



ALVIS BROTHERS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2000

Company Number 502230

ALVIS BROTHERS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2000

Company registration number:

502230

Registered office:

Lye Cross Farm
Redhill
Wroughton
Bristol
BS18 7RH

Directors:

Mr J Alvis
Mr M Alvis

Secretary:

Mrs P J Alvis

Bankers:

HSBC Bank plc
30 High Street
Weston-Super-Mare
North Somerset
BS23 1JE

Solicitors:

Bennetts
High Street
Wroughton
Bristol
BS18 7QB

Auditors:

Grant Thornton
Registered auditors
Chartered accountants

ALVIS BROTHERS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2000

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ALVIS BROTHERS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 2000.

Principal activity

The company is principally engaged in cheese making. It also produces and sells milk, undertakes pig rearing, and generates income from its other assets.

Business review

During the year the company expanded its cheese making and packing facilities and maintained its dairy herds and pig enterprise.

Results

There was a profit for the year after tax amounting to £77,658 (1999: £276,491). The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

In accordance with the Articles of Association the directors are not required to retire by rotation.

The interests of the directors and their families in the shares of the company as at 1 April 1999 and at 31 March 2000, were as follows:

	31 March 2000	1 April 1999
	Number of	Number of
	ordinary shares	ordinary shares
Mr J Alvis	7,500	7,500
Mr M G Alvis	9,000	9,000
Mr J Alvis (as trustee)	5,250	5,250

ALVIS BROTHERS LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 compliance

The company suffered no impact from the Year 2000 date change nor did any of its major customers, suppliers or trading partners.

Auditors

Grant Thornton having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Mr J Alvis
Director
Date: 6 September 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

ALVIS BROTHERS LIMITED

Grant Thornton 

We have audited the financial statements on pages 4 to 19 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements 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.

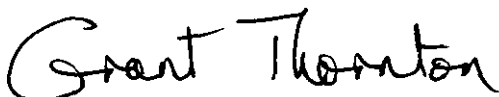
Basis of opinion

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 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Bath

6 September 2000

ALVIS BROTHERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that certain freehold land and buildings are shown at their revalued amounts.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:-

Freehold properties	4%
Plant and machinery	15 - 20%

No depreciation is charged on properties during the period of construction.

INTANGIBLE FIXED ASSETS

Milk quota is classified as an intangible asset and written off in equal annual instalments up to the year 2006.

GOVERNMENT GRANTS

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

ALVIS BROTHERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

CONTRIBUTIONS TO PENSION FUNDS

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

ALVIS BROTHERS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 2000

	Note	2000 £	1999 £
Turnover	1	12,912,496	12,491,775
Cost of sales	2	9,806,807	9,162,574
Gross profit		<u>3,105,689</u>	<u>3,329,201</u>
Other operating income and charges	2	(2,829,670)	(2,773,096)
Operating profit		<u>276,019</u>	<u>556,105</u>
Net interest	3	(209,241)	(297,383)
Profit on ordinary activities before taxation	1	<u>66,778</u>	<u>258,722</u>
Tax on profit on ordinary activities	5	10,880	17,769
Retained profit for the financial year	15	<u><u>77,658</u></u>	<u><u>276,491</u></u>

There were no recognised gains or losses other than the profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

ALVIS BROTHERS LIMITED

BALANCE SHEET AT 31 MARCH 2000

	Note	2000 £	1999 £
Fixed assets			
Intangible assets	6	1,109,658	1,294,532
Tangible assets	7	5,449,843	3,825,114
		<u>6,559,501</u>	<u>5,119,646</u>
Current assets			
Stocks	8	1,607,781	2,567,933
Debtors	9	2,044,762	1,396,488
Investments	10	38,713	19,825
		<u>3,691,256</u>	<u>3,984,246</u>
Creditors: amounts falling due within one year	11	<u>2,596,056</u>	<u>2,769,879</u>
Net current assets		<u>1,095,200</u>	<u>1,214,367</u>
Total assets less current liabilities		<u>7,654,701</u>	<u>6,334,013</u>
Creditors: amounts falling due after more than one year	12	1,182,549	519
Provisions for liabilities and charges	13	61,000	-
		<u>6,411,152</u>	<u>6,333,494</u>
Capital and reserves			
Called up share capital	16	30,000	30,000
Profit and loss account	15	6,381,152	6,303,494
Shareholders' funds	15	<u>6,411,152</u>	<u>6,333,494</u>

The financial statements were approved by the Board of Directors on 6 September 2000.



Mr J Alvis - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

ALVIS BROTHERS LIMITED**CASHFLOW STATEMENT***For the year ended 31 March 2000*

	Note	2000 £	1999 £
Net cash inflow from operating activities	17	1,098,540	2,044,763
Returns on investments and servicing of finance			
Interest received		1,500	4,081
Interest paid		(210,667)	(301,309)
Finance lease interest paid		(74)	(155)
Net cash outflow from returns on investments and servicing of finance	3	(209,241)	(297,383)
Taxation		(33,075)	23,746
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,935,289)	(289,032)
Purchase of investments		(18,888)	(14,428)
Sale of tangible fixed assets		16,850	111,247
Net cash outflow from capital expenditure and financial investment		(1,937,327)	(192,213)
Financing			
Net receipts from borrowing		1,276,674	6,934
Capital element of hire purchase contracts		(73,488)	(56,723)
Net cash inflow from/(outflow from) financing		1,203,186	(49,789)
Increase in cash		122,083	1,529,124

The accompanying accounting policies and notes form an integral part of these financial statements.

ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the principal activities of the business.

The profit on ordinary activities is stated after:

	2000 £	1999 £
Auditors' remuneration:		
Audit services	7,850	7,850
Non-audit services	14,214	11,300
Depreciation and amortisation:		
Milk quota	184,874	198,383
Tangible fixed assets, owned	305,434	278,284
Tangible fixed assets, held under hire purchase contracts	6,325	30,377

2 COST OF SALES AND OTHER OPERATING INCOME AND CHARGES

	2000 £	1999 £
Cost of sales	9,806,807	9,162,574
Other operating income and charges:		
Administrative expenses	2,872,073	2,833,282
Other operating income	(42,403)	(60,186)
	2,829,670	2,773,096

3 NET INTEREST

	2000 £	1999 £
On bank loans and overdrafts	182,088	268,449
Finance charges in respect of hire purchase contracts	74	155
Other interest payable and similar charges	28,579	32,860
	210,741	301,464
Other interest receivable and similar income	1,500	4,081
	209,241	297,383

ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	1,272,430	1,299,319
Social security costs	118,960	127,928
Other pension costs	-	10,836
	<u>1,391,390</u>	<u>1,438,083</u>

The average number of employees of the company during the year was 82 (1999: 82).

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments	<u>85,000</u>	<u>89,200</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation credit represents:

	2000 £	1999 £
Corporation tax @ 31% (1999: 21%)	-	33,059
Deferred tax (note 13)	61,000	-
	<u>61,000</u>	<u>33,059</u>
Adjustments in respect of prior years:		
Corporation tax	(71,880)	(23,828)
Deferred tax	-	(27,000)
	<u>(10,880)</u>	<u>(17,769)</u>

Unrelieved tax losses of £104,000 remain available to offset against future taxable trading profits.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

6 INTANGIBLE FIXED ASSETS

	Milk quota £
Cost	
At 1 April 1999	1,864,998
At 31 March 2000	<u>1,864,998</u>
Amortisation	
At 1 April 1999	570,466
Provided in the year	184,874
At 31 March 2000	<u>755,340</u>
Net book amount at 31 March 2000	<u><u>1,109,658</u></u>
Net book amount at 31 March 1999	<u><u>1,294,532</u></u>

ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

7 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 1999	3,723,912	3,639,207	7,363,119
Additions	412,522	1,529,496	1,942,018
Disposals	-	(48,305)	(48,305)
At 31 March 2000	4,136,434	5,120,398	9,256,832
Depreciation			
At 1 April 1999	607,339	2,930,666	3,538,005
Provided in the year	51,884	259,875	311,759
Eliminated on disposals	-	(42,775)	(42,775)
At 31 March 2000	659,223	3,147,766	3,806,989
Net book amount at 31 March 2000	3,477,211	1,972,632	5,449,843
Net book amount at 31 March 1999	3,116,573	708,541	3,825,114

The figures stated above include assets held under hire purchase contracts as follows:-

	Plant and machinery £
Net book amount at 31 March 2000	23,940
Net book amount at 31 March 1999	124,710
Depreciation provided during year	6,325

The gross amount of land and buildings on which depreciation is being provided is as follows:-

Freehold buildings	£ 1,297,126
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ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the year ended 31 March 2000***7 TANGIBLE FIXED ASSETS (CONTINUED)**

The figures stated above for cost or valuation include valuations as follows:

	Land and buildings	
	2000	1999
At cost	4,026,434	3,613,912
At 1964 valuation	20,000	20,000
At 1965 valuation	90,000	90,000
	4,136,434	3,723,912

8 STOCKS

	2000	1999
	£	£
Livestock	1,075,089	948,910
Cheese and dairy stocks	532,692	1,619,023
	1,607,781	2,567,933

There were no significant differences between the replacement cost and the values disclosed for stock.

9 DEBTORS

	2000	1999
	£	£
Trade debtors	1,253,916	1,129,070
Amounts owed by related company	526,601	94,324
Corporation tax recoverable	71,896	-
Other debtors	192,349	173,094
	2,044,762	1,396,488

Included in other debtors is £30,745 which is due after more than one year.

ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

10 CURRENT ASSET INVESTMENTS

	2000 £	1999 £
Land held for development	38,713	19,825

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans and overdraft	1,782,910	1,807,827
Trade creditors	290,844	378,823
Amounts owed to related businesses	19,431	19,431
Corporation tax	-	33,059
Social security and other taxes	53,436	-
Director and shareholder current/loan accounts	413,906	386,583
Accruals	31,682	70,741
Amounts due under hire purchase contracts	3,847	73,415
	2,596,056	2,769,879

The bank loan and overdraft is secured by a fixed charge over book debts and a floating charge over all other assets.

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Bank loans	1,179,221	-
Amounts due under hire purchase contracts	3,328	519
	1,182,549	519

All hire purchase contracts are repayable in less than five years.

Bank loan

The bank loan is secured by a fixed charge over book debts and a floating charge over all other assets.

ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2000

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

	2000 £	1999 £
Borrowings are repayable as follows:-		
Within one year		
Bank loan	97,166	-
Hire purchase contracts	3,847	73,415
After one and within two years		
Bank loan	103,632	-
Hire purchase contracts	3,323	519
After two and within five years		
Bank loan	321,943	-
After five years		
Bank loan	753,651	-
	<u>1,283,562</u>	<u>73,934</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation (note 14) £
Provided during the year	61,000
At 31 March 2000	<u>61,000</u>

ALVIS BROTHERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the year ended 31 March 2000***14 DEFERRED TAXATION**

Deferred taxation is provided for in full the financial statements and is set out below.

	Amount provided	
	2000	1999
	£	£
Accelerated capital allowances	81,930	-
Less:		
Trading losses	(20,930)	-
Total	61,000	-

15 RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit and loss	Shareholders' funds
	£	£	£
At 1 April 1999	30,000	6,303,494	6,057,003
Retained profit for the year	-	77,658	77,658
At 31 March 2000	30,000	6,381,152	6,411,152

16 SHARE CAPITAL

	2000	1999
	£	£
Authorised 30,000 ordinary shares of £1 each	30,000	30,000
Allotted, called up and fully paid 30,000 ordinary shares of £1 each	30,000	30,000

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

17 NET CASH FLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	276,019	556,105
Depreciation	496,633	507,044
Profit on sale of tangible fixed assets	(11,320)	(40,862)
Decrease in stock	960,152	1,476,016
Increase in debtors	(576,665)	(293,803)
Decrease in creditors	(46,279)	(159,737)
Net cash inflow from operating activities	<u>1,098,540</u>	<u>2,044,763</u>

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase in cash in the year	122,083	1,529,124
Cash inflow from financing	(1,276,674)	(6,934)
Cash outflow from hire purchase contracts	73,488	56,723
Change in net (debt)/funds resulting from cash flows	<u>(1,081,103)</u>	<u>1,578,913</u>
Inception of finance leases	(6,729)	(60,688)
Movement in net (debt)/funds in the year	<u>(1,087,832)</u>	<u>1,518,225</u>
Current asset investment	18,888	14,428
Net debt at 1 April 1999	<u>(1,861,649)</u>	<u>(3,394,302)</u>
Net debt at 31 March 2000	<u>(2,930,593)</u>	<u>(1,861,649)</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1999 £	Cash flow £	Non-cash items £	At 31 March 2000 £
Overdrafts	(1,807,827)	122,083	-	(1,685,744)
Debt	287	(1,276,674)	-	(1,276,387)
Hire purchase contracts	(73,934)	73,488	(6,729)	(7,175)
Current asset investments	19,825	18,888	-	38,713
Total	<u>(1,861,649)</u>	<u>(1,062,215)</u>	<u>(6,729)</u>	<u>(2,930,593)</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

20 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2000 or at 31 March 1999.

21 CONTINGENT LIABILITIES

There is a contingent liability in respect of an unlimited composite cross guarantee given to secure all bank borrowings of Alvis Brothers (Lye Cross) Limited amounting to £224,641 (1999: £55,537).

There were no other contingent liabilities at 31 March 2000 or 31 March 1999.

22 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are administered by trustees in a fund independent from those of the company.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

23 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The company made rental payments during the year of £14,500 to the directors in respect of land used by the company.

The company paid its pension scheme £6,200 for rental of land, and £30,380 rent on behalf of company employees who are tenants of pension scheme property.

The company had transactions with Alvis Brothers (Lye Cross) Limited as follows:
Sales of cheese and milk of £2,289,424, purchases of cheese and milk of £2,101,768, rental payments of £21,246, management charge of £40,250. Alvis Brothers (Lye Cross) Limited is related to the company as the directors of Alvis Brothers Limited are also the directors of Alvis Brothers (Lye Cross) Limited and the two companies have certain shareholders in common.

The directors of the company are also directors of Alvis Brothers (Redhill) Limited which is a dormant company.

Interest of £27,840 was paid to Mrs P Alvis, the wife of Mr J Alvis, in respect of her loan to the company.

Amounts owed to/from related parties of Alvis Brothers Limited as at 31 March 2000 are:

	Included in Debtors £	Included in Creditors £
Alvis Brothers (Lye Cross) Limited	526,601	
Alvis Brothers Limited Pension Fund	19,752	
Alvis Brothers (Redhill) Limited		19,431
Mrs P Alvis		279,774
Other director and shareholder current/loan accounts		134,132

24 CONTROLLING RELATED PARTY

Mr J Alvis is the company's controlling related party by virtue of his and his wife's shareholding, together with the shareholdings of trusts where he is first-named trustee.