>
c) Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)		
Increase in Cash in the Year	48,926	2,562
Net Funds at 1st January 2002	56,211	53,649
	<hr/>	<hr/>
Net Funds at 31st December 2002	<u>105,137</u>	<u>56,211</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st DECEMBER 2002

19. CASH FLOW STATEMENT (Contd)

		2002 £	2001 £
d) Analysis of Changes in Net Funds	As at 1.1.02 £	Cash Flows £	As at 31.12.02 £
Cash at Bank and in Hand	<u>56,211</u>	<u>48,926</u>	<u>105,137</u>
e) Liquid Resources			
Charles Connell & Company (Holdings) Limited includes as liquid resources term deposits of less than a year and stocks and shares.			

20. PENSION SCHEME

The Group operates a defined contribution scheme for the benefit of a Director. The employers contribution for the year was £6,000 (2001 - £6,000).

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Retained (Loss) for the year	<u>(2,992,813)</u>	<u>(880,010)</u>
Net (Decrease) in Shareholders' Funds	(2,992,813)	(880,010)
Opening Shareholders' Funds	20,927,367	21,807,377
	<hr/>	<hr/>
Closing Shareholders' Funds	<u>17,934,554</u>	<u>20,927,367</u>

22. OPERATING LEASE COMMITMENTS

	Land & Buildings £	2002 Other £	Land & Buildings £	2001 Other £
In one year or less	10,000	-	10,000	-
Within two to five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>