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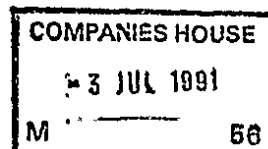
HANFORD PLC

FINANCIAL STATEMENTS

PERIOD ENDED

27TH OCTOBER 1990

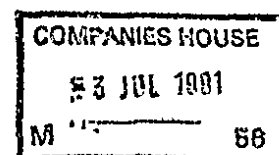
MALPAS SIMMONS
Certified Accountants
Lime Tree House
The Plocks
Blandford Forum
Dorset DT11 7AA



HANFORD PLC

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HANFORD PLC

COMPANY INFORMATION

Directors: I Spencer II (Chairman)
J R Gibson Fleming
Mrs S M Spencer
A G Read
Dr R Bruce
Mrs A Spencer
D Prior
R J Mitchell
R P Gready (Appointed 17th May 1990)

Secretary: J B Roe, F.C.A.

Registered Office: Bourne Park
Piddlehinton
Dorchester
Dorset DT2 7TU

Auditors: Malpas Simmons
Lime Tree House
The Plocks
Blandford Forum
Dorset DT11 7AA

HANFORD PLC

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements of the group for the period ended 27th October 1990.

BUSINESS REVIEW

Against the background of the well publicised decline in the fortunes of EC Agriculture, the high UK interest rates and the economic recession, we are pleased to report an increase in pre tax profits to £780,558 (1989 £225,172).

The group turnover has increased by 4% to £21 million. On our farms it has been a year of consolidation in which all three main enterprises - Pigs, Dairy and Arable - have enjoyed increased profitability due to both improved margins and increased physical performance. This is despite a 30% drop in pig prices in the second half of the year.

Hanford Feeds have started to enjoy the benefits of last year's substantial investment in a new mill and continue their unbroken record of sales growth. The company now commands an excellent reputation for both quality and service and is one of the largest independent feed compounders in its trading area. It is a credit to the management and staff of this company to have achieved this year on year performance against the overcapacity in the feed industry nationwide. We look forward to Hanford Feeds building on its successes to date.

Hanford Engineering, our specialist slurry handling and pollution control subsidiary, newly formed in 1989, has made further significant in-roads into establishing a major UK presence. An extremely conservative accounting policy has been adopted towards the setting up and expansion costs, all of which have been set against group profits.

For the other subsidiaries - Hanford Construction has returned good profits. All of its residential developments, with the exception of one house, have been sold. As a result of restructuring of Hanford 4 x 4, the business will now be traded as part of Hanford PLC.

The current tough economic climate both for agriculture and general business is seen by the directors as a time of opportunity for Hanford's further growth and diversification. The group remains committed to improving margins and cutting unit costs of production in all our areas of operation. This will be achieved by building on the existing track record of excellence achieved by our committed and professional workforce and to them we extend our gratitude.

CORPORATE STATUS

On 23rd May 1990 a special resolution was passed to authorise the re registration of the company as a Public Limited Company and application was duly made to the Registrar of Companies. A new certificate of incorporation in the name of Hanford PLC was issued on 31st May 1990.

DIVIDENDS

Interim dividends on the Ordinary Shares totalling £59,643 (1989 £36,000) were paid during the year. The Directors do not propose the payment of any final dividend for the year under review.

REPORT OF THE DIRECTORS (continued)

FIXED ASSETS

Details of changes in fixed assets are shown in the notes to the financial statements. In the opinion of the Directors, the group's property interests are likely to be worth considerably more than their net book value, but a full professional valuation has not been carried out in view of the expenses involved.

EXPORTS

No goods were exported by group companies during the period.

RESERVES

Movements on consolidated reserves are shown on page 6 of the financial statements.

CHARITABLE DONATIONS

During the period the company made donations to charities amounting to £977.

DIRECTORS

The directors who served during the period and their interests in the share capital of the company were as follows:

	<u>£1 Ordinary</u>	
<u>Beneficial</u>	<u>1990</u>	<u>1989</u>
I Spencer II (Chairman)	18,036	18,036
J R Gibson Fleming	37,239	37,239
Mrs S M Spencer	-	-
A G Read	15,030	15,030
Dr R Bruce	-	-
D Prior	-	-
Mrs A Spencer	-	-
R J Mitchell	-	-
R P Gready	-	-

None of the directors has entered into any transactions with any of the Companies in the group during the period other than in the normal course of trading and on an arms length basis.

AUDITORS

Malpas Simmons have indicated their willingness to continue in office in accordance with Section 384(1) of the Companies Act 1985.

On behalf of the Board:


Secretary

28th March 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF
HANFORD PLC

We have audited the financial statements on pages 5 to 21 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 27th October 1990 and of the profit and source and application of funds of the company and the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Malpas Simmons
MALPAS SIMMONS

Certified Accountants
Lime Tree House
The Plocks
Blandford Forum
Dorset DT11 7AA

29th March 1991

HANFORD PLC

PROFIT AND LOSS ACCOUNT
PERIOD ENDED 27TH OCTOBER 1990

	<u>Note</u>	<u>Period ended</u> <u>27th October</u> <u>1990</u>	<u>Period ended</u> <u>28th October</u> <u>1989</u>
TURNOVER	2.	13,314,566	13,315,135
Change in stocks		(121,996)	3,931
Other operating income		-	170,910
Purchases and raw materials		(8,318,586)	(9,066,659)
Other external charges		(771,495)	(776,778)
		<u>4,102,489</u>	<u>3,646,539</u>
Staff costs	3.	1,604,967	1,429,239
Depreciation of owned fixed assets		357,178	387,375
Depreciation of leased fixed assets		67,861	82,887
Other operating charges		<u>788,470</u>	<u>719,314</u>
		<u>2,818,476</u>	<u>2,618,815</u>
		<u>1,284,013</u>	<u>1,027,724</u>
Interest payable	4.	717,551	627,999
Interest receivable		-	(3,848)
		<u>717,551</u>	<u>624,151</u>
		<u>566,462</u>	<u>403,573</u>
Exceptional items	5.	(184,202)	(259,707)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6.	<u>382,260</u>	<u>143,866</u>
Taxation on result from ordinary activities	8.	(102,933)	(90,004)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>279,327</u>	<u>53,862</u>
Dividends paid		<u>59,643</u>	<u>36,000</u>
		<u>219,684</u>	<u>17,862</u>
RETAINED PROFITS BROUGHT FORWARD		<u>2,428,574</u>	<u>2,410,712</u>
RETAINED PROFITS CARRIED FORWARD		<u>£2,648,258</u>	<u>£2,428,574</u>

The notes on pages 11 to 21 form part of these financial statements

HANFORD PLC AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT PERIOD ENDED 27TH OCTOBER 1990

	Note	Period ended 27th October 1990	Period ended 28th October 1989
TURNOVER	2.	21,020,891	20,212,536
Change in stocks		(152,745)	408,287
Own work capitalised		-	71,926
Purchases and raw materials		(13,843,344)	(14,936,060)
Other external charges		(1,039,618)	(807,318)
		5,985,184	4,949,371
Staff costs	3.	2,398,457	1,975,051
Depreciation of owned fixed assets		529,783	522,287
Depreciation of leased fixed assets		193,106	133,369
Amortisation of intangible fixed assets		5,000	15,000
Other operating charges		1,526,527	1,501,322
		4,652,873	4,147,029
		1,332,311	802,342
Interest payable	4.	717,551	627,999
Interest receivable		-	(3,848)
		717,551	624,151
		614,760	178,191
Exceptional items	5.	165,798	46,981
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6.	780,558	225,172
Taxation on result from ordinary activities	8.	(196,815)	(135,661)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		583,743	89,511
Extraordinary item	9.	-	(84,000)
		583,743	5,511
Dividends paid		59,643	36,000
		524,100	(30,489)
RETAINED PROFITS BROUGHT FORWARD		2,803,173	2,833,662
RETAINED PROFITS CARRIED FORWARD		£3,327,273	£2,803,173
Profits retained by:			
- holding company		3,514,948	2,955,262
- subsidiary companies		(187,675)	(152,089)
		£3,327,273	£2,803,173

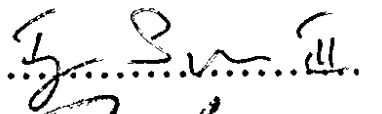
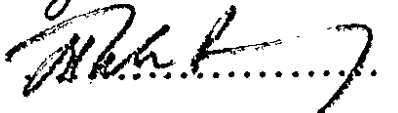
The notes on pages 11 to 21 form part of these financial statements

HANFORD PLC

BALANCE SHEET AT 27TH OCTOBER 1990

	<u>Note</u>	<u>27th October</u> <u>1990</u>	<u>28th October</u> <u>1989</u>
FIXED ASSETS			
Tangible assets	10.	3,931,676	4,113,495
Leased assets	10.	108,800	170,992
Investments	13.	192,879	189,502
		-----	-----
		4,233,355	4,473,989
CURRENT ASSETS			
Stock	14.	1,836,174	1,988,908
Debtors	15.	1,267,556	1,294,643
Cash in hand		839	1,009
		-----	-----
		3,104,569	3,284,560
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16.	2,878,425	3,185,087
		-----	-----
NET CURRENT ASSETS		226,144	99,473
TOTAL ASSETS LESS CURRENT LIABILITIES		----- £4,459,499 =====	----- £4,573,462 =====
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17.	1,174,206	1,504,952
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	18.	110,892	113,793
CAPITAL AND RESERVES			
Called up share capital	20.	225,114	225,114
Share premium account	20.	261,353	261,353
Revaluation reserve	21.	39,676	39,676
Profit and loss account		2,648,258	2,428,574
		-----	-----
		3,174,401	2,954,717
		-----	-----
		£4,459,499	£4,573,462
		=====	=====

The financial statements were approved by the
Board of Directors on 28th March 1991.

} Directors

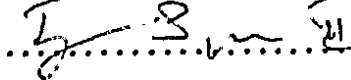

The notes on pages 11 to 21 form part of these financial statements

HANFORD PLC AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT 27TH OCTOBER 1990

	Note	27th October 1990	28th October 1989
FIXED ASSETS			
Tangible assets	11.	4,591,582	4,732,451
Leased assets	11.	821,009	1,055,253
Intangible assets	12.	40,000	45,000
Investments	13.	8,875	5,498
		-----	-----
		5,461,466	5,838,202
CURRENT ASSETS			
Stock and work in progress	14.	2,762,601	2,946,084
Debtors	15.	2,026,086	2,292,514
Cash at bank and in hand		19,305	1,163
		-----	-----
		4,807,992	5,239,861
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16.	4,911,775	5,632,638
		-----	-----
NET CURRENT LIABILITIES		(103,783)	(392,777)
TOTAL ASSETS LESS CURRENT LIABILITIES		----- £5,357,683 =====	----- £5,445,425 =====
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17.	1,174,206	1,775,296
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	18.	330,061	256,813
Other provision	19.	-	84,000
CAPITAL AND RESERVES			
Called up share capital	20.	225,114	225,114
Share premium account	20.	261,353	261,353
Revaluation reserve	21.	39,676	39,676
Profit and loss account		3,327,273	2,803,173
		-----	-----
		3,853,416	3,329,316
		-----	-----
		£5,357,683 =====	£5,445,425 =====

The financial statements were approved by the Board of Directors on 28th March 1991.


)

) Directors

The notes on pages 11 to 21 form part of these financial statements

HANFORD PLC

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
PERIOD ENDED 27TH OCTOBER 1990

SOURCE OF FUNDS	Period ended 27th October 1990	Period ended 28th October 1989
Profit on ordinary activities before taxation	382,260	143,866
Adjustment for items not involving the movement of funds:		
Depreciation	425,039	470,262
Profit on sale of tangible fixed assets	(217,227)	(301,617)
Provision against intra group balances	350,000	526,688
	-----	-----
	557,812	695,333
	-----	-----
TOTAL GENERATED FROM OPERATIONS	940,072	839,199
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of tangible fixed assets	410,272	599,182
Reductions in herds	30,738	-
Taxation recovered	-	74,794
Proceeds from issue of shares	-	274,451
	-----	-----
	441,010	948,427
	-----	-----
	1,381,082	1,787,626
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	374,073	910,674
Investments in subsidiaries	350,000	550,100
Additions to herds	-	1,753
Creditors falling due after more than one year	330,746	66,233
Purchase of trade investments	3,377	4,498
Dividends paid	59,643	48,375
Taxation paid	17,612	21,166
Expenses of issue of shares	-	24,474
	-----	-----
	1,135,451	1,627,273
	-----	-----
NET INFLOW OF FUNDS	£245,631	£160,353
	=====	=====
INCREASE IN WORKING CAPITAL		
Current accounts:		
Northover 4 x 4 Limited	(265,396)	9,012
Hanford Construction Limited	195,402	35,158
Hanford Feeds Limited	187,470	(513,435)
Hanford Engineering Limited	105,664	(190,990)
Stock	(121,996)	3,931
Debtors	(61,985)	109,683
Creditors due within one year	239,209	141,757
Directors' current accounts	5,023	120,025
	-----	-----
	283,391	(284,859)
Movement in net liquid funds:		
Cash in hand	(170)	462
Bank overdraft	(37,590)	444,750
	-----	-----
	(37,760)	445,212
	-----	-----
	£245,631	£160,353
	=====	=====

HANFORD PLC AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

<u>PERIOD ENDED 27TH OCTOBER 1990</u>	<u>Period ended 27th October 1990</u>	<u>Period ended 28th October 1989</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	780,558	225,172
Extraordinary item	-	(84,000)
	-----	-----
	780,558	141,172
Adjustment for items not involving the movement of funds:		
Depreciation and amortisation	741,149	670,656
Profit on sale of tangible fixed assets	(203,387)	(304,761)
Provision re lead contamination costs	(84,000)	84,000
	-----	-----
	453,762	449,895
	-----	-----
TOTAL GENERATED FROM OPERATIONS	1,234,320	591,067
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of tangible fixed assets	458,012	630,281
Reductions in herds	30,738	-
Creditors falling due after more than one year	-	165,775
Taxation recovered	-	74,794
Proceeds from issue of shares	-	274,451
	-----	-----
	488,750	1,145,301
	-----	-----
	1,723,070	1,736,368
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	615,661	2,016,124
Purchase of intangible fixed assets	-	60,000
Additions to herds	-	1,753
Purchase of trade investments	3,377	4,498
Taxation paid	17,612	21,166
Dividends paid	59,643	48,375
Expenses of issue of shares	-	24,474
Creditors falling due after more than one year	601,090	-
	-----	-----
	1,297,383	2,176,390
	-----	-----
NET INFLOW/(OUTFLOW) OF FUNDS	£425,687	£(440,022)
	=====	=====
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stock and work in progress	(152,746)	408,287
Debtors	(258,466)	642,691
Creditors due within one year	331,747	(382,931)
Directors' current accounts	5,023	120,025
	-----	-----
	(74,442)	788,072
Movement in net liquid funds:		
Cash at bank and in hand	18,143	(44)
Bank overdrafts	481,986	(1,228,050)
	-----	-----
	500,129	(1,228,094)
	-----	-----
	£425,687	£(440,022)
	=====	=====

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's financial statements.

(a) Basis of accounting:

The financial statements are prepared under the historical cost accounting rules as modified by the partial revaluation of freehold property and are drawn up to the close of business on the Saturday nearest to 31st October in each year.

(b) Basis of consolidation:

The consolidated profit and loss account and balance sheet include the financial statements of the company and all its subsidiaries for the financial year ending on the Saturday nearest to 31st October in each year. Intergroup sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

(c) Depreciation and amortisation:

No depreciation is provided on the group's freehold land. Depreciation is calculated on the straight line method and aims to write off the cost of other tangible fixed assets over their estimated useful lives. The annual rates used are as follows:

Buildings	2% to 10%
Plant	10% to 20%
Vehicles	20% to 25%
Office equipment	20% to 25%

Amortisation is calculated on the straight line method and aims to write off the cost of intangible fixed assets over their estimated useful lives. The annual rate used in respect of goodwill is assessed by the directors in each particular case and varies from 10% to 100%.

(d) Stock and work in progress:

Stock and work in progress is valued at the lower of cost and net realisable value, with the exception of those stocks valued on the herd basis. Cost in the case of home-produced animals consists of the cost of food together with the necessary labour, based on the ages of the animals. Cost in the case of bought items consists of purchase costs and transport and handling costs. In the case of manufactured items and work in progress, cost also includes direct labour and a proportion of attributable overheads. Net realisable value means the estimated proceeds of sale less all costs to be incurred in marketing and selling.

NOTES TO THE FINANCIAL STATEMENTS

(e) Deferred taxation:

A deferred taxation account is maintained under the liability method for all material timing differences arising between profits as computed for taxation purposes and profits as stated in the accounts. However, no provision is made when it is considered that no liability is likely to arise in the foreseeable future.

(f) Pensions:

The group operates a contributory pension scheme covering the majority of its permanent employees. The scheme funds are administered by trustees and are independent of the group's finances. The group's contributions are charged against profits in the period in which the contributions are made and the scheme is fully funded (see also note 25).

(g) Equipment leasing:

Amounts payable under operating leases are dealt with in the Profit and Loss Account as they arise.

Amounts payable under finance leases are treated as follows:

- (i) the cost of the asset is capitalized as a tangible fixed asset and depreciation charged in accordance with note 1 (c)
- (ii) the amount remaining to be paid, less attributable interest, is treated as a creditor and the capital element of payments under the lease charged against that creditor.
- (iii) interest is charged to the Profit and Loss Account during the period to which it relates.

2. TURNOVER AND ACTIVITY ANALYSIS

Turnover represents amounts invoiced by the company to outside customers excluding value added tax. All turnover relates to sales within the United Kingdom. The following is an analysis of turnover by activity:

	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Farming activities	12,769,465	13,314,566	12,453,030	13,315,135
Animal feeds	5,499,684	-	4,545,653	-
Building contracting and related activities	728,945	-	1,462,739	-
Motor vehicle sales	1,124,076	-	1,475,494	-
Engineering	898,721	-	275,620	-
	-----	-----	-----	-----
	21,020,891	13,314,566	20,212,536	13,315,135
	=====	=====	=====	=====

The following is a similar analysis of profit/(loss) on ordinary activities before taxation:

	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Farming activities	732,260	382,260	450,554	143,866
Animal feeds	232,253	-	101,453	-
Building contracting and related activities	89,602	-	(112,130)	-
Motor vehicle sales	(46,757)	-	(1,717)	-
Engineering	(246,800)	-	(212,988)	-
	-----	-----	-----	-----
	760,558	382,260	225,172	143,866
	=====	=====	=====	=====

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

3. STAFF NUMBERS AND COSTS

The average number of persons employed (including directors) during the period was as follows:

	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Management	11	6	8	6
Administration	14	7	9	7
Production and sales staff	118	76	117	77
	---	---	---	---
	143	89	134	90
	---	---	---	---
The aggregate payroll costs of these persons were as follows:	£	£	£	£
Wages and salaries	2,223,725	1,492,302	1,829,990	1,327,736
Social security costs	164,791	102,724	140,351	96,793
Other pension costs	9,941	9,941	4,710	4,710
	-----	-----	-----	-----
	2,398,457	1,604,967	1,972,051	1,429,239
	=====	=====	=====	=====

Group and Company

	<u>1990</u>	<u>1989</u>
4. INTEREST PAYABLE		
Bank overdraft and loan interest	629,015	613,781
Interest on finance leases	88,536	14,218
	-----	-----
	£717,551	£627,999
	=====	=====

5. EXCEPTIONAL ITEMS

	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Surplus on transfer of freehold property to subsidiary company	-	-	-	220,000
Provision for diminution in value of investments in group companies (see also note 13)	-	(350,000)	-	(526,688)
Surplus on sale of part of the group's freehold property	165,798	165,798	46,981	46,981
	-----	-----	-----	-----
	165,798	(184,202)	46,981	(259,707)
	=====	=====	=====	=====

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

	<u>1990</u>		<u>1989</u>	
6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is after charging:	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Auditors' remuneration	26,070	20,326	19,950	14,950
Directors' emoluments -for services as a director	251,538	251,538	139,418	139,418
-pension	30,158	30,158	27,530	27,530
Hire of equipment	52,277	28,542	151,554	79,012
	=====		=====	
7. DIRECTORS' EMOLUMENTS of directors of the company (excluding pension contributions)	<u>1990</u>		<u>1989</u>	
Chairman	£22,500		£22,500	
	=====		=====	
Highest paid director	£121,256		£54,434	
	=====		=====	
The emoluments of the other directors were within the following ranges:	No.		No.	
Nil - £5,000	-		4	
£5,001 - £10,000	2		2	
£10,001 - £15,000	1		1	
£20,001 - £25,000	1		-	
£25,001 - £30,000	-		2	
£30,001 - £35,000	1		-	
£35,001 - £40,000	2		-	
	==		==	
	<u>1990</u>		<u>1989</u>	
8. TAXATION ON RESULT FROM ORDINARY ACTIVITIES	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Corporation tax at 35%	147,735	130,000	-	-
Transfers to/(from) deferred taxation	49,080	(27,067)	135,661	90,004
	-----	-----	-----	-----
	196,815	102,933	135,661	90,004
	=====	=====	=====	=====
Close company provisions:				
The company is a close company as defined by Section 414 of the Income and Corporation Taxes Act 1989.				
9. EXTRAORDINARY ITEM - GROUP			<u>1990</u>	<u>1989</u>
Provision in respect of lead contamination costs.			£ -	£84,000
			=====	=====

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

10. TANGIBLE FIXED ASSETS - COMPANY

<u>OWNED ASSETS</u>	<u>Total</u> £	<u>Freehold</u> <u>Land</u> £	<u>Buildings</u> £	<u>Plant</u> £	<u>Vehicles</u> £	<u>Office</u> <u>Equipment</u> £
Cost or valuation:						
29th October 1989	7,605,992	2,349,175	2,923,025	1,920,246	315,196	98,350
Additions	350,323	-	90,674	181,274	70,150	8,225
Disposals	(385,078)	(25,000)	(50,511)	(200,842)	(108,670)	(55)
Intra group transfers	(55,029)	-	(74,717)	-	19,688	-
27th October 1990	7,516,208	2,324,175	2,888,471	1,900,678	296,364	106,520

Depreciation:

29th October 1989	3,492,497	-	2,051,915	1,262,415	138,455	39,712
Charge for period	357,178	-	96,146	199,962	42,790	18,280
On disposals	(219,469)	-	(33,119)	(134,627)	(51,672)	(51)
Intra group transfers	(45,674)	-	(52,522)	-	6,848	-
27th October 1990	3,584,532	-	2,062,420	1,327,750	136,421	57,941

Net book value:

27th October 1990	£3,931,676	2,324,175	826,051	572,928	159,943	48,579
29th October 1989	£4,113,495	2,349,175	871,110	657,831	176,741	58,638

Part of the company's freehold land was revalued in 1979 (see note 21); all other assets are included at cost.

<u>LEASED ASSETS</u>	<u>Total</u> £	<u>Plant</u> £	<u>Vehicles</u> £	<u>Office</u> <u>Equipment</u> £
Capitalised value:				
29th October 1989	429,345	242,672	171,623	15,050
Additions	23,750	-	23,750	-
Disposals	(34,130)	(34,130)	-	-
Transfers	(11,575)	-	(18,725)	7,150
27th October 1990	407,390	208,542	176,648	22,200
Depreciation:				
29th October 1989	258,353	114,099	138,472	5,782
Reclassification	-	61,435	(61,435)	-
Charge for period	67,861	30,528	31,480	5,853
On disposals	(18,671)	(18,671)	-	-
Transfers	(8,953)	-	(12,390)	3,437
27th October 1990	298,590	187,391	96,127	15,072

Net book value:

27th October 1990	£108,800	21,151	80,521	7,128
28th October 1989	£170,992	128,573	33,151	9,268

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS - GROUP

<u>OWNED ASSETS</u>	<u>Total</u>	<u>Freehold</u> <u>Land</u>	<u>Buildings</u>	<u>Plant</u>	<u>Vehicles</u>	<u>Office</u> <u>Equipment</u>
	£	£	£	£	£	£
Cost or valuation:						
29th October 1989	8,967,762	2,349,175	2,951,861	2,839,179	702,747	124,800
Additions	591,911	-	105,743	260,177	213,476	12,515
Disposals	(445,164)	(25,000)	(50,511)	(200,842)	(168,756)	(55)
27th October 1990	9,114,509	2,324,175	3,007,093	2,898,514	747,467	137,260
Depreciation:						
29th October 1989	4,235,311	-	2,064,597	1,850,046	269,279	51,389
Charge for period	544,229	-	102,826	310,361	107,363	23,679
On disposals	(256,613)	-	(33,118)	(134,630)	(88,813)	(52)
27th October 1990	4,522,927	-	2,134,305	2,025,777	287,829	75,016
Net book value:						
27th October 1990	£4,591,582	2,324,175	872,788	872,737	459,638	62,244
28th October 1989	£4,732,451	2,349,175	887,264	989,133	433,468	73,411

Part of the group's freehold land was revalued in 1979 (see note 21); all other assets are included at cost.

<u>LEASED ASSETS</u>	<u>Total</u>	<u>Plant</u>	<u>Vehicles</u>	<u>Office</u> <u>Equipment</u>
	£	£	£	£
Capitalised value:				
29th October 1989	1,400,300	1,042,672	335,428	22,200
Additions	23,750	-	23,750	-
Disposals	(105,262)	(58,360)	(46,902)	-
27th October 1990	1,318,788	984,312	312,276	22,200
Depreciation:				
29th October 1989	345,047	187,971	148,752	8,324
Reclassification	-	61,435	(61,435)	-
Charge for period	191,920	127,018	58,155	6,747
On disposals	(39,188)	(18,671)	(20,517)	-
27th October 1990	497,779	357,753	124,955	15,071
Net book value:				
27th October 1990	£821,009	626,559	187,321	7,129
28th October 1989	£1,055,253	854,701	186,676	13,876

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

12. INTANGIBLE FIXED ASSETS - GROUP

	<u>Goodwill</u>
Cost:	
29th October 1989	60,000

27th October 1990	60,000

Amortisation:	
29th October 1989	15,000
Charge for period	5,000

27th October 1990	20,000

Net book value:	
27th October 1990	£40,000
28th October 1989	£45,000
	=====

	<u>1990</u>		<u>1989</u>	
13. FIXED ASSET INVESTMENTS	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Unquoted ordinary shares in group companies at cost:				
100% owned:				
Southcombe Farms Limited	-	160,192	-	160,192
Hanford Construction Limited	-	100	-	100
Hanford Feeds Limited	-	100	-	100
Hanford Engineering Limited	-	100	-	100
Dorset Pride Limited	-	100	-	100
Northover 4 x 4 Limited	-	100	-	100
Long term loans to group companies:				
Northover 4 x 4 Limited	-	75,000	-	-
Hanford Construction Limited	-	325,000	-	325,000
Hanford Engineering Limited	-	500,000	-	225,000
	-----	-----	-----	-----
	-	1,060,692	-	710,692
Less provision for diminution in value	-	(876,688)	-	(526,688)
	-----	-----	-----	-----
	-	184,004	-	184,004
Sundry unquoted trade investments	8,875	8,875	5,498	5,498
	-----	-----	-----	-----
	8,875	192,879	5,498	189,502
	=====	=====	=====	=====

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

14. STOCK AND WORK IN PROGRESS	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Livestock	1,021,145	1,021,145	1,070,677	1,070,677
Dried grass	-	-	44,287	-
Grain, feedstuffs and finished products	550,626	276,496	490,983	348,960
Goods for resale and stores	323,113	-	456,372	-
Construction work in progress	329,184	-	314,494	-
	-----	-----	-----	-----
	2,224,068	1,297,641	2,376,813	1,419,637
Herd animals	538,533	538,533	569,271	569,271
	-----	-----	-----	-----
	2,762,601	1,836,174	2,946,084	1,988,908
	=====	=====	=====	=====

15. DEBTORS	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Trade debtors	1,521,615	817,250	2,015,827	937,474
Amounts owed by group companies:				
Northover 4 x 4 Limited	-	-	-	148,356
Hanford Construction Limited	-	183,254	-	-
Other debtors	272,569	187,850	171,739	126,020
Prepayments	231,902	79,202	96,986	82,793
Taxation recoverable	-	-	8,062	-
	-----	-----	-----	-----
	2,025,086	1,267,556	2,292,614	1,294,643
	=====	=====	=====	=====

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Bank overdrafts	2,607,400	618,465	3,089,386	580,875
Trade creditors	988,638	497,865	972,939	416,536
Amounts owed to group companies:				
Hanford Feeds Limited	-	308,714	-	496,184
Southcombe Farms Limited	-	385,221	-	385,221
Northover 4 x 4 Limited	-	117,040	-	-
Hanford Construction Limited	-	-	-	12,148
Hanford Engineering Limited	-	85,326	-	190,990
Dorset Pride Limited	-	100	-	100
Other creditors	398,780	373,003	581,657	581,658
Corporation tax	92,643	82,970	-	-
Advance corporation tax	5,252	5,252	3,000	3,000
Other taxes and social security	127,011	120,816	74,787	64,275
Accruals	412,596	273,130	553,635	369,080
Directors' current accounts	-	-	5,023	5,023
Finance leases (note 23)	279,455	10,523	352,211	79,997
Proposed dividend	-	-	-	-
	-----	-----	-----	-----
	4,911,775	2,878,425	5,632,638	3,185,087
	=====	=====	=====	=====

The company's overdraft is secured on its freehold land and book debts while subsidiary companies' overdrafts are secured by fixed and floating charges over those companies' assets.

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Repayable in less than five years:				
Finance leases (note 23)	5,914	5,914	275,296	4,952
Repayable over a period exceeding five years:				
Bank loans (see below)	1,168,292	1,168,292	1,500,000	1,500,000
	-----	-----	-----	-----
	1,174,206	1,174,206	1,775,296	1,504,952
	=====	=====	=====	=====

The bank loans are secured on freehold land. Interest is payable at a variable rate and the loans are repayable in monthly installments over 13 years. Payment of installments commenced in March 1990.

18. DEFERRED TAXATION	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Accelerated capital allowances	142,817	78,565	186,805	107,844
Accelerated industrial buildings allowances	275	-	902	-
Timing differences on assets subject to finance leases	186,969	32,327	149,711	30,115
Trading losses	-	-	(56,439)	-
Advance corporation tax recoverable	-	-	(24,166)	(24,166)
	-----	-----	-----	-----
	330,061	110,892	256,813	113,793
	=====	=====	=====	=====

The above provisions are calculated at 35%.

In addition there were further potential deferred tax liabilities for which no provision had been made:

- on property which had been revalued (see note 21). No provision is made because the group do not intend to dispose of the property in the foreseeable future and therefore no gain is expected to crystallise.
- on chargeable gains arising from the sale of freehold property in a previous year on which roll-over relief has been claimed. The amount of the chargeable gain has yet to be agreed but the tax deferred is estimated to be in the region of £100,000.

HANFORD PLC AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

	<u>1990</u>		<u>1989</u>	
19. OTHER PROVISION - GROUP	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Lead contamination provision	- =====	- =====	£84,000 =====	- =====

20. SHARE CAPITAL OF THE COMPANY

	<u>1990</u>	<u>1989</u>
Authorised:		
£1 Ordinary shares	300,000 -----	300,000 -----
	£300,000	£300,000
Allotted and fully paid	=====	=====
£1 Ordinary shares	225,114 -----	225,114 -----
	£225,114 =====	£225,114 =====

In accordance with a special resolution passed at an extraordinary general meeting of the company held on 1st August 1989, the authorised share capital was increased to £300,000, all in £1 ordinary shares. The issued deferred ordinary shares were converted into ordinary shares to rank pari passu with the existing ordinary shares.

On 28th September 1989 a further 37,239 ordinary shares were issued for cash at a premium of £6.37 per share. The resulting premium of £237,212 was added to the existing share premium account and related share issue expenses of £24,474 were deducted from the account, making a total net balance of £261,353.

	<u>1990</u>		<u>1989</u>	
21. REVALUATION RESERVE	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Revaluation of freehold land acquired with Southcombe Farms Limited on 1st November 1979	39,676 =====	39,676 =====	39,676 =====	39,676 =====

NOTES TO THE FINANCIAL STATEMENTS

22. CAPITAL COMMITMENTS

There were no capital commitments by the company (1989 £62,000) or the group (1989 £62,000) at the 27 October 1990.

23. LEASING COMMITMENTS

Obligations under finance leases are as follows:	<u>1990</u>		<u>1989</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Year ending 31st October 1990	-	-	439,238	86,266
1991	318,704	11,645	313,593	4,923
1992	7,307	7,307	585	585
1993	-	-	-	-
	-----	-----	-----	-----
	326,011	18,952	753,416	91,774
Finance charges allocated to future periods	40,642	2,515	125,909	6,825
	-----	-----	-----	-----
	285,369	16,437	627,507	84,949
	=====	=====	=====	=====
Included as:				
Creditors due within one year(note16)	279,455	10,523	352,211	79,997
Creditors due after one year(note 17)	5,914	5,914	275,296	4,952
	-----	-----	-----	-----
	285,369	16,437	627,507	84,949
	=====	=====	=====	=====

24. CONTINGENCIES

The company has given an indemnity to the group's bankers in respect of guarantees to the Intervention Board for Agricultural Produce up to a maximum of £160,000 (1989 £160,000). Hanford PLC, Hanford Feeds Limited, Hanford Construction Limited, Hanford Engineering Limited, Southcombe Farms Limited and Hanford 4 x 4 Limited have given mutual, unlimited guarantees to support the group's bank borrowings. The company's liability at the balance sheet date was £1,988,935 (1989 £2,508,511).

25. PENSION HOLIDAY

Following an actuarial valuation of the group's pension scheme in 1986 and in accordance with recommendations then made on funding levels, the group is not at present paying any pension contributions for existing scheme members. The saving from this pension holiday in the current year was approximately £75,000 to the company and approximately £143,000 to the group (1989 £75,000 to the company and £100,000 to the group).