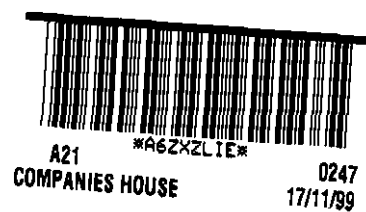


**ALVIS BROTHERS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 1999**



**Company Number 502230**

**ALVIS BROTHERS LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 March 1999

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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:

Midland Bank Plc  
30 High Street  
Weston-Super-Mare  
Avon  
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 1999

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# **ALVIS BROTHERS LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with financial statements for the year ended 31 March 1999.

### **Principal activity**

The company is principally engaged in pig and dairy farming and cheese making.

### **Business review**

During the year the pig enterprise was restructured and the dairy herd reduced, to adapt to economic conditions. The company continues to invest in its cheese production facilities.

### **Results**

There was a profit for the year after tax amounting to £276,491 (1998: £218,037). The directors do not recommend payment of a dividend and the profit has therefore been retained.

### **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 1998 and at 31 March 1999, were as follows:

	<b>31 March 1999 Number of ordinary shares</b>	<b>1 April 1998 Number of ordinary shares</b>
Mr J Alvis	<b>10,500</b>	10,500
Mr M G Alvis	<b>9,000</b>	9,000
Mr J Alvis (as trustee)	<b>2,250</b>	2,250

## 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

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of our customers and suppliers.

The company has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify the major risks, and action plans have been developed to address these in advance of critical dates. The plans give priority to the systems which could have a significant financial or legal impact were they to fail.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address the issue.

#### 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:

29 September 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
ALVIS BROTHERS LIMITED**

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We have audited the financial statements on pages 4 to 17 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 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 1999 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

Date: 29 September 1999

## **ALVIS BROTHERS LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **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.

#### **INCOME FROM INVESTMENTS**

Investment income comprises dividends declared during the accounting period, interest receivable on short term deposits and rents receivable from land.

#### **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%

Milk quota has been reclassified as an intangible asset and is being written off up to the year 2006 (when government has indicated that the system of milk quota will be reviewed).

#### **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.

## **ALVIS BROTHERS LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **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. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

#### **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 1999

	Note	1999 £	1998 £
Turnover	1	12,491,775	10,648,692
Cost of sales	2	9,068,238	7,609,655
Gross profit		3,423,537	3,039,037
Other operating income and charges	2	(2,867,432)	(2,526,793)
Operating profit		556,105	512,244
Net interest	3	(297,383)	(309,125)
Profit on ordinary activities before taxation	1	258,722	203,119
Tax on profit on ordinary activities	5	17,769	14,918
Retained profit for the financial year	15	276,491	218,037

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 1999

	Note	1999 £	1998 £
<b>Fixed assets</b>			
Intangible assets	6	1,294,532	-
Tangible assets	7	3,825,114	5,347,355
		<u>5,119,646</u>	<u>5,347,355</u>
<b>Current assets</b>			
Stocks	8	2,567,933	4,043,949
Debtors	9	1,396,488	1,109,619
Investments	10	19,825	5,397
		<u>3,984,246</u>	<u>5,158,965</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>2,769,879</u>	<u>4,403,082</u>
<b>Net current assets</b>		<u>1,214,367</u>	<u>755,883</u>
<b>Total assets less current liabilities</b>		<u>6,334,013</u>	<u>6,103,238</u>
<b>Creditors: amounts falling due after more than one year</b>	12	519	19,235
<b>Provisions for liabilities and charges</b>	13	-	27,000
		<u>6,333,494</u>	<u>6,057,003</u>
<b>Capital and reserves</b>			
Called up share capital	16	30,000	30,000
Profit and loss account	15	6,303,494	6,027,003
<b>Shareholders' funds</b>	15	<u>6,333,494</u>	<u>6,057,003</u>

The financial statements were approved by the Board of Directors on 29 September 1999



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 1999

	<b>Note</b>	<b>1999 £</b>	<b>1998 £</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>17</b>	<b>2,030,335</b>	<b>(1,165,412)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		4,081	4,504
Interest paid		(301,309)	(313,559)
Finance lease interest paid		(155)	(70)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>3</b>	<b>(297,383)</b>	<b>(309,125)</b>
<b>Taxation</b>		<b>50,746</b>	<b>(149,595)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(289,032)	(1,141,202)
Sale of tangible fixed assets		111,247	616,892
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(177,785)</b>	<b>(524,310)</b>
<b>Financing</b>			
Net (repayment of)/receipts from borrowing		(6,934)	458,763
Capital element of hire purchase contracts		56,723	39,363
<b>Net cash outflow from financing</b>	<b>19</b>	<b>(49,789)</b>	<b>(498,126)</b>
<b>Increase/(Decrease) in cash</b>		<b>1,529,124</b>	<b>(2,646,568)</b>

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 1999

**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:

	1999 £	1998 £
Auditors' remuneration:		
Audit services	7,850	7,850
Non-audit services	11,300	8,945
Depreciation and amortisation:		
Milk quota	198,383	198,383
Tangible fixed assets, owned	278,284	285,966
Tangible fixed assets, held under hire purchase contracts	30,377	28,886

**2 COST OF SALES AND OTHER OPERATING INCOME AND CHARGES**

	1999 £	1998 £
Cost of sales	9,068,238	7,609,655
Other operating income and charges:		
Administrative expenses	2,927,618	3,072,270
Other operating income	(60,186)	(545,477)
	2,867,432	2,526,793

**3 NET INTEREST**

	1999 £	1998 £
On bank loans and overdrafts	268,449	238,105
Finance charges in respect of hire purchase contracts	155	70
Other interest payable and similar charges	32,860	75,454
	301,464	313,629
Other interest receivable and similar income	4,081	4,504
	297,383	309,125

# ALVIS BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

### 4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	1,393,655	1,418,841
Social security costs	124,378	127,928
Other pension costs	10,836	-
	<u>1,528,869</u>	<u>1,546,769</u>

The average number of employees of the company during the year was 82 (1998: 86).

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Emoluments	<u>89,200</u>	<u>210,266</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	1999 £	1998 £
Emoluments	<u>49,631</u>	<u>170,816</u>

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation credit represents:

	1999 £	1998 £
Corporation tax @ 31% (1998: 21%)	33,059	82
Deferred tax (note 13)	-	(15,000)
	<u>33,059</u>	<u>(14,918)</u>
Adjustments in respect of prior years:		
Corporation tax	(23,828)	-
Deferred tax	(27,000)	-
	<u>(17,769)</u>	<u>(14,918)</u>

**ALVIS BROTHERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 1999

---

**6 INTANGIBLE FIXED ASSETS**

	<b>Milk quota £</b>
Cost	
Reclassification from land and buildings	1,864,998
At 31 March 1999	<u>1,864,998</u>
Amortisation	
Reclassification from land and buildings	372,083
Provided in the year	198,383
At 31 March 1999	<u>570,466</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 1999

### 7 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 1998	5,574,060	3,609,999	9,184,059
Additions	14,850	334,870	349,720
Reclassification to milk quota	(1,864,998)	-	(1,864,998)
Disposals	-	(305,662)	(305,662)
At 31 March 1999	3,723,912	3,639,207	7,363,119
Depreciation			
At 1 April 1998	931,262	2,905,442	3,836,704
Provided in the year	48,160	260,501	308,661
Reclassification to milk quota	(372,083)	-	(372,083)
Eliminated on disposals	-	(235,277)	(235,277)
At 31 March 1999	607,339	2,930,666	3,538,005
Net book amount at 31 March 1999	<b>3,116,573</b>	<b>708,541</b>	<b>3,825,114</b>
Net book amount at 31 March 1998	4,642,798	704,557	5,347,355

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

	Plant and machinery £
Net book amount at 31 March 1999	124,710
Net book amount at 31 March 1998	121,139
Depreciation provided during year	30,377

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

Freehold buildings	£ 1,203,996
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**ALVIS BROTHERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1999

**7 TANGIBLE FIXED ASSETS (CONTINUED)**

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

	<b>Land and buildings</b>	
	<b>1999</b>	<b>1998</b>
At cost	<b>3,613,912</b>	5,464,060
At 1964 valuation	<b>20,000</b>	20,000
At 1965 valuation	<b>90,000</b>	90,000
	<b>3,723,912</b>	<b>5,574,060</b>

Milk quota at a cost of £1,864,997 was reclassified as an intangible asset in the year.

**8 STOCKS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Livestock	<b>948,910</b>	1,006,824
Cheese and dairy stocks	<b>1,619,023</b>	3,037,125
	<b>2,567,933</b>	<b>4,043,949</b>

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

**9 DEBTORS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,129,069</b>	530,975
Amounts owed by related company	<b>94,325</b>	456,248
Other debtors	<b>173,094</b>	122,396
	<b>1,396,488</b>	<b>1,109,619</b>

**10 CURRENT ASSET INVESTMENTS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Land held for development	<b>19,825</b>	5,397



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

For the year ended 31 March 1999

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank overdraft	1,807,827	3,336,951
Trade creditors	378,823	392,857
Amounts owed to related businesses	19,431	19,432
Corporation tax	33,059	82
Social security and other taxes	-	68,668
Other creditors	386,583	464,515
Accruals	70,741	69,843
Amounts due under hire purchase contracts	73,415	50,734
	<u>2,769,879</u>	<u>4,403,082</u>

The bank 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**

	1999 £	1998 £
Amounts due under hire purchase contracts	519	19,235

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

**13 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation (note 14) £
At 1 April 1998	27,000
Provided during the year	-
Utilised during the year	(27,000)
At 31 March 1999	<u>-</u>

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

For the year ended 31 March 1999

**14 DEFERRED TAXATION**

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

	<b>Amount provided</b>	
	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	-	27,000

**15 RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Share capital</b>	<b>Profit and loss</b>	<b>Shareholders' funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 1998	30,000	6,027,003	6,057,003
Retained profit for the year		276,491	276,491
At 31 March 1999	<b>30,000</b>	<b>6,303,494</b>	<b>6,333,494</b>

**16 SHARE CAPITAL**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Authorised 30,000 ordinary shares of £1 each	<b>30,000</b>	30,000
Allotted, called up and fully paid 30,000 ordinary shares of £1 each	<b>30,000</b>	30,000

**17 NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>556,105</b>	512,244
Depreciation	<b>507,044</b>	513,235
Profit on sale of tangible fixed assets	<b>(40,862)</b>	(483,756)
Decrease/((Increase)) in stock	<b>1,476,016</b>	(1,031,339)
Increase in debtors	<b>(308,231)</b>	(500,351)
Decrease in creditors	<b>(159,737)</b>	(175,445)
Net cash inflow/(outflow) from operating activities	<b>2,030,335</b>	(1,165,412)

# ALVIS BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

### 18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £	1998 £
Increase/(Decrease) in cash in the year	1,529,124	(2,646,568)
Cash inflow from hire purchase contracts	56,723	39,363
Cash outflow from decrease in liquid resources	(6,934)	(458,763)
Change in net funds/(debt) resulting from cash flows	1,578,913	(2,148,442)
Inception of finance leases	(60,688)	(70,846)
Movement in net funds/(debt) in the year	1,518,225	(2,219,288)
Net debt at 1 April 1998	(1,175,614)	(1,175,614)
Net debt at 31 March 1999	(1,861,649)	(3,394,302)

### 19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1998 £	Cash flow £	Non-cash items £	At 31 March 1999 £
Overdrafts	(3,336,951)	1,529,124		(1,807,827)
Debt	7,221	(6,934)		287
Hire purchase contracts	(69,969)	56,723	(60,688)	(73,934)
Current asset investments	5,397	14,428		19,825
Total	(3,394,302)	1,593,341	(60,688)	(1,861,649)

### 20 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 1999 or at 31 March 1998.

### 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 £55,537 (1998: £151).

There were no other contingent liabilities at 31 March 1999 or 31 March 1998.

## **ALVIS BROTHERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 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.

#### **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 £31,990 for rental of property.

The company had transactions with Alvis Brothers (Lye Cross) Limited as follows:  
Sales of cheese and milk of £1,617,119, purchases of cheese and milk of £2,021,295,  
rental payments of £21,246, management charge of £63,500. 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 £27,910 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 1998 are:

	Included in Debtors £	Included in Creditors £
Alvis Brothers (Lye Cross) Limited	94,325	
Alvis Brothers Limited Pension Fund	287	
Alvis Brothers (Redhill) Limited		19,431
Mrs P Alvis		285,048

#### **24 CONTROLLING RELATED PARTY**

Mr J Alvis is the company's controlling related party by virtue of his shareholding of 12,750 shares.