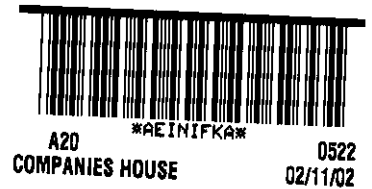


Company Registration No. 705559 (England and Wales)

**WALSTON POULTRY FARM LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2002**



# WALSTON POULTRY FARM LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mrs B G Friend I G Friend
<b>Secretary</b>	Mrs B G Friend
<b>Company number</b>	705559
<b>Registered office</b>	East Down Packing Station Winterbourne Whitchurch Blandford Dorset DT11 9AS
<b>Auditors</b>	Smith & Williamson Old Library Chambers 21 Chipper Lane Salisbury Wiltshire SP1 1BG
<b>Bankers</b>	National Westminster Bank plc The Square 5 Old Christchurch Road Bournemouth Dorset BH1 1DU
<b>Solicitors</b>	Lester Aldridge Russell House Oxford Road Bournemouth Dorset BH8 8EX

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# WALSTON POULTRY FARM LIMITED

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Profit and loss account	4
Statement of total recognised gains and losses	5
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Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 17

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# WALSTON POULTRY FARM LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2002

The directors present their report with the audited financial statements of the company for the year ended 30 April 2002.

### Principal activities and review of the business

The principal activity of the company in the year under review was that of the rearing of poultry to the point of lay, and the production and packaging of eggs.

### Results and dividends

The results for the year are set out on page 4.

No dividends will be distributed for the year ended 30 April 2002 (2001: £nil). The loss transferred to reserves will be £387,338 (2001: profit of £94,547 before the prior year adjustment). A prior year adjustment of £208,023 due to the implementation of FRS19 has decreased shareholders' funds since the last financial statements by £595,361.

### Directors

The following directors have held office since 1 May 2001:

Mrs B G Friend  
I G Friend

### Directors' interests

The directors' interests in the issued share capital of the company, were as stated below:

	ordinary shares of £ 1 each	
	30 April 2002	1 May 2001
Mrs B G Friend	-	-
I G Friend	-	-

Neither director had any interest in the issued share capital of the company during the year. The directors' interests in the issued share capital of the ultimate holding company are disclosed in that company's financial statements.

### Auditors

Our auditors, Smith & Williamson, have advised us that they have incorporated their audit practice as a separate legal entity, Nexia Audit Limited. A resolution to appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

# WALSTON POULTRY FARM LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

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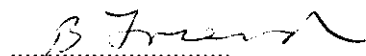
### Directors' responsibilities

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.

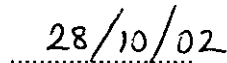
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

On behalf of the Board:



Mrs B G Friend

Director



Date

# WALSTON POULTRY FARM LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WALSTON POULTRY FARM LIMITED

We have audited the financial statements of Walston Poultry Farm Limited for the year ended 30 April 2002 on pages 4 to 17. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

### Respective responsibilities of the 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 Accounting 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 the 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.

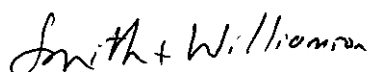
### Basis of audit opinion

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 the company's affairs as at 30 April 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Smith & Williamson

Chartered Accountants  
Registered Auditor

31<sup>st</sup> October 2002

Old Library Chambers  
21 Chipper Lane  
Salisbury  
Wiltshire SP1 1BG

# WALSTON POULTRY FARM LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2002

		2002	2001
	Notes	£	as restated £
<b>Turnover</b>	<b>2</b>	3,479,319	3,907,357
Cost of sales		(2,077,243)	(1,864,892)
<b>Gross profit</b>		1,402,076	2,042,465
Administrative expenses		(1,596,224)	(1,830,708)
Other operating income		5,769	13,433
<b>Operating (loss)/profit</b>	<b>3</b>	(188,379)	225,190
Investment income	<b>4</b>	(5,727)	2,786
Other interest receivable and similar income		13,367	24,126
Amounts written off investments	<b>5</b>	(176,437)	(150,370)
<b>(Loss)/profit on ordinary activities before taxation</b>		(357,176)	101,732
Tax on (loss)/profit on ordinary activities	<b>6</b>	(30,162)	(215,208)
<b>Loss on ordinary activities after taxation</b>	<b>15</b>	(387,338)	(113,476)

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

# WALSTON POULTRY FARM LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 2002

	Note	2002 £	2001 £
Loss for the financial year		(387,338)	(113,476)
Prior year adjustment	15	(208,023)	-
Total gains and losses recognised since last financial statements		<u>(595,361)</u>	<u>(113,476)</u>

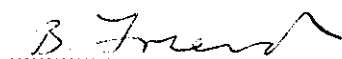


# WALSTON POULTRY FARM LIMITED

## BALANCE SHEET AS AT 30 APRIL 2002

		2002		2001 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		3,610,709		3,073,809
Investments	8		734,995		1,028,500
			<u>4,345,704</u>		<u>4,102,309</u>
<b>Current assets</b>					
Stocks	9	553,670		524,435	
Debtors	10	285,124		322,665	
Cash at bank and in hand		328,679		687,853	
		<u>1,167,473</u>		<u>1,534,953</u>	
<b>Creditors: amounts falling due within one year</b>	11	(1,835,657)		(1,601,997)	
<b>Net current liabilities</b>			<u>(668,184)</u>		<u>(67,044)</u>
<b>Total assets less current liabilities</b>			3,677,520		4,035,265
<b>Provisions for liabilities and charges</b>	12		<u>(237,616)</u>		<u>(208,023)</u>
			<u>3,439,904</u>		<u>3,827,242</u>
<b>Capital and reserves</b>					
Called up share capital	14	3,269,050		3,269,050	
Other reserves	15	4,282		4,282	
Profit and loss account	15	166,572		553,910	
<b>Shareholders' funds - equity interests</b>	16	3,439,904		3,827,242	

The financial statements were approved by the Board on 28/10/02



Mrs B G Friend  
Director

# WALSTON POULTRY FARM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2002

	2002 £	2001 £
<b>Net cash inflow from operating activities</b>	374,476	388,786
<b>Returns on investments and servicing of finance</b>		
Interest received	13,367	24,126
Dividends received	2,993	2,786
	<u>16,360</u>	<u>26,912</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	16,360	26,912
<b>Taxation</b>	1,502	(646)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(864,279)	(48,798)
Payments to acquire investments	(2,694)	(352,507)
Receipts from sales of tangible assets	16,000	20,000
Receipts from sales of investments	111,042	-
	<u>(739,931)</u>	<u>(381,305)</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	(739,931)	(381,305)
<b>(Decrease)/increase in cash in the year</b>	<u>(347,593)</u>	<u>33,747</u>

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2002

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2002	2001
		£	£
	Operating (loss)/profit	(188,379)	225,190
	Depreciation of tangible assets	315,789	253,922
	Profit on disposal of tangible assets	(4,410)	(6,580)
	Increase in stocks	(29,235)	(84,880)
	Decrease in debtors	29,499	42,886
	Increase/(decrease) in creditors within one year	251,212	(41,752)
	Net cash inflow from operating activities	374,476	388,786

2	Analysis of net funds	1 May 2001	Cash flow	Other non-cash changes	30 April 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	687,853	(359,174)	-	328,679
	Bank overdrafts	(108,964)	11,581	-	(97,383)
	Net funds	578,889	(347,593)	-	231,296

3	Reconciliation of net cash flow to movement in net funds	2002	2001
		£	£
	(Decrease)/increase in cash in the year	(347,593)	33,747
	Movement in net funds in the year	(347,593)	33,747
	Opening net funds	578,889	545,142
	Closing net funds	231,296	578,889

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### 1.2 Turnover

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

#### 1.3 Tangible fixed assets and depreciation

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

Land and buildings	- 2% straight line
Agricultural buildings	- 4% straight line
Agricultural equipment	- 10% on reducing balance
Office equipment	- 15% on reducing balance
Motor vehicles, tractors and trailers	- 25% on reducing balance

#### 1.4 Leasing

Rentals payable under operating lease agreements are charged to the profit and loss account as they are incurred.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value. For listed investments, market value is based on the closing middle market price on a recognised stock exchange.

#### 1.6 Stock

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items.

#### 1.7 Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

#### 1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax 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.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior year adjustment to be made to recognise the liability which existed at the start of the financial year and which was not recognised under the old accounting policy. This has created a deferred tax liability and reduced the retained profits by £208,023.

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

### 1 Accounting policies

(continued)

#### 1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its parent company comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating (loss)/profit

2002

2001

£

£

Operating (loss)/profit is stated after charging:

Depreciation of tangible assets

315,789

253,922

Operating lease rentals

1,142

936

Auditors' remuneration

6,450

6,450

Auditors' non-audit remuneration

4,426

8,207

### 4 Investment income

2002

2001

£

£

Loss on sale of listed investments

(8,720)

-

Income from listed investments

2,993

2,786

(5,727)

2,786

### 5 Amounts written off investments

2002

2001

£

£

Amounts written off:

- Listed investments

5,055

3,310

- Unlisted investments

175,339

151,865

Amounts written off in prior years written back

(3,957)

(4,805)

176,437

150,370

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

6	Taxation	2002 £	2001 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	-	5,971
	Adjustment for prior years	270	935
	Tax credits on franked investment income	299	279
		<hr/>	<hr/>
	<b>Current tax charge</b>	569	7,185
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	29,593	208,023
		<hr/>	<hr/>
		30,162	215,208
		<hr/>	<hr/>
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	(357,176)	101,732
		<hr/>	<hr/>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001 : 30.00%)	(71,435)	30,520
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	35,287	42,673
	Depreciation	64,020	74,224
	Capital allowances	(83,091)	(59,279)
	Tax losses utilised	55,817	(36,790)
	Adjustments to previous periods	270	935
	Tax credits on franked investment income	299	279
	Dividends and distributions received	(598)	(836)
	Other tax adjustments	-	(44,541)
		<hr/>	<hr/>
		72,004	(23,335)
		<hr/>	<hr/>
	<b>Current tax charge</b>	569	7,185
		<hr/>	<hr/>

The company has estimated losses of £ 179,908 (2001 : £ nil) available for carry forward against future trading profits.

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

### 7 Tangible fixed assets

	Land and buildings	Agricultural buildings	Agricultural equipment	Office equipment	Motor vehicles, tractors and trailers	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 May 2001	482,826	1,744,674	2,906,106	21,092	529,568	5,684,266
Additions	-	196,388	640,797	3,194	23,900	864,279
Disposals	-	-	-	-	(21,500)	(21,500)
At 30 April 2002	482,826	1,941,062	3,546,903	24,286	531,968	6,527,045
<b>Depreciation</b>						
At 1 May 2001	9,394	595,723	1,609,193	11,998	384,149	2,610,457
On disposals	-	-	-	-	(9,910)	(9,910)
Charge for the year	4,697	76,046	193,771	1,843	39,432	315,789
At 30 April 2002	14,091	671,769	1,802,964	13,841	413,671	2,916,336
<b>Net book value</b>						
At 30 April 2002	468,735	1,269,293	1,743,939	10,445	118,297	3,610,709
At 30 April 2001	473,432	1,148,951	1,296,913	9,094	145,419	3,073,809

Included within land and buildings is land at a cost of £248,000 which has not been depreciated.

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

### 8 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost</b>			
At 1 May 2001	783,783	403,849	1,187,632
Additions	2,694	-	2,694
Disposals	(119,762)	-	(119,762)
At 30 April 2002	666,715	403,849	1,070,564
<b>Provisions for diminution in value</b>			
At 1 May 2001	7,267	151,865	159,132
Increase in provision	5,055	175,339	180,394
Release of provision	(3,957)	-	(3,957)
At 30 April 2002	8,365	327,204	335,569
<b>Net book value</b>			
At 30 April 2002	658,350	76,645	734,995
At 30 April 2001	776,516	251,984	1,028,500
	<b>Market value £</b>	<b>Directors' valuation £</b>	<b>Total £</b>
At 30 April 2002	750,776	76,645	827,421
At 30 April 2001	855,916	251,984	1,107,900

### 9 Stocks

	2002 £	2001 £
Foodstock	69,201	61,010
Livestock	453,835	442,953
per profit and loss account	523,036	503,963
Eggs	23,581	15,200
Fuel and oil	7,053	5,272
	553,670	524,435



# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

10 Debtors	2002 £	2001 £
Trade debtors	190,137	246,859
Corporation tax	-	8,042
Other debtors	71,392	-
Prepayments and accrued income	23,595	67,764
	<u>285,124</u>	<u>322,665</u>

11 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	97,383	108,964
Trade creditors	304,668	130,753
Amounts owed to parent undertaking	1,387,365	1,177,085
Corporation tax	-	5,971
Other taxes and social security costs	20,698	78,547
Accruals and deferred income	25,543	100,677
	<u>1,835,657</u>	<u>1,601,997</u>

12 Provisions for liabilities and charges	Deferred taxation £
Balance at 1 May 2001	208,023
Profit and loss account	29,593
Balance at 30 April 2002	<u>237,616</u>

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>237,616</u>	<u>208,023</u>

Deferred tax has been provided for, in accordance with FRS19, for the first time in the financial statements to 30 April 2002. The results for the year ended 30 April 2001 have been restated accordingly.

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

### 13 Pension costs

#### Defined contribution

	2002 £	2001 £
Contributions payable by the company for the year	49,044	48,548

### 14 Share capital

	2002 £	2001 £
<b>Authorised</b>		
4,000,000 ordinary shares of £ 1 each	4,000,000	4,000,000
<b>Allotted, called up and fully paid</b>		
3,269,050 ordinary shares of £ 1 each	3,269,050	3,269,050

### 15 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 May 2001 as previously reported	4,282	761,933
Prior year adjustment	-	(208,023)
Balance at 1 May 2001 as restated	4,282	553,910
Retained loss for the year	-	(387,338)
Balance at 30 April 2002	4,282	166,572
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 May 2001 & at 30 April 2002	4,282	

The prior year adjustment relates to the provision for deferred tax in accordance with FRS 19. Deferred tax was previously not provided in the financial statements for the year ended 30 April 2001.

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

16 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial year	(387,338)	(113,476)
Opening shareholders' funds	3,827,242	3,940,718
Closing shareholders' funds	3,439,904	3,827,242

### 17 Financial commitments

At 30 April 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Expiry date:		
Within one year	1,050	936

### 18 Capital commitments

At 30 April 2002, the company was committed to further payments totalling £419,796 relating to costs to completion for the construction of poultry buildings. In addition, a new vehicle costing £18,555 was ordered prior to the year end for delivery in May 2002.

19 Directors' emoluments	2002 £	2001 £
Emoluments for qualifying services	102,034	207,195
Company pension contributions to money purchase schemes	29,000	29,000
	131,034	236,195

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2001 - 2).

# WALSTON POULTRY FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

### 20 Employees

#### Number of employees

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

	2002 Number	2001 Number
Production	69	90
Administration	6	6
	<u>75</u>	<u>96</u>

#### Employment costs

	£	£
Wages and salaries	811,189	1,144,504
Social security costs	72,268	93,133
Other pension costs	49,044	48,548
	<u>932,501</u>	<u>1,286,185</u>

### 21 Control

The company's ultimate parent undertaking at the balance sheet date was Walston Holdings Limited, a company registered in England & Wales.

### 22 Related party transactions

During the year, the company purchased grain at market value from Walston Holdings Limited, its parent company, and a company of which Mrs B G Friend and I G Friend are also directors.

Expenses incurred by Walston Holdings Limited paid by Walston Poultry Farm Limited have been deducted from, and income due to Walston Holdings Limited received by Walston Poultry Farm Limited has been added to, the balance owed by the latter at the year end. The closing creditor of £1,387,365 is shown in note 11 to the financial statements.