

Company Registration No. 502230 (England and Wales)

ALVIS BROTHERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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ALVIS BROTHERS LIMITED

COMPANY INFORMATION

Directors	J Alvis (Senior)
	M G Alvis
	J Alvis (as trustee)
	J Alvis (Junior) (Appointed 3 April 2007)
	P Alvis (Appointed 3 April 2007)
Secretary	Mrs P J Alvis
Company number	502230
Registered office	Lye Cross Farm Redhill, Wrington Bristol BS40 5RH
Auditors	Lentells Limited 11 The Crescent Taunton Somerset TA1 4EA
Business address	Lye Cross Farm Redhill, Wrington Bristol BS40 5RH
Solicitors	30 High Street Weston-Super-Mare North Somerset BS23 1JE Bennetts High Street Wrington Bristol BS18 7QB

ALVIS BROTHERS LIMITED

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ALVIS BROTHERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report together with financial statements for the year ended 31 March 2008.

Principal activities and review of the business

The principal activity of the company continued to be that of cheese making. Food grade protein is now extracted from the whey and the remainder is used for animal feed including pigs. Milk is produced, some of which is sold if not required for cheese. The company also generates income from its other assets, especially land and buildings.

The principle risks facing the company are as follows:-

Conventional cheese - During the last year prices have increased circa 25% due to the rise in dairy commodity prices around the world. The decline in UK milk production is set to continue for the foreseeable future thereby increasing the probability of price increases.

Organic cheese - Organic ex farm milk continues to maintain a premium over conventional supplies. However it is proving difficult to claim full cost recovery, including energy costs, from the retailer's intent on minimising food price increases.

Significant provision is being made to meet the costs of environmental regulation (Water Framework Directive) and animal welfare/disease control.

The company performance reflects the rise in food commodity prices which are the result of world supply and demand being in fine balance. In such a situation further price volatility is to be expected.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 April 2007:

J Alvis (Senior)

M G Alvis

J Alvis (as trustee)

J Alvis (Junior)

(Appointed 3 April 2007)

P Alvis

(Appointed 3 April 2007)

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Lentells Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

ALVIS BROTHERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J Alvis (Senior)

Director

24-12-2008

ALVIS BROTHERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALVIS BROTHERS LIMITED

We have audited the financial statements of Alvis Brothers Limited for the year ended 31 March 2008, which comprise the profit and loss account, balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

ALVIS BROTHERS LIMITED

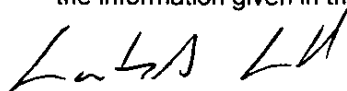
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ALVIS BROTHERS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Lentells Limited



Chartered Accountants

Registered Auditor

11 The Crescent
Taunton
Somerset
TA1 4EA

ALVIS BROTHERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Turnover	2	20,828,750	17,077,583
Cost of sales		(14,796,337)	(12,537,803)
Gross profit		6,032,413	4,539,780
Administrative expenses		(4,490,500)	(4,185,510)
Other operating income		63,790	80,304
Operating profit	3	1,605,703	434,574
Investment income	4	152,947	53,533
Other interest receivable and similar income	4	-	6,737
Interest payable and similar charges	5	(357,166)	(252,075)
Profit on ordinary activities before taxation		1,401,484	242,769
Tax on profit on ordinary activities	6	(426,522)	(87,017)
Profit for the year	18	974,962	155,752

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ALVIS BROTHERS LIMITED

BALANCE SHEET AS AT 31 MARCH 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Intangible assets	7	33,456		41,820	
Tangible assets	8	5,580,204		5,571,644	
Herd	9	461,235		473,985	
Investments	10	571,489		418,542	
		<u>6,646,384</u>		<u>6,505,991</u>	
Current assets					
Stocks	11	6,723,033		6,884,889	
Debtors	12	3,025,061		2,425,680	
Deferred tax asset	12	-		-	
Cash at bank and in hand		645		3,532	
		<u>9,748,739</u>		<u>9,314,101</u>	
Creditors: amounts falling due within one year	13	<u>(7,910,645)</u>		<u>(7,490,912)</u>	
Net current assets		<u>1,838,094</u>		<u>1,823,189</u>	
Total assets less current liabilities		<u>8,484,478</u>		<u>8,329,180</u>	
Creditors: amounts falling due after more than one year	14	(833,853)		(1,627,840)	
Provisions for liabilities and charges	15				
Deferred tax liability		(169,725)		(181,236)	
Accruals and deferred income	16	(30,911)		(45,083)	
		<u>7,449,989</u>		<u>6,475,021</u>	
Capital and reserves					
Called up share capital		30,000		30,000	
Profit and loss account	17	7,419,989		6,445,021	
Shareholders' funds - equity interests		<u>7,449,989</u>		<u>6,475,021</u>	

The financial statements were approved by the Board on 26-12-08



J Alvis (Senior)
Director

ALVIS BROTHERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	£	2008 £	£	2007 £
Net cash inflow from operating activities		1,145,491		1,406,636
Returns on investments and servicing of finance				
Interest received	152,947		60,270	
Interest paid	(357,166)		(252,035)	
Interest element of finance lease rentals	-		(40)	
Net cash outflow for returns on investments and servicing of finance		(204,219)		(191,805)
Taxation		(13,051)		(329,960)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(610,713)		(1,479,667)	
Payments to acquire investments	(152,947)		(53,533)	
Receipts from sales of tangible assets	35,750		30,379	
Net cash outflow for capital expenditure		(727,910)		(1,502,821)
Net cash inflow/(outflow) before management of liquid resources and financing		200,311		(617,950)
Financing				
Other new long term loans	104,810		769,105	
Other new short term loans	579,801		433,517	
Repayment of long term bank loan	(167,608)		(157,989)	
Repayment of other long term loans	(1,166,744)		(822,343)	
Repayment of other short term loans	9,619		6,858	
Net cash (outflow)/inflow from financing		(640,122)		229,148
Decrease in cash in the year		(439,811)		(388,802)

ALVIS BROTHERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

1	Reconciliation of operating profit to net cash inflow from operating activities	2008		2007	
		£		£	
	Operating profit	1,605,703		434,574	
	Depreciation of tangible assets	600,948		583,720	
	Amortisation of intangible assets	8,364		8,364	
	Profit on disposal of tangible assets	(19,751)		(15,191)	
	Decrease/(increase) in stocks	161,856		(3,165,863)	
	(Increase)/decrease in debtors	(599,381)		315,191	
	(Decrease)/Increase in creditors within one year	(598,076)		3,260,013	
	Movement on grant provision	(14,172)		(14,172)	
	Net cash inflow from operating activities	1,145,491		1,406,636	
2	Analysis of net debt	1 April 2007	Cash flow	Other non-cash changes	31 March 2008
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	3,532	(2,887)	-	645
	Bank overdrafts	(1,556,965)	(436,924)	-	(1,993,889)
		(1,553,433)	(439,811)	-	(1,993,244)
	Debt:				
	Debts falling due within one year	(591,506)	(155,903)	-	(747,409)
	Debts falling due after one year	(1,627,840)	793,987	-	(833,853)
		(2,219,346)	638,084	-	(1,581,262)
	Net debt	(3,772,779)	198,273	-	(3,574,506)
3	Reconciliation of net cash flow to movement in net debt	2008		2007	
		£		£	
	Decrease in cash in the year	(439,811)		(388,802)	
	Cash outflow/(inflow) from decrease/(increase) in debt	638,084		(231,999)	
	Movement in net debt in the year	198,273		(620,801)	
	Opening net debt	(3,772,779)		(3,151,978)	
	Closing net debt	(3,574,506)		(3,772,779)	

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and in compliance with UK accounting standards.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Milk Quota

Milk quota is classified as an intangible asset. Amortisation is in equal annual instalments to the year 2012 to reflect its useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	4% straight line on buildings only
Plant and machinery	5% - 20% straight line
Motor vehicles	20% straight line

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies (continued)

1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Turnover

Geographical market

	Turnover	
	2008	2007
	£	£
United Kingdom	20,320,685	16,622,822
Other	532,854	454,761
	<u>20,853,539</u>	<u>17,077,583</u>

3 Operating profit

	2008	2007
	£	£

Operating profit is stated after charging:

Amortisation of intangible assets	8,364	8,364
Depreciation of tangible assets	600,948	583,720
Operating lease rentals	52,010	32,505
Auditors' remuneration	7,000	7,000

and after crediting:

Profit on disposal of tangible assets	(19,751)	(15,191)
Profit on foreign exchange transactions	(2,377)	(12,553)
	<u>(22,128)</u>	<u>(27,744)</u>

4 Investment income

	2008	2007
	£	£

Income from fixed asset investments	152,947	53,533
Bank interest	-	6,737
	<u>152,947</u>	<u>60,270</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

5	Interest payable	2008	2007
		£	£
	On bank loans and overdrafts	332,572	223,914
	Lease finance charges	-	40
	Other interest	24,594	28,121
		<u>357,166</u>	<u>252,075</u>
6	Taxation	2008	2007
		£	£
	Domestic current year tax		
	U.K. corporation tax	438,033	13,052
	Adjustment for prior years	-	1,391
		<u>438,033</u>	<u>14,443</u>
	Current tax charge		
	Deferred tax		
	Deferred tax	(11,511)	72,574
		<u>426,522</u>	<u>87,017</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,401,484</u>	<u>242,769</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 30.00%)	<u>420,445</u>	<u>72,831</u>
	Effects of:		
	Depreciation add back	176,868	177,625
	Capital allowances	(165,661)	(224,606)
	Other tax adjustments	6,381	(11,407)
		<u>17,588</u>	<u>(58,388)</u>
	Current tax charge	<u>438,033</u>	<u>14,443</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

7 Intangible fixed assets

	Milk Quota £
Cost	
At 1 April 2007 & at 31 March 2008	1,864,998
Amortisation	
At 1 April 2007	1,823,178
Charge for the year	8,364
At 31 March 2008	1,831,542
Net book value	
At 31 March 2008	33,456
At 31 March 2007	41,820

Milk quota is amortised in equal installments over its useful economic life running to 2012.

8 Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2007	4,881,191	6,690,098	673,155	12,244,444
Additions	291,476	260,031	74,000	625,507
Disposals	-	-	(63,245)	(63,245)
At 31 March 2008	5,172,667	6,950,129	683,910	12,806,706
Depreciation				
At 1 April 2007	1,275,674	4,805,686	591,440	6,672,800
On disposals	-	-	(47,246)	(47,246)
Charge for the year	110,246	447,556	43,146	600,948
At 31 March 2008	1,385,920	5,253,242	587,340	7,226,502
Net book value				
At 31 March 2008	3,786,747	1,696,887	96,570	5,580,204
At 1 April 2007	3,605,517	1,884,412	81,715	5,571,644

There were no assets held under finance leases or hire purchase contracts at the year-end.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

9 Other assets

	Herd £
Cost	
At 1 April 2007	473,985
Additions	6,500
Disposals	(19,250)
	<u>461,235</u>
At 31 March 2008	<u>461,235</u>

10 Fixed asset investments

	Unlisted investments £
Cost	
At 1 April 2007	418,542
Additions	152,947
	<u>571,489</u>
At 31 March 2008	<u>571,489</u>

The company holds a 50% interest in a joint venture that is a Limited Liability Partnership called Alvis Contracting.

The company's share of profit is shown in the profit and loss account.

The carrying value of the investment as shown above represents the company's capital account balance in that partnership.

11 Stocks	2008 £	2007 £
Stocks	<u>6,723,033</u>	<u>6,884,889</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

12 Debtors	2008 £	2007 £
Trade debtors	2,684,639	2,005,663
Other debtors	340,422	420,017
	<u>3,025,061</u>	<u>2,425,680</u>

Amounts falling due after more than one year and included in the debtors above are:

	2008 £	2007 £
Other debtors	<u>8,135</u>	<u>41,986</u>

13 Creditors: amounts falling due within one year	2008 £	2007 £
Bank loans and overdrafts	2,741,298	2,148,471
Trade creditors	684,558	1,282,927
Corporation tax	438,034	13,052
Other taxes and social security costs	65,384	53,733
Directors' current accounts	367,209	507,286
Other creditors	3,485,151	3,444,244
Accruals and deferred income	129,011	41,199
	<u>7,910,645</u>	<u>7,490,912</u>

The bank loans and overdraft are secured by a First Floating Charge over all assets and undertakings both present and future dated 7th January 2005. The loans are scheduled to be repaid over monthly and quarterly instalments, at interest rates to be agreed with the company's bankers. Currently these are 0.85%, 0.90% and 1% over bank base rate.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

14 Creditors: amounts falling due after more than one year	2008	2007
	£	£
Bank loans	61,127	226,697
Other loans	772,726	1,401,143
	<u>833,853</u>	<u>1,627,840</u>
Analysis of loans		
Not wholly repayable within five years by instalments:	-	769,105
Wholly repayable within five years	1,581,262	1,450,241
	<u>1,581,262</u>	<u>2,219,346</u>
Included in current liabilities	(747,409)	(591,506)
	<u>833,853</u>	<u>1,627,840</u>
Instalments not due within five years	-	114,446
	<u>-</u>	<u>114,446</u>
Loan maturity analysis		
In more than one year but not more than two years	435,086	739,126
In more than two years but not more than five years	398,767	774,268
In more than five years	-	114,446
	<u>435,086</u>	<u>1,627,840</u>

15 Provisions for liabilities and charges

	Deferred tax liability
	£
Balance at 1 April 2007	181,236
Profit and loss account	(11,511)
	<u>169,725</u>
Balance at 31 March 2008	<u>169,725</u>

The deferred tax liability is made up as follows:

	2008	2007
	£	£
Accelerated capital allowances	<u>169,725</u>	<u>181,236</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

16 Accruals and deferred income

	Government grants £
Balance at 1 April 2007	45,083
Amortisation in the year	(14,172)
Balance at 31 March 2008	<u>30,911</u>

17 Share capital

	2008 £	2007 £
Authorised		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

18 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2007	6,445,027
Profit for the year	974,962
Balance at 31 March 2008	<u>7,419,989</u>

19 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	974,962	155,752
Opening shareholders' funds	<u>6,475,021</u>	<u>6,319,269</u>
Closing shareholders' funds	<u>7,449,989</u>	<u>6,475,021</u>

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

20 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 £1,356,154 (2007 £1,544,598).

21 Financial commitments

At 31 March 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2009:

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire:		
Between two and five years	13,000	13,000
In over five years	39,010	19,505
	<u>52,010</u>	<u>32,505</u>

22 Directors' emoluments

	2008	2007
	£	£
Emoluments for qualifying services	121,061	73,236
Amounts receivable under long term incentive schemes	183,682	186,098
	<u>304,743</u>	<u>259,334</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>36,954</u>	<u>39,548</u>
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23 Transactions with directors

Included in the figure of directors' and shareholders' loans of £367,209 (2007: £507,286) (note 13, Creditors: amounts falling due within one year), are directors' current account balances amounting to £87,911 (2007 £52,124). These loans are interest free with no fixed dates for repayment.

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

2008 Number	2007 Number
111	111

Employment costs

	2008 £	2007 £
Wages and salaries	2,973,096	2,913,713
Social security costs	205,769	196,674
	<u>3,178,865</u>	<u>3,110,387</u>

25 Control

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

ALVIS BROTHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

26 Related party transactions

Amounts owed to related parties of Alvis Brothers Limited as at 31 March 2008 are set out below: (included in note 13, creditors: amounts falling due within one year).

Alvis Brothers (Lye Cross) Limited £3,440,151 (2007 3,444,244)
Mrs P Alvis £89,436 (2007 £203,848)
Company directors £87,912 (2007 £52,124)
Family shareholders and others £189,862 (2007 £251,314)

Alvis Brothers (Lye Cross) Limited is connected to the company as the directors and certain shareholders of Alvis Brothers (Lye Cross) Limited are also directors and shareholders of Alvis Brothers Limited.

Interest of £8,089 (2007 £13,500) was paid to Mrs P Alvis, the wife of Mr J Alvis in respect of her loan to the company.

The company made rental payments during the year of £14,500 (2007 £14,500) to the directors in respect of the land used by the company. The company also paid its pension scheme £6,200 (2007 £6,200) for rental of land.

The company has sold dairy products with a value of £1,705,837 (2007 1,506,674) to; and purchased dairy products valued at £8,124,900 (2007 £7,965,101) from Alvis Brothers (Lye Cross) Limited. In addition to this the company has paid rental of £21,246 (2007 £21,246) to Alvis Brothers (Lye Cross) Limited.

The company has an ongoing arrangement with its bankers, whereby it is charged interest on the basis of the total borrowings of Alvis Brothers Limited, and Alvis Brothers (Lye Cross) Ltd. No adjustment is made in the financial statements for those charges that would relate to the borrowing of Alvis Brothers (Lye Cross) Limited.

The audit and accountancy charges in the financial statements include the related audit costs of Alvis Brothers (Lye Cross) Limited.

During the year the company paid £2,340 (2007 £4,383) to the pension fund trustees in respect of service charges.

Transactions with joint venture

Alvis Contracting is an LLP in the form of a joint venture between Mr D Harding and Alvis Brothers Limited. Each party holds a 50% interest and neither exercises overall control.

For the year ended 31st March 2008, the turnover for Alvis Contracting amounted to £1,670,480 (2007 £1,398,759).

During the period, Alvis Contracting paid £12,000 (2007 £12,000) to Alvis Brothers Limited for the rent of storage facilities.

In the same period, Alvis Brothers Limited paid £740,039 (2007 £600,577) net of VAT to Alvis Contracting for contract work at normal commercial terms.

At the year end, the following balances existed:

Trade balance due from Alvis Contracting £10,305 (2007 £5,173).
Trade balance due to Alvis Contracting £157,302 (2007 £50,522).

The loan to Alvis Contracting was repaid in full during 2007.