

Registered no: 3230742

**Lower Hollowfields Farm Limited**  
**(formerly**  
**Lower Hollowfield Farms Limited)**  
**Annual Report**  
**31 March 1998**



# Lower Hollowfields Farm Limited

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## Directors' report for the year to 31 March 1998

The directors present their report and the financial statements for the year to 31 March 1998.

### 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 5.

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.

During the year the company increased its authorised share capital to £11,000,000 by the creation of £1,000,000 additional ordinary shares of £1 each on 11 July 1997 and £5,000,000 additional ordinary shares of £1 each on 10 March 1998. £6,400,000 ordinary shares of £1 each were issued and allotted during the year as follows:

9 July 1997	600,000
11 July 1997	600,000
10 March 1998	5,200,000

The further share capital was issued in order to finance the purchase of farm land.

On 13 October 1997 the name of the company was changed from Lower Hollowfield Farms Limited to Lower Hollowfields Farm Limited.

### Post balance sheet events

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.

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' report for the year to 31 March 1998

### Directors

The directors of the company at 31 March 1998, 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 1998 were:

Ordinary shares of £1 each	31 March 1998 £	1 April 1997 £
P Borender	10,200,000	4,000,000
G F C Haigh	200,000	-

### Year 2000

The directors are at present considering the impact of Year 2000 on the company's operations and believe this will not have an adverse effect on the company or result in significant costs.

**Directors' report  
for the year to 31 March 1998**

**Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

**By order of the board**



**C D G Wilson  
Company secretary**

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

We have audited the financial statements on pages 5 to 12.

**Respective responsibilities of directors and auditors**

As described on page 3 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 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand  
Chartered Accountants and Registered Auditors**

Reading: *28 September 1998*

# Lower Hollowfields Farm Limited

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## Profit and loss account for the year to 31 March 1998

	Notes	1998 £	Period from 29 July 1996 to 31 March 1997 £
<b>Turnover</b>		<b>221,928</b>	-
Change in stocks		74,296	74,095
Variable costs		<u>(82,853)</u>	<u>(70,050)</u>
<b>Gross profit</b>		<b>213,371</b>	4,045
Depreciation		(53,810)	(37,931)
Other operating charges		<u>(109,347)</u>	<u>(63,905)</u>
<b>Operating profit/(loss)</b>		<b>50,214</b>	(97,791)
Interest receivable		80,921	-
Interest payable	5	(2,108)	(57)
<b>Profit/(loss) on ordinary activities before taxation</b>	6	<u>129,027</u>	<u>(97,848)</u>
Tax on profit on ordinary activities	7	(14,576)	-
<b>Retained profit/(loss) for the year/period</b>		<u>114,451</u>	<u>(97,848)</u>
<b>Statement of retained profit/(accumulated deficit)</b>			
Accumulated deficit at 31 March 1997		(97,848)	-
Retained profit/(loss) for the year/period		114,451	(97,848)
<b>Retained profit/(accumulated deficit) at 31 March 1998</b>		<u>16,603</u>	<u>(97,848)</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 profit on ordinary activities before taxation and the retained profit for the year stated above.

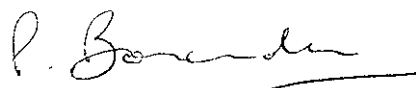
# Lower Hollowfields Farm Limited

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## Balance sheet as at 31 March 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	8	3,836,979	3,854,588
<b>Current assets</b>			
Stocks	9	162,693	88,397
Debtors	10	43,637	4,670
Cash at bank and in hand		6,462,045	62,706
		<u>6,668,375</u>	<u>155,773</u>
<b>Creditors: amounts falling due within one year</b>	11	(88,751)	(86,249)
<b>Net current assets</b>		<u>6,579,624</u>	<u>69,524</u>
<b>Total assets less current liabilities</b>		<b>10,416,603</b>	3,924,112
<b>Creditors: amounts falling due after more than one year</b>	12	-	(21,960)
<b>Net assets</b>		<u><u>10,416,603</u></u>	<u><u>3,902,152</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	10,400,000	4,000,000
Profit and loss account		16,603	(97,848)
<b>Equity shareholders' funds</b>	15	<u><u>10,416,603</u></u>	<u><u>3,902,152</u></u>

The financial statements on pages 5 to 12 were approved by the board of directors on 22 September 1998 and were signed on its behalf by:



P Borender

## Notes to the financial statements for the year to 31 March 1998

### 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.

**Notes to the financial statements  
for the year to 31 March 1998****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.

**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.

**2 Turnover**

Turnover consists entirely of sales made in the United Kingdom.

**3 Directors' emoluments**

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

	1998 £	1997 £
Fees	<u>2,000</u>	<u>2,000</u>

**4 Employee information**

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

	1998 Number	1997 Number
	<u>2</u>	<u>2</u>
Staff costs (for the above persons)	£	£
Wages and salaries	36,792	12,954
Social security costs	<u>3,333</u>	<u>1,327</u>
	<u>40,125</u>	<u>14,281</u>

**Notes to the financial statements  
for the year to 31 March 1998**

**5 Interest payable and similar charges**

	1998 £	1997 £
On bank loans and overdraft	471	57
Hire purchase contracts	1,637	-
	<u>2,108</u>	<u>57</u>

**6 Profit/(loss) on ordinary activities before taxation**

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

	1998 £	1997 £
Depreciation charge for the year:		
Tangible owned fixed assets	40,085	26,951
Tangible fixed assets held under hire purchase contracts	13,725	10,980
Auditors' remuneration	2,500	1,000
	<u>66,310</u>	<u>38,931</u>

**7 Taxation**

	1998 £	1997 £
United Kingdom corporation tax at 21%:		
Current	14,576	-
	<u>14,576</u>	<u>-</u>

**Notes to the financial statements  
for the year to 31 March 1998**

**8 Tangible fixed assets**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 31 March 1997	3,527,705	354,380	10,434	3,892,519
Additions	-	36,201	-	36,201
<b>At 31 March 1998</b>	<u>3,527,705</u>	<u>390,581</u>	<u>10,434</u>	<u>3,928,720</u>
<b>Depreciation</b>				
At 31 March 1997	1,450	35,438	1,043	37,931
Charge for year	2,900	48,823	2,087	53,810
<b>At 31 March 1998</b>	<u>4,350</u>	<u>84,261</u>	<u>3,130</u>	<u>91,741</u>
<b>Net book value</b>				
At 31 March 1998	<u>3,523,355</u>	<u>306,320</u>	<u>7,304</u>	<u>3,836,979</u>
At 31 March 1997	<u>3,526,255</u>	<u>318,942</u>	<u>9,391</u>	<u>3,854,588</u>

The net book value of tangible fixed assets includes an amount of £85,095 (period ended 31 March 1997 £98,820) in respect of assets held under hire purchase agreements.

Depreciation charged on these assets during the year amounted to £13,725 (period ended 31 March 1997:£10,980)

**9 Stocks**

	1998 £	1997 £
Crops in store	78,388	-
Deadstock	18,871	4,536
Growing crops and cultivations	65,434	83,861
	<u>162,693</u>	<u>88,397</u>

**10 Debtors**

	1998 £	1997 £
Amounts falling due within one year		
Other debtors	453	4,670
Prepayments and accrued income	43,184	-
	<u>43,637</u>	<u>4,670</u>

**Notes to the financial statements  
for the year to 31 March 1998**

**11 Creditors: amounts falling due within one year**

	1998 £	1997 £
Trade creditors	3,936	27,059
Other creditors	-	2,000
Corporation tax	14,576	-
Taxation and Social security costs	1,947	-
Obligations under finance leases	21,960	21,960
Accruals and deferred income	46,332	35,230
	<u>88,751</u>	<u>86,249</u>

**12 Creditors: amounts falling due after more than one year**

	1998 £	1997 £
Obligations under finance leases	-	21,960
	<u>-</u>	<u>21,960</u>

**Deferred taxation**

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	Amount provided		Amount unprovided	
	1998 £	1997 £	1998 £	1997 £
Tax effect of timing differences due to:				
Excess of capital allowances over depreciation	-	-	3,063	18,468
Losses	-	-	(22,088)	(22,988)
	<u>-</u>	<u>-</u>	<u>(19,025)</u>	<u>(4,520)</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 1998**

**14 Called up share capital**

	1998 £	1997 £
<b>Authorised</b>		
11,000,000 ordinary shares of £1 each	<u>11,000,000</u>	<u>5,000,000</u>
<b>Allotted, called up and fully paid</b>		
10,400,000 ordinary shares of £1 each	<u>10,400,000</u>	<u>4,000,000</u>

During the year the company increased its authorised share capital to £11,000,000 by the creation of £1,000,000 additional ordinary shares of £1 each on 11 July 1997 and £5,000,000 additional ordinary shares of £1 each on 10 March 1998.

£6,400,000 ordinary shares of £1 each were issued and allotted during the year as follows:

9 July 1997	600,000
11 July 1997	600,000
10 March 1998	5,200,000

The further share capital was issued in order to finance the purchase of land.

**15 Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Shareholders' funds at 31 March 1997	3,902,152	-
Share capital issued in the period	6,400,000	4,000,000
Profit/(loss) for the financial period	<u>114,451</u>	<u>(97,848)</u>
<b>Closing shareholders' funds</b>	<u><u>10,416,603</u></u>	<u><u>3,902,152</u></u>

**16 Capital commitments**

At 31 March 1998 the company had capital commitments of £5,650,000 for purchase of additional farmland.

**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**

Mr P Borender is the controlling party, by virtue of his controlling interest in the company's equity capital.