

SOUTH STAFFS (FARMS) LIMITED
COMPANY NUMBER: 00692651
(ENGLAND AND WALES)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1997

Beard + Company
Burleigh
Old Church Road
Colwall



SOUTH STAFFS (FARMS) LIMITED
COMPANY INFORMATION

DIRECTORS
G.R. Hickman
S.J. Hickman

COMPANY SECRETARY
S.J. Hickman

COMPANY NUMBER
00692651 (England and Wales)

REGISTERED OFFICE
Church Farm
Mathon
Malvern
Worcestershire
WR13 5PW

AUDITORS
Beard + Company
Burleigh
Old Church Road
Colwall
Worcestershire
WR13 6EZ

BANKERS
Barclays Bank Plc
2 Worcester Road
Malvern
Worcestershire

SOUTH STAFFS (FARMS) LIMITED

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SOUTH STAFFS (FARMS) LIMITED
FOR THE YEAR ENDED 31 MARCH 1997
DIRECTORS REPORT

The directors present their report and financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

The company's principal activities are that of an investment company and farming.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	Number of shares	
	1997	1996
G.R. Hickman (as nominee of holding company)	1	1
S.J. Hickman	-	-

The directors are also directors of the holding company, South Staffs (Farms Holdings) Limited and their interests in the shares of the holding company are shown in the directors' report of that company.

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.

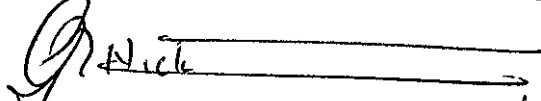
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Beard + Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 19 January 1998, and has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS


G.R. HICKMAN
Director

Mathon, Malvern,
Worcestershire.

AUDITORS' REPORT TO THE MEMBERS OF
SOUTH STAFFS (FARMS) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies on page 4.

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.

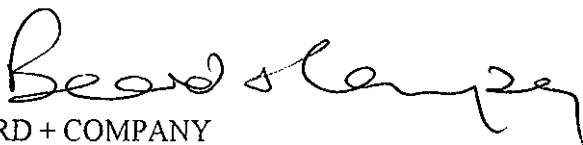
BASIS OF OPINION

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 as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



BEARD + COMPANY

Registered Auditor and
Chartered Accountants

Burleigh,
Old Church Road,
Colwall.

19 January 1998

SOUTH STAFFS (FARMS) LIMITED

ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

The financial statements are prepared under the historical cost convention, modified to incorporate the revaluation of freehold land and buildings, and incorporate the results of the principal activities which are described in the directors' report and which are continuing.

The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cashflow statement on the grounds that it is a small company.

TURNOVER

Turnover comprises investment income and the invoiced value of goods and services supplied by the company after deduction of trade discounts and value added tax.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

In respect of Motor vehicles and equipment, depreciation is provided at rates calculated to write off their cost, less their estimated residual value, over their expected useful lives, on the following basis:

Motor Vehicles	- 20% straight line
Equipment	- 10% straight line
Office Equipment	- 25% straight line

No depreciation is charged on freehold land.

INVESTMENT PROPERTIES

Investment properties are stated at open market value. In accordance with SSAP19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

FIXED ASSET INVESTMENTS

The fixed asset investments are stated at cost or open market valuation.

STOCKS

Stocks are stated in the balance sheet at the lower of cost and net realisable value. Cost includes all expenditure incurred in bringing those stocks to their present location and condition.

DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

SOUTH STAFFS (FARMS) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
TURNOVER - continuing activities		42,647	35,295
Cost of sales		<u>(9,205)</u>	<u>(5,457)</u>
GROSS PROFIT		33,442	29,838
Administration expenses		<u>(50,256)</u>	<u>(32,395)</u>
OPERATING (LOSS)	1	(16,814)	(2,557)
Gain(loss) on sale of fixed assets		<u>16</u>	<u>(232)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE		(16,798)	(2,789)
Interest payable		<u>-</u>	<u>(46)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(16,798)	(2,835)
Taxation	2	<u>(58)</u>	<u>(45)</u>
RETAINED (LOSS) FOR THE YEAR	9	<u>(16,856)</u>	<u>(2,880)</u>

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

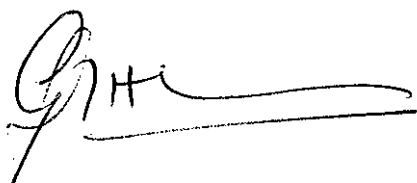
The notes on page 4 and pages 7 to 9 form part of these financial statements.

SOUTH STAFFS (FARMS) LIMITED
BALANCE SHEET 31 MARCH 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	3	16,694	17,963
Investments	4	<u>327,248</u>	<u>338,568</u>
		<u>343,942</u>	<u>356,531</u>
CURRENT ASSETS			
Stock		7,950	10,982
Debtors	5	59,967	61,567
Cash at bank and in hand		<u>3,128</u>	<u>899</u>
		71,045	73,448
CREDITORS: amounts falling due within one year	6	<u>12,755</u>	<u>10,891</u>
NET CURRENT ASSETS		<u>58,290</u>	<u>62,557</u>
NET ASSETS		<u>402,232</u>	<u>419,088</u>
CAPITAL AND RESERVES			
Called-up share capital	8	280,424	280,424
Profit and loss account	9	<u>121,808</u>	<u>138,664</u>
Shareholders' funds	10	<u>402,232</u>	<u>419,088</u>

Approved by the board of directors on 19 January 1998 and signed on its behalf.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



G.R. HICKMAN
Director

The notes on page 4 and pages 7 to 9 form part of these financial statements

SOUTH STAFFS (FARMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

1. OPERATING (LOSS)	1997	1996
	£	£
The operating (loss) is stated after charging:		
Depreciation of tangible fixed assets	1,694	1,654
Directors' remuneration	18,117	15,706
Auditors' remuneration	2,760	3,368
Operating leases - property rental	3,900	1,174
Pension contributions	1,099	1,099
	<u>26,000</u>	<u>26,000</u>
and after crediting:		
Rent receivable	73	376
Income from listed investments	<u>73</u>	<u>376</u>
2. TAXATION		
U.K. Corporation tax at small companies rates		
Current	-	-
Tax attributable to franked investment income	58	45
	<u>58</u>	<u>45</u>

Subject to the agreement of the Inland Revenue, the company has excess management expenses of approximately £36,525 to carry forward to future periods.

3. TANGIBLE FIXED ASSETS

	Land and buildings	Motor vehicles	Equipment	Office equipment	Total
	£	£	£	£	£
COST					
At 1 April 1996	13,226	5,500	1,694	1,534	21,954
Additions	-	-	425	-	425
Disposals	-	-	-	-	-
At 31 March 1997	<u>13,226</u>	<u>5,500</u>	<u>2,119</u>	<u>1,534</u>	<u>22,379</u>
DEPRECIATION					
At 1 April 1996	-	3,300	307	384	3,991
Charge for year	-	1,100	211	383	1,694
Eliminated on disposals	-	-	-	-	-
At 31 March 1997	<u>-</u>	<u>4,400</u>	<u>518</u>	<u>767</u>	<u>5,685</u>
NET BOOK VALUE					
At 31 March 1997	<u>13,226</u>	<u>1,100</u>	<u>1,601</u>	<u>767</u>	<u>16,694</u>
At 31 March 1996	<u>13,226</u>	<u>2,200</u>	<u>1,387</u>	<u>1,150</u>	<u>17,963</u>

SOUTH STAFFS (FARMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 - (continued)

4. FIXED ASSET INVESTMENTS

	Investment property	Listed Securities	Other Investments	Total
	£	£	£	£
COST OR VALUATION				
At 1 April 1996	282,996	10,062	45,510	338,568
Additions	-	638	31	669
Disposals	-	-	-	-
Provision for diminution in value	-	-	(11,989)	(11,989)
At 31 March 1997	<u>282,996</u>	<u>10,700</u>	<u>33,552</u>	<u>327,248</u>

The market value of listed securities held at 31 March 1997 was £13,337 (1996 £11,179).

One of the other investments was valued by the directors at 31 March 1997 at £11,989 less than cost and provision has been made for this in the financial statements.

The directors consider that the market value of the remaining fixed asset investments is not materially different to their cost.

5. DEBTORS

	1997 £	1996 £
Amounts due within one year:		
Other debtors	976	288
Prepayments and accrued income	<u>1,456</u>	<u>3,744</u>
	<u>2,432</u>	<u>4,032</u>
Amounts due after more than one year:		
Advance corporation tax recoverable	<u>57,535</u>	<u>57,535</u>

Other debtors includes an amount due from the directors of £929.20 which arose during the year. This represents the maximum balance on the loan during the year. The loan is interest free and has no fixed repayment terms.

6. CREDITORS

	£	£
Amounts falling due within one year:		
Amount due to holding company	3,732	3,732
Trade creditors	3,589	3,927
Corporation tax	-	-
Other taxation and social security payable	2,868	950
Accruals and deferred income	2,566	2,282
Amounts owed to directors	<u>-</u>	<u>-</u>
	<u>12,755</u>	<u>10,891</u>

7. DEFERRED TAXATION

There is no charge for deferred taxation as the tax written down value of tangible fixed assets exceeds their book written down values.

SOUTH STAFFS (FARMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 - (continued)

8. CALLED-UP SHARE CAPITAL	1997 £	1996 £
Authorised:		
Ordinary shares of £1 each	<u>281,000</u>	<u>281,000</u>
Allotted, called up and fully paid::		
Ordinary shares of £1 each	<u>280,424</u>	<u>280,424</u>
9. PROFIT AND LOSS ACCOUNT		
Balance at 1 April 1996	138,664	141,544
Retained (loss) for the year	<u>(16,856)</u>	<u>(2,880)</u>
Balance at 31 March 1997	<u>121,808</u>	<u>138,664</u>
10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
(Loss) for the year	(16,856)	(2,880)
Shareholders' funds at 1 April 1996	<u>419,088</u>	<u>421,968</u>
Shareholders' funds at 31 March 1997	<u>402,232</u>	<u>419,088</u>
11. ULTIMATE HOLDING COMPANY		

The company's ultimate holding company is South Staffs (Farms Holdings) Limited which is incorporated in England.