

**Lower Hollowfields Farm Limited
Annual report
for the year ended 31 March 1999**

Registered no: 3230742



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COMPANIES HOUSE 31/01/00

Lower Hollowfields Farm Limited

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Directors' report for the year to 31 March 1999

The directors present their report and the financial statements for the year to 31 March 1999.

Principal activity

The principal activity of the company is to carry on the business of farming.

Review of business and future developments

The profit and loss account for the year is set out on page 4.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the level of activity will increase due to the purchase of further land noted below.

On 3 April 1998 the company increased its authorised share capital to £12,000,000 by the creation of £1,000,000 additional ordinary shares of £1 each. On the same day, £800,000 ordinary shares of £1 each were issued, allotted and fully paid in order to provide working capital for the business.

Lower Hollowfields Farm Limited exchanged contracts for the purchase of Manor Farm, Fisherton de la Mere, on 1 May 1998 with completion on 29 September 1998. The purchase price was £5,650,000.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company at 31 March 1999, both of whom have been directors for the whole of the year ended on that date, are listed below:

P Borender
G F C Haigh

Directors' interests in shares of the company

The interests of the directors of the company in the shares of the company as at 31 March 1999 were:

	Ordinary shares of £1 each	
	31 March 1999	1 April 1998
	£	£
P Borender	10,200,000	10,200,000
G F C Haigh	1,000,000	200,000

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Directors' report for the year to 31 March 1999

Year 2000

The company is aware of the implications of the Year 2000 issue for both its information and operating systems. Actions are underway to ensure that any necessary systems' modifications are completed within the time available. In the context of ongoing system development, it is not anticipated that significant incremental expenditure will be incurred.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs 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.
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors of the company will be proposed at the annual general meeting.

By order of the board



C D G Wilson
Company secretary

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Report of the auditors to the members of Lower Hollowfields Farm Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 2, the directors are responsible for preparing the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 the information specified by law regarding directors' remuneration and transactions is not disclosed.

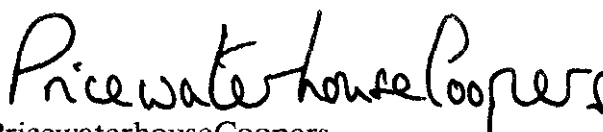
Basis of opinion

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 at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading: 31 January 2000

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Profit and loss account for the year to 31 March 1999

	Notes	1999 £	1998 £
Turnover	2	258,331	221,928
Change in stocks		340,202	74,296
Variable costs		<u>(330,922)</u>	<u>(82,853)</u>
Gross profit		267,611	213,371
Depreciation		(92,129)	(53,810)
Administrative expenses		<u>(535,536)</u>	<u>(109,347)</u>
Operating (loss)/profit		(360,054)	50,214
Interest receivable		266,792	80,921
Interest payable	5	(2,187)	(2,108)
(Loss)/profit on ordinary activities before taxation	6	<u>(95,449)</u>	<u>129,027</u>
Taxation	7	<u>14,576</u>	<u>(14,576)</u>
(Loss)/profit for the financial year		<u><u>(80,873)</u></u>	<u><u>114,451</u></u>
Statement of (accumulated deficit)/retained profit			
Retained profit/(accumulated deficit) at 31 March 1998		16,603	(97,848)
(Loss)/profit for the year		(80,873)	114,451
(Accumulated deficit)/retained profit at 31 March 1999		<u><u>(64,270)</u></u>	<u><u>16,603</u></u>

The results for the year are derived wholly from continuing operations.

The company has no recognised gains or losses, other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

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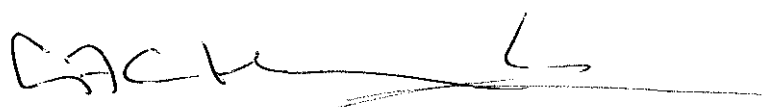
Balance sheet as at 31 March 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	8	10,201,538	3,836,979
Current assets			
Stocks	9	502,895	162,693
Debtors	10	48,726	43,637
Cash at bank and in hand		871,949	6,462,045
		<u>1,423,570</u>	<u>6,668,375</u>
Creditors: amounts falling due within one year	11	(469,342)	(88,751)
Net current assets		<u>954,228</u>	<u>6,579,624</u>
Total assets less current liabilities		11,155,766	10,416,603
Creditors: amounts falling due after more than one year	12	(20,036)	-
Net assets		<u>11,135,730</u>	<u>10,416,603</u>
Capital and reserves			
Called up share capital	14	11,200,000	10,400,000
Profit and loss account		(64,270)	16,603
Equity shareholders' funds	15	<u>11,135,730</u>	<u>10,416,603</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 28 JANUARY 2000 and were signed on its behalf by:

~~P. Boreador - Director~~

E. HAINES - Director



Notes to the financial statements for the year to 31 March 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Buildings	4
Motor vehicles	20
Plant & machinery	20/12.5

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied, together with receipts due under the Common Agricultural Policy (CAP) Area Aid Scheme and other associated CAP support payments.

Taxation

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise. Deferred tax assets are not recognised in the financial statements.

Hire purchase contracts

Hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the hire purchase commitments is shown as obligations under hire purchase contracts. The hire purchase payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under hire purchase contracts are depreciated over their expected useful economic lives.

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Notes to the financial statements for the year to 31 March 1999

Stocks

Stocks, which are valued by professional agricultural valuers, are stated at the lower of cost and net realisable value.

The cost of crops and produce in store is determined by the cost of production. The cost of purchased stores is based on purchase price. Growing crops and cultivations are valued at cost. Livestock bred on the farm is valued at deemed cost.

Cash flow statement

The company has adopted the provisions of FRS1 (revised 1996), Cash Flow Statements, and has taken advantage of the exemptions for small-sized companies therein. Accordingly, a cash flow statement has not been included in these financial statements.

Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund during the year and amounted to £87,000 (1998: £nil).

2 Turnover

Turnover consists entirely of sales made in the United Kingdom and is wholly derived from the principal activity of the company.

3 Directors' emoluments

The directors received the following emoluments in respect of their services to the company during the year.

	1999 £	1998 £
Aggregate emoluments	170,221	2,000
Company contributions to a money purchase pension scheme	87,000	-

Retirement benefits are accruing to two directors (1998: none) under a money purchase scheme.

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Notes to the financial statements for the year to 31 March 1999

4 Employee information

The average weekly number of persons employed by the company during the year was:

By activity:	1999 Number	1998 Number
Farm workers	4	2
Staff costs (for the above persons)	£	£
Wages and salaries	79,860	36,792
Social security costs	7,821	3,333
Other pension costs	699	-
	<u>88,380</u>	<u>40,125</u>

5 Interest payable and similar charges

	1999 £	1998 £
On bank loans and overdraft	166	471
Hire purchase contracts	1,637	1,637
Other interest payable	384	-
	<u>2,187</u>	<u>2,108</u>

6 (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging:

	1999 £	1998 £
Depreciation charge for the year:		
Tangible owned fixed assets	85,539	40,085
Tangible fixed assets held under hire purchase contracts	6,590	13,725
Auditors' remuneration	4,375	2,500
Loss on disposal of fixed assets	2,658	-
	<u>99,162</u>	<u>67,310</u>

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Notes to the financial statements for the year to 31 March 1999

7 Taxation

	1999 £	1998 £
United Kingdom corporation tax charge at 21% (1998: 21%):		
(Recoverable)/current	(14,576)	14,576
	<u>(14,576)</u>	<u>14,576</u>

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 31 March 1998	3,527,705	390,581	10,434	3,928,720
Additions	5,910,326	538,532	48,530	6,497,388
Disposals	-	(40,700)	-	(40,700)
At 31 March 1999	<u>9,438,031</u>	<u>888,413</u>	<u>58,964</u>	<u>10,385,408</u>
Depreciation				
At 31 March 1998	4,350	84,261	3,130	91,741
Charge for year	3,008	82,809	6,312	92,129
At 31 March 1999	<u>7,358</u>	<u>167,070</u>	<u>9,442</u>	<u>183,870</u>
Net book value				
At 31 March 1999	<u>9,430,673</u>	<u>721,343</u>	<u>49,522</u>	<u>10,201,538</u>
At 31 March 1998	<u>3,523,355</u>	<u>306,320</u>	<u>7,304</u>	<u>3,836,979</u>

The net book value of tangible fixed assets includes an amount of £91,860 (1998: £85,095) in respect of assets held under hire purchase contracts.

Depreciation charged during the year on these assets amounted to £6,590 (1998: £13,725).

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Notes to the financial statements for the year to 31 March 1999

9 Stocks

	1999 £	1998 £
Crops in store	221,639	78,388
Deadstock	37,710	18,871
Growing crops and cultivations	180,989	65,434
Livestock	62,557	-
	<u>502,895</u>	<u>162,693</u>

10 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	14,382	-
Other debtors	4,483	453
Prepayments and accrued income	15,285	43,184
Corporation tax recoverable	14,576	-
	<u>48,726</u>	<u>43,637</u>

11 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdraft	36,767	-
Trade creditors	86,587	3,936
Corporation tax	-	14,576
Taxation and Social security costs	90,835	1,947
Obligations under hire purchase contracts	25,735	21,960
Accruals and deferred income	229,418	46,332
	<u>469,342</u>	<u>88,751</u>

The bank overdraft is unsecured and repayable on demand.

**Notes to the financial statements
for the year to 31 March 1999**

12 Creditors: amounts falling due after more than one year

	1999	1998
	£	£
Obligations under hire purchase contracts	<u>20,036</u>	<u>-</u>

The net hire purchase obligations to which the company is committed are:

	1999	1998
	£	£
In one year or less	25,735	21,960
Between two and five years	<u>20,036</u>	<u>-</u>
	<u>45,771</u>	<u>21,960</u>

13 Deferred taxation

	Amount provided		Amount unprovided	
	1999	1998	1999	1998
	£	£	£	£
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	-	-	(1,617)	3,063
Losses	-	-	(21,113)	(22,088)
	<u>-</u>	<u>-</u>	<u>(22,730)</u>	<u>(19,025)</u>

In accordance with the company's accounting policy, the deferred taxation asset is not recognised in the financial statements.

**Notes to the financial statements
for the year to 31 March 1999**

14 Called up share capital

	1999 £	1998 £
Authorised		
12,000,000 ordinary shares of £1 each	<u>12,000,000</u>	<u>11,000,000</u>
Allotted, called up and fully paid		
11,200,000 ordinary shares of £1 each	<u>11,200,000</u>	<u>10,400,000</u>

During the year the company increased its authorised share capital to £12,000,000 by the creation of £1,000,000 additional ordinary shares of £1 each on 3 April 1998. On the same day, £800,000 ordinary shares of £1 each were issued and allotted in order to provide working capital for the business.

15 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Shareholders' funds at 31 March 1998	10,416,603	3,902,152
Share capital issued in the year	800,000	6,400,000
(Loss)/profit for the financial year	(80,873)	114,451
Closing shareholders' funds	<u>11,135,730</u>	<u>10,416,603</u>

16 Capital commitments

At 31 March 1999 the company had no capital commitments (1998: £5,650,000).

17 Related party disclosures

The company has adopted the provisions of FRS8 in these financial statements, however no material transactions between the company and other related parties occurred during the year.

18 Controlling party

The directors consider that Mr P Borender is the ultimate controlling party by virtue of his 91% interest in the issued equity capital of the company.