

Company Number 438289

**J DAWSON AND SONS**

**DETAILED ANNUAL REPORT**

**YEAR ENDED 30 JUNE 2002**

PKF



**J DAWSON AND SONS**

**COMPANY INFORMATION**

**YEAR ENDED 30 JUNE 2002**

<b>Directors</b>	C R Dawson S H Dawson Mrs S Dawson R A Hagston (resigned 31 October 2001) R Billinton R Lee D H Harrison
<b>Secretary</b>	R A Hagston (resigned 31 October 2001) R Billinton (appointed 31 October 2001)
<b>Company Number</b>	428289
<b>Registered Office</b>	Londesborough Road Market Weighton York YO43 3HP
<b>Auditors</b>	PKF Pannell House 6 Queen Street Leeds LS1 2NS
<b>Bankers</b>	National Westminster Bank plc PO Box 76 19 Silver Street Hull HU1 1JQ

**J DAWSON AND SONS**

**CONTENTS**

**YEAR ENDED 30 JUNE 2002**

	<b>Page</b>
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 13

**YEAR ENDED 30 JUNE 2002**

The directors submit their report and the financial statements for the year ended 30 June 2002.

**Results and dividends**

The profit for the year, after taxation, amounted to £42,781 (2001 - £29,297 loss).

The directors recommend a dividend on the 6% preference shares of £1,323 leaving a profit of £41,458 which is added to retained reserves.

The directors do not recommend the payment of any dividend on the ordinary shares.

**Principal activity and review of the business**

The principal activity of the company during the year was that of Seedsmen and Agricultural Merchants.

The directors are pleased with the company's performance in the year in view of the continuing depression in the market and remain optimistic about prospects for the coming year.

**Directors**

The directors who served during the year were :

C R Dawson  
S H Dawson  
R A Hagston (resigned 31 October 2001)  
Mrs S Dawson  
R Billinton  
R Lee  
D H Harrison

None of the directors have a direct interest in the share capital of the company, however R Billinton, C R Dawson and Mrs S Dawson have an indirect interest in the share capital of this company due to their shareholding of 772, 100 and 100 ordinary shares of £1 each respectively in J Dawson & Sons (Holdings) Ltd, this company's ultimate parent company.

S H Dawson and R Lee have a non-beneficial interest in the share capital of J Dawson & Sons (Holdings) Ltd as co-trustees in 4,250 preference shares of £1 each, under a settlement dated 12 January 1987 and also 9,495 ordinary shares of £1 each, under a 1989 settlement. R Lee also has a non-beneficial interest in 4,250 preference shares of £1 each and 9,495 ordinary shares of £1 each, under a 2000 settlement.

**Market value of land and buildings**

The directors estimate that the market value of the company's freehold land and buildings is in excess of its book value but in the absence of a recent valuation they are unable to quantify this excess.

**Auditors**

PKF will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

4 October 2002

By order of the board

  
**R Billinton**  
Secretary

**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 judgements and estimates that are reasonable and prudent;
- \* 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 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 are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

# **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**

**J DAWSON AND SONS**

Page 3

We have audited the financial statements of J Dawson and Sons for the year ended 30 June 2002, which comprise the Profit and Loss Account, the Balance Sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards 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 Auditing 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 audit 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 affairs of the company as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

11 October 2002

Leeds

  
PKF

Chartered Accountants  
Registered Auditors

YEAR ENDED 30 JUNE 2002

	Notes	<u>2002</u> £	<u>2001</u> £
<b>TURNOVER</b>	<b>2</b>	<b>10,565,550</b>	<b>11,729,394</b>
Cost of sales		<u>(9,375,597)</u>	<u>(10,413,596)</u>
<b>GROSS PROFIT</b>		<b>1,189,953</b>	<b>1,315,798</b>
Distribution costs		<u>(502,853)</u>	<u>(591,415)</u>
Administrative expenses		<u>(692,323)</u>	<u>(824,374)</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(5,223)</b>	<b>(99,991)</b>
Interest receivable and similar income	<b>6</b>	<b>56,016</b>	<b>70,958</b>
Interest payable and similar charges	<b>7</b>	<u>(81)</u>	<u>(288)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>50,712</b>	<b>(29,321)</b>
<b>TAXATION</b>	<b>8</b>	<u>(7,931)</u>	<u>24</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>42,781</b>	<b>(29,297)</b>
<b>DIVIDENDS (including non-equity)</b>	<b>9</b>	<u>(1,323)</u>	<u>(1,323)</u>
		<u><b>41,458</b></u>	<u><b>(30,620)</b></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

30 JUNE 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	223,992	249,786
<b>CURRENT ASSETS</b>			
Stocks	11	131,722	69,258
Debtors	12	785,583	824,057
Cash at bank and in hand		<u>1,578,354</u>	<u>1,337,767</u>
		2,495,659	2,231,082
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(762,492)</u>	<u>(565,167)</u>
<b>NET CURRENT ASSETS</b>		<u>1,733,167</u>	<u>1,665,915</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,957,159	1,915,701
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(20,000)</u>	<u>(20,000)</u>
<b>NET ASSETS</b>		<u>1,937,159</u>	<u>1,895,701</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	44,100	44,100
Profit and loss account	16	<u>1,893,059</u>	<u>1,851,601</u>
<b>SHAREHOLDERS' FUNDS</b>	17	<u>1,937,159</u>	<u>1,895,701</u>

The financial statements were approved by the board on 4 October 2002.

Mrs S Dawson - Director

*S Dawson*



## CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2002

	<u>2002</u> £	<u>2001</u> £
<b>Reconciliation of operating loss to net cash inflow/(outflow) from operating activities</b>		
Operating loss	(5,223)	(99,991)
Depreciation of tangible fixed assets	76,070	84,596
(Profit)/loss on sale of fixed assets	(5,380)	24,227
Decrease/(increase) in debtors	47,019	(259,701)
(Increase)/decrease in stocks	(62,464)	23,711
Increase/(decrease) in creditors	104,422	(81,665)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>	<u><u>154,444</u></u>	<u><u>(308,823)</u></u>

**CASH FLOW STATEMENT (note 18)**

Net cash inflow/(outflow) from operating activities	154,444	(308,823)
Returns on investment and servicing of finance	46,067	72,478
Taxation	497	(10,445)
Capital expenditure	(44,896)	(59,843)
	<hr/>	<hr/>
<b>Increase/(decrease) in cash</b>	<u><u>156,112</u></u>	<u><u>(306,633)</u></u>

**Reconciliation of net cash flow to movement in net funds (note 19)**

<b>Increase/(decrease) in cash for the year</b>	156,112	(306,633)
<b>Net funds at 1 July 2001</b>	962,703	1,269,336
	<hr/>	<hr/>
<b>Net funds at 30 June 2002</b>	<u><u>1,118,815</u></u>	<u><u>962,703</u></u>

YEAR ENDED 30 JUNE 2002

**1 ACCOUNTING POLICIES****(a) Basis of preparation of financial statements**

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

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	5%	reducing balance
Plant and machinery	20%	reducing balance
	20%	straight line
	33 1/3%	straight line
Fixtures, fittings and equipment	15%	reducing balance
	20%	straight line
	33 1/3%	straight line
Motor vehicles	33 1/3%	reducing balance

Freehold land is not depreciated

**(d) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises invoice cost based on the average cost in the season in which the stock was purchased.

**(e) Pensions**

The company contributes towards defined contribution pension schemes in respect of certain members of staff. The pension cost charge represents the aggregate amount paid by the company into those schemes during the year.

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

YEAR ENDED 30 JUNE 2002

**3 OPERATING LOSS**

	2002 £	2001 £
The operating loss is stated after charging :		
Depreciation of tangible fixed assets - owned by the company	76,070	84,596
Audit fees	<u>6,500</u>	<u>8,500</u>

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	2002 £	2001 £
Directors' emoluments	249,769	243,214
Contributions to money purchase pension schemes	<u>13,650</u>	<u>18,500</u>

The number of directors accruing benefits under pension schemes were:

	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

The highest paid director received emoluments and benefits as follows:

	2002 £	2001 £
Emoluments and benefits under long term incentive schemes	71,953	60,046
Contributions to money purchase pension schemes	<u>10,000</u>	<u>15,000</u>

Included within directors' remuneration is a total of £12,000 (2001 - £12,000) paid to a third party in respect of the provision of services of a director.

**5 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:	2002 £	2001 £
Wages and salaries	446,316	489,197
Social security costs	42,209	49,122
Other pension costs	<u>13,650</u>	<u>18,500</u>
	<u>502,175</u>	<u>556,819</u>

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Warehouse	12	14
Sales	7	6
Administration	<u>4</u>	<u>4</u>
	<u>23</u>	<u>24</u>

## YEAR ENDED 30 JUNE 2002

<b>6</b>	<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Other interest receivable	<u>56,016</u>	<u>70,958</u>
<b>7</b>	<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	<u>81</u>	<u>288</u>
<b>8</b>	<b>TAXATION</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	<b>UK corporation tax</b>		
	Current tax on income for the year	8,428	-
	Adjustments in respect of prior periods	<u>(497)</u>	<u>(24)</u>
		<u>7,931</u>	<u>(24)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit (loss) on ordinary activities before taxation	<u>50,712</u>	<u>(29,321)</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the U.K. of 20% (2001 - 20%)	10,142	(5,864)
	Effects of :-		
	Expenses not deductible for tax purposes	140	118
	Capital allowances for the year in excess of depreciation	(1,748)	1,306
	Short term timing differences	-	4,000
	Tax losses carried forward	-	440
	Tax rate differences	(106)	-
	Adjustments to tax charge in respect of previous periods	<u>(497)</u>	<u>(24)</u>
		<u>7,931</u>	<u>(24)</u>
<b>9</b>	<b>DIVIDENDS</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	<b>Preference shares</b>		
	Final proposed	<u>1,323</u>	<u>1,323</u>
	of which :		
	Dividends on non-equity shares	<u>1,323</u>	<u>1,323</u>

The dividend comprises the 6% preference share dividend. No ordinary share dividend has been paid or proposed in 2002 or 2001.

YEAR ENDED 30 JUNE 2002

## 10 TANGIBLE FIXED ASSETS

	At 1 July 2001 £	Additions £	Disposals £	At 30 June 2002 £
<b>Cost</b>				
Freehold land and buildings	253,355	600	-	253,955
Plant and machinery	568,058	3,385	-	571,443
Fixtures, fittings and equipment	61,089	4,078	-	65,167
Motor vehicles	437,817	68,533	(144,861)	361,489
	<u>1,320,319</u>	<u>76,596</u>	<u>(144,861)</u>	<u>1,252,054</u>
	At 1 July 2001 £	Charge for the year £	On disposals £	At 30 June 2002 £
<b>Depreciation</b>				
Freehold land and buildings	163,988	4,225	-	168,213
Plant and machinery	538,834	11,205	-	550,039
Fixtures, fittings and equipment	49,957	6,547	-	56,504
Motor vehicles	317,754	54,093	(118,541)	253,306
	<u>1,070,533</u>	<u>76,070</u>	<u>(118,541)</u>	<u>1,028,062</u>
	At 1 July 2001 £			At 30 June 2002 £
<b>Net book amount</b>				
Freehold land and buildings	89,367			85,742
Plant and machinery	29,224			21,404
Fixtures, fittings and equipment	11,132			8,663
Motor vehicles	120,063			108,183
	<u>249,786</u>			<u>223,992</u>

Included within freehold land and buildings is land at cost of £5,500.

## 11 STOCKS

	2002 £	2001 £
Goods for re-sale	<u>131,722</u>	<u>69,258</u>

## 12 DEBTORS

	2002 £	2001 £
<b>Due within one year</b>		
Trade debtors	728,664	799,130
Other debtors	<u>56,919</u>	<u>24,927</u>
	<u>785,583</u>	<u>824,057</u>

YEAR ENDED 30 JUNE 2002

## 13 CREDITORS

	2002 £	2001 £
Amounts falling due within one year		
Bank overdraft	459,538	375,064
Trade creditors	163,588	104,722
Corporation tax	8,428	-
Other tax and social security	18,384	11,414
Proposed dividends	1,323	1,323
Other creditors	18,132	51,383
Accruals and deferred income	93,099	21,261
	<u>762,492</u>	<u>565,167</u>

## 14 PROVISION FOR LIABILITIES AND CHARGES

	Other Provisions £
At 1 July 2001	20,000
Charged to profit and loss	-
At 30 June 2002	<u>20,000</u>

Other provisions comprise an estimate by the directors for a penalty which is expected to be made against the company by the Health and Safety Executive. The reason for the penalty arising was due to an accident which occurred at the company's premises in which a person fell through the roof of one of the storage buildings. This resulted in substantial injuries. The Health and Safety Executive has issued a prohibition notice and it is of the directors' opinion that the company will be penalised up to £20,000 however the exact amount of the penalty is not yet certain.

## 15 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 July 2001 and 30 June 2002			
Ordinary shares of £1 each	22,500	22,050	22,050
6% Preference shares of £1 each	22,500	22,050	22,050
	<u>45,000</u>	<u>44,100</u>	<u>44,100</u>

The rights attached to the preference shares in summary are:

Distribution of profits shall first be applied in paying to the holders of preference shares a cumulative preferential dividend.

The holders of preference shares have no right to receive notice, attend or vote at any general meeting unless the cumulative preferential dividend on their shares shall be six calendar months in arrears.

On winding up any remaining assets shall be applied first in paying to the holders of preference shares the amounts paid up or credited as paid up on such preference shares respectively together with all arrears (if any) and accruals in respect of preference dividends prior to any distribution to ordinary shareholders.

## YEAR ENDED 30 JUNE 2002

## 16 RESERVES

<b>Profit and loss account</b>	£
At 1 July 2001	1,851,601
Profit for the year	42,781
Dividends	(1,323)
	<u>1,893,059</u>
At 30 June 2002	<u>1,893,059</u>

## 17 SHAREHOLDERS' FUNDS

	2002 £	2001 £
Shareholders' funds at 1 July 2001	1,895,701	1,926,321
Profit/(loss) for the year	42,781	(29,297)
Dividends	(1,323)	(1,323)
	<u>1,937,159</u>	<u>1,895,701</u>
Shareholders' funds at 30 June 2002	<u>1,937,159</u>	<u>1,895,701</u>

Shareholders' funds include amounts attributable to non-equity interests as follows:

6% preference shares of £1 each	22,050	22,050
Proposed dividend	(1,323)	(1,323)
	<u>20,727</u>	<u>20,727</u>
Non-equity interests	20,727	20,727
Equity interests	1,916,432	1,874,974
	<u>1,937,159</u>	<u>1,895,701</u>
Total	<u>1,937,159</u>	<u>1,895,701</u>

## 18 GROSS CASH FLOWS

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest received	47,471	74,883
Interest paid	(81)	(288)
Dividends paid	(1,323)	(2,117)
	<u>46,067</u>	<u>72,478</u>
<b>Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(76,596)	(83,394)
Receipts from sales of tangible fixed assets	31,700	23,551
	<u>(44,896)</u>	<u>(59,843)</u>

## 19 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2001 £	Cash flows £	Other changes £	At 30 June 2002 £
Cash at bank and in hand	1,337,767	240,587	-	1,578,354
Overdrafts	(375,064)	(84,475)	-	(459,539)
Total	<u>962,703</u>	<u>156,112</u>	<u>-</u>	<u>1,118,815</u>

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2002****20 TRANSACTIONS WITH RELATED PARTIES**

During the year the company made net purchases of £199,416 (2001 - £190,989) of goods from A Dawson & Co (Estates) Limited, a company of which C R Dawson and S H Dawson are directors. All transactions are under normal trading terms. At the year end there is £nil outstanding between the two entities (2001 - £nil).

Net purchases of £48,277 (2001 - £40,704) of goods were made from High Wold Farmers, a partnership between R Billinton, Mrs J Billinton and Mr J Billinton. R Billinton is a director of J Dawson and Sons. All transactions are on normal trading terms. At the year end there is £nil outstanding between the two entities (2001 - £nil).

During the year £7,654 (2001 - £7,986) was paid to Pearson Jones plc for professional consultancy work. The director Mr R Lee is also a director of Pearson Jones plc.

**21 PENSION COSTS**

The company contributes to defined contribution pension schemes, the assets of which are held separately from those of the company in independently administered funds. The pension cost charge for the year is shown in note 5.

**22 CONTROLLING PARTIES**

The company is controlled by J Dawson & Sons (Holdings) Limited.

J Dawson & Sons (Holdings) Limited is ultimately controlled by the Dawson family.