

**A & J BOWEN & CO LIMITED**

**Report and Financial Statements**

**30 November 2000**

**Deloitte & Touche  
2 Queen's Terrace  
Aberdeen  
AB10 1XL**



**REPORT AND FINANCIAL STATEMENTS 2000**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the accounts</b>	<b>7</b>

**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C A Nicol  
A W Sinclair  
G R Lovie  
N Wattie

**SECRETARY**

N Wattie

**REGISTERED OFFICE**

The Meadows Industrial Estate  
Station Road  
Oldmeldrum  
Aberdeenshire  
AB51 0EZ

**BANKERS**

Bank of Scotland  
39 Albyn Place  
Aberdeen  
AB10 1YN

The Royal Bank of Scotland plc  
3 Falkland Gate  
Glenrothes  
Fife  
KY7 5NS

**SOLICITORS**

Paull & Williamsons  
Investment House  
6 Union Row  
Aberdeen  
AB10 1DQ

**AUDITORS**

Deloitte & Touche  
2 Queen's Terrace  
Aberdeen  
AB10 1XL

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 November 2000.

### **ACTIVITIES**

The principal activity of the company is the sale and servicing of agricultural machinery.

### **REVIEW OF DEVELOPMENTS**

The loss after tax amounted to £107,174 (1999: £57,951). The results have been influenced by poor market conditions within the agricultural sector.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not propose a dividend. The directors recommend that the retained loss of £107,174 (1999: £57,951) is transferred against reserves.

### **FUTURE PROSPECTS**

On 1 December 2000, the trade, asset and liabilities were transferred to George Sellar & Son Limited, a fellow subsidiary of SBF Agrico Limited. The intention is for A & J Bowen & Co Limited to become dormant.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the board is set out on page 1.

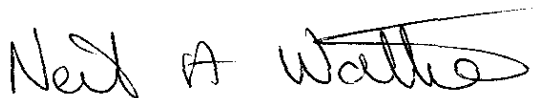
*The directors are also directors of the parent company, SBF Agrico Limited. Their interests in the share capital of SBF Agrico are disclosed in that company's financial statements.*

On 31 March 2001 N Wattie was appointed as secretary and director of the company. On the same date P Hart resigned as secretary and as a director.

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Approved by the board of directors  
and signed on behalf of the board



Director

18 July 2001

## **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 as at the end of the financial year 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 judgements and estimates that are reasonable and prudent; 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. 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.

## **A & J BOWEN & CO LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on pages 7 and 8.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 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 30 November 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and Registered Auditors

*14 July 2001*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 November 2000**

	Note	2000 £	1999 £
<b>TURNOVER: discontinuing operations</b>	2	7,862,614	7,149,976
Cost of sales		(6,725,065)	(6,077,787)
<b>GROSS PROFIT</b>		1,137,549	1,072,189
Administrative expenses		(1,170,281)	(1,128,071)
Other operating income		150	9,413
<b>OPERATING LOSS: discontinuing operations</b>	3	(32,582)	(46,469)
Interest payable	4	(74,592)	(11,482)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(107,174)	(57,951)
Tax on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(107,174)	(57,951)
Retained loss brought forward		(323,605)	(265,654)
Retained loss carried forward		(430,779)	(323,605)

There have been no recognised gains and losses attributable to the shareholders in the current and preceding financial years other than as disclosed in the profit and loss account.

**BALANCE SHEET**  
**At 30 November 2000**

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	7	148,887	243,721
Investments	8	-	-
		<u>148,887</u>	<u>243,721</u>
<b>CURRENT ASSETS</b>			
Stocks	9	792,811	1,022,359
Debtors	10	559,856	720,757
Cash at bank and in hand		661	8,513
		<u>1,353,328</u>	<u>1,751,629</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,932,992)</u>	<u>(2,314,647)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(579,664)</u>	<u>(563,018)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(430,777)</u>	<u>(319,297)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>-</u>	<u>(4,306)</u>
<b>NET LIABILITIES</b>		<u>(430,777)</u>	<u>(323,603)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	2	2
Profit and loss account		<u>(430,779)</u>	<u>(323,605)</u>
<b>TOTAL EQUITY SHAREHOLDERS' DEFICIT</b>	14	<u>(430,777)</u>	<u>(323,603)</u>

These financial statements were approved by the board of directors on 18 July 2001  
Signed on behalf of the board of directors



Director



## NOTES TO THE ACCOUNTS

### Year ended 30 November 2000

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

##### Accounting convention

The financial statements have been prepared under the historical cost convention.

##### Going concern

The company has entered into cross guarantee arrangements with fellow members of the SBF Agrico Limited Group. On 30 November 2000, the group has a deficit of assets to liabilities of £991,750. Subsequent to the year end, the group received additional debt and equity funding totalling £520,000, together with new arrangements in relation to its existing facilities, as detailed in the SBF Agrico Limited accounts.

The ability of the company to continue to trade as a going concern depends on the future performance of the group and the ongoing support of the group's shareholders and bankers. The directors are confident of the continued support of the bankers and shareholders. In the circumstances, the directors are satisfied the accounts can be prepared on the going concern basis.

##### Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

	% per annum
Plant and machinery	15
Motor vehicles	20 - 33.33
Fixtures and fittings	15 - 33.33

##### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

##### Stocks and work in progress

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 on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

##### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

##### Pension costs

The company operates a defined contribution pension scheme for the directors and staff, whereby contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**NOTES TO THE ACCOUNTS**

Year ended 30 November 2000

**1. ACCOUNTING POLICIES (Continued)****Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease terms.

**2. TURNOVER**

Turnover represents amounts derived in the United Kingdom from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

**3. OPERATING LOSS**

	2000 £	1999 £
<b>Operating loss is after charging/(crediting):</b>		
Depreciation		
Owned assets	87,053	64,477
Assets held under finance leases and hire purchase contracts	3,000	42,115
Loss/(profit) on disposal of fixed assets	11,010	(1,294)
Rentals under operating leases:		
Other	74,000	74,000
Auditors' remuneration	6,100	6,000
	<u>74,592</u>	<u>11,482</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £	1999 £
Bank overdraft interest	68,383	8,208
Finance leases and hire purchase contracts	5,057	2,153
Other interest	1,152	1,121
	<u>74,592</u>	<u>11,482</u>

# NOTES TO THE ACCOUNTS

## Year ended 30 November 2000

### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments (1999: £nil).

	2000 No.	1999 No.
<b>Average number of persons employed (including directors)</b>		
Office and management	23	26
Service department	25	26
	<u>48</u>	<u>52</u>
<b>Staff costs during the year</b>	<b>£</b>	<b>£</b>
Wages and salaries	768,865	692,946
Social security costs	67,837	61,015
Pension costs	8,610	7,704
	<u>845,312</u>	<u>761,665</u>

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

Due to the incidence of losses there is no tax charge in the current year or previous year.

### 7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 December 1999	164,911	154,451	114,782	434,144
Additions	3,684	-	33,457	37,141
Disposals	(64,723)	(191)	(28,663)	(93,577)
	<u>103,872</u>	<u>154,260</u>	<u>119,576</u>	<u>377,708</u>
At 30 November 2000				
<b>Depreciation</b>				
At 1 December 1999	63,536	73,213	53,674	190,423
Charge for the year	17,949	41,197	30,907	90,053
Disposals	(26,147)	(191)	(25,317)	(51,655)
	<u>55,338</u>	<u>114,219</u>	<u>59,264</u>	<u>228,821</u>
At 30 November 2000				
<b>Net book value</b>				
At 30 November 2000	<u>48,534</u>	<u>40,041</u>	<u>60,312</u>	<u>148,887</u>
At 30 November 1999	<u>101,375</u>	<u>81,238</u>	<u>61,108</u>	<u>243,721</u>

The net book value of fixed assets at 30 November 2000 includes £10,685 (1999: £86,426) in respect of assets held under finance lease and hire purchase contracts.

NOTES TO THE ACCOUNTS  
Year ended 30 November 2000

## 8. FIXED ASSET INVESTMENTS

	Unlisted Investments £
<b>Cost</b>	
At 1 December 1999 and 30 November 2000	390
<b>Amortisation</b>	
At 1 December 1999 and 30 November 2000	390
<b>Net book value</b>	
At 30 November 1999 and 30 November 2000	-

## 9. STOCKS

	2000 £	1999 £
Work in progress	15,373	18,282
Finished goods and goods for resale	777,438	1,004,077
	<u>792,811</u>	<u>1,022,359</u>

## 10. DEBTORS

	2000 £	1999 £
Trade debtors	528,712	692,198
Amounts owed by parent and fellow subsidiaries	-	10,024
Other debtors and prepayments	31,144	18,535
	<u>559,856</u>	<u>720,757</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdrafts (note 15)	372,736	1,563,338
Obligations under finance leases and hire purchase contracts	1,976	35,317
Trade creditors	304,681	467,541
Amount owed to parent and fellow subsidiaries	1,009,179	147,407
Other taxes and social security	78,064	31,840
Other creditors and accruals	108,556	69,204
Stocking loan	57,800	-
	<u>1,932,992</u>	<u>2,314,647</u>

A ranking agreement is in place with Barclays Mercantile Highland Finance Limited secured on assets held under the stocking loan noted above. No interest is charged on this balance and it will be repaid when the related items are sold.

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

NOTES TO THE ACCOUNTS  
Year ended 30 November 2000

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts are repayable as follows:		
Between one and two years	-	4,306

## 13. SHARE CAPITAL

	2000 £	1999 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

## 14. RECONCILIATION OF THE MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Loss for the financial year	(107,174)	(57,951)
Opening shareholders' deficit	(323,603)	(265,652)
Closing shareholders' deficit	(430,777)	(323,603)

## 15. CONTINGENT LIABILITIES

There is a contingent liability in respect of a corporate guarantee held by the Bank of Scotland over all companies in the SBF Agrico Group. The potential liability to the company at 30 November 2000 under this arrangement was £2,834,439 (1999: £3,299,669).

## 16. RELATED PARTY TRANSACTIONS

The directors have taken advantage of the disclosure exemptions conferred by FRS8, related party transactions, paragraph 3 (c) and not disclosed transactions with other group companies.

## 17. OPERATING LEASE COMMITMENTS

At 30 November 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2000 £	1999 £
<b>Leases which expire:</b>		
Two to five years	74,000	62,000
After five years	-	12,000
	74,000	74,000

**NOTES TO THE ACCOUNTS**  
**Year ended 30 November 2000**

**18. PENSIONS CONTRIBUTIONS**

The company operates a defined contribution pension scheme for directors and staff. The assets of the scheme are held separately from those of the company. The pension cost charge represents contributions payable by the company to the funds and amounted to £8,610 (1999: £7,704). There are no pension contributions payable or prepaid at the year end (1999: £nil).

**19. PARENT COMPANY**

The company's parent undertaking is SBF Agrico Limited. Copies of its consolidated financial statements which include the results of this company can be obtained from Companies House.

**20. POST BALANCE SHEET EVENT**

On 1 December 2000 the trade and net liabilities of the company were transferred to George Sellar & Son Limited, a fellow subsidiary company who absorbed the accumulated deficit.