

REGISTERED NUMBER: 894965
(ENGLAND & WALES)

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2003
FOR
LOVEDEN HOLDINGS LIMITED**



LOVEDEN HOLDINGS LIMITED

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for the Year Ended 31st July 2003**

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LOVEDEN HOLDINGS LIMITED

COMPANY INFORMATION
for the Year Ended 31st July 2003

DIRECTORS: N D S Brown
P F S Brown

SECRETARY: N J Penistan

REGISTERED OFFICE: Brook House
42 Manor Street
Ruskington
Sleaford
Lincolnshire
NG34 9EP

REGISTERED NUMBER: 894965 (England and Wales)

AUDITORS: Duncan & Toplis
Chartered Accountants &
Registered Auditor
3 Castlegate
Grantham
Lincs
NG31 6SF

BANKERS: HSBC Bank Plc
26 Market Place
Sleaford
Lincolnshire
NG34 7SB

SOLICITORS: Mossop & Bowser
10 Spalding Road
Holbeach
Lincolnshire
PE12 7LP

LOVEDEN HOLDINGS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31st July 2003

The directors present their report with the financial statements of the company and the group for the year ended 31st July 2003.

PRINCIPAL ACTIVITY

The principal activity of the group is that of farming.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

The directors have been unable to find any opportunities in conventional agriculture which meet the criteria for return on capital, and so further acquisition of land has not taken place. They believe that opportunities will occur at some time in the future, and so maintain their policy of not paying dividends.

DIVIDENDS

No dividends will be distributed for the year ended 31st July 2003.

FIXED ASSETS

The directors are of the opinion that the market value of the freehold property is in excess of the net book value but, in the absence of a recent valuation, the amount of the excess is not quantified.

DIRECTORS

The directors during the year under review were:

N D S Brown
P F S Brown

The beneficial interests of the directors holding office on 31st July 2003 in the issued share capital of the company were as follows:

	31.7.03	1.8.02
'B' ordinary £1 shares		
N D S Brown	2,425	2,425
P F S Brown	13,102	13,102

N D S Brown and P F S Brown have a non-beneficial interest in 39,611 'B' ordinary shares (2002 - 39,611).

Beneficial interests include those of spouses and infant children.

STATEMENT OF 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 the group and of the profit or loss of the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

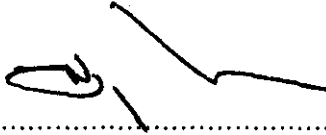
LOVEDEN HOLDINGS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31st July 2003

AUDITORS

On 10th October 2003, Deloitte & Touche resigned as auditors and Duncan & Toplis were appointed in their place. Duncan & Toplis will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a stylized 'N' followed by a series of loops and a long horizontal stroke.

.....
N J Penistan - Secretary

Date: 4th November 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LOVEDEN HOLDINGS LIMITED

We have audited the financial statements of Loveden Holdings Limited for the year ended 31st July 2003 on pages five to eighteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described on pages two and three the company's directors are responsible for the preparation of 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 Report of the Directors 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

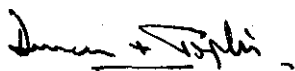
Basis of audit opinion

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 affairs of the company and the group as at 31st July 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Duncan & Toplis
Chartered Accountants &
Registered Auditor
3 Castlegate
Grantham
Lincs
NG31 6SF

Date: 18th November 2003

LOVEDEN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31st July 2003

		<u>2003</u>	<u>2002</u>
	Notes	£	£
TURNOVER	2	3,027,056	3,161,739
Cost of sales		<u>2,455,532</u>	<u>2,277,138</u>
GROSS PROFIT		571,524	884,601
Administrative expenses		<u>219,691</u>	<u>203,691</u>
		351,833	680,910
Other operating income		<u>10,417</u>	<u>30,534</u>
OPERATING PROFIT	4	362,250	711,444
Interest receivable and similar income	5	<u>238,819</u>	<u>248,059</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		601,069	959,503
Tax on profit on ordinary activities	6	<u>155,307</u>	<u>258,008</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>445,762</u>	<u>701,495</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP	17	<u>445,762</u>	<u>701,495</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years.

LOVEDEN HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

31st July 2003

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		85,136		-
Tangible assets	9		10,650,183		10,665,750
Investments	10		<u>1,949</u>		<u>1,949</u>
			10,737,268		10,667,699
CURRENT ASSETS					
Stocks	11	1,003,740		922,084	
Debtors	12	351,191		321,228	
Cash at bank		<u>6,759,940</u>		<u>6,631,926</u>	
		8,114,871		7,875,238	
CREDITORS					
Amounts falling due within one year	13	<u>407,761</u>		<u>549,435</u>	
NET CURRENT ASSETS			<u>7,707,110</u>		<u>7,325,803</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,444,378		17,993,502
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>20,085</u>		<u>14,971</u>
			<u>18,424,293</u>		<u>17,978,531</u>
CAPITAL AND RESERVES					
Called up share capital	16		70,391		70,391
Share premium	17		6,994		6,994
Capital redemption reserve	17		129,611		129,611
Profit and loss account	17		<u>18,217,297</u>		<u>17,771,535</u>
SHAREHOLDERS' FUNDS	20		<u>18,424,293</u>		<u>17,978,531</u>

ON BEHALF OF THE BOARD:



N D S Brown - Director

Approved by the Board on 4th November 2003

LOVEDEN HOLDINGS LIMITED

COMPANY BALANCE SHEET

31st July 2003

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		9,870,751		9,870,751
CURRENT ASSETS					
Cash at bank		4,403,221		4,284,850	
CREDITORS					
Amounts falling due within one year	13	<u>32,000</u>		<u>36,000</u>	
NET CURRENT ASSETS			<u>4,371,221</u>		<u>4,248,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,241,972</u>		<u>14,119,601</u>
CAPITAL AND RESERVES					
Called up share capital	16		70,389		70,389
Share premium	17		6,994		6,994
Capital redemption reserve	17		129,611		129,611
Profit and loss account	17		<u>14,034,978</u>		<u>13,912,607</u>
SHAREHOLDERS' FUNDS	20		<u>14,241,972</u>		<u>14,119,601</u>

ON BEHALF OF THE BOARD:



.....
N D S-Brown - Director

Approved by the Board on 4th November 2003

LOVEDEN HOLDINGS LIMITED

CASH FLOW STATEMENT
for the Year Ended 31st July 2003

		<u>2003</u>	<u>2002</u>
	Notes	£	£
Net cash inflow from operating activities	1	386,687	842,408
Returns on investments and servicing of finance	2	239,642	249,371
Taxation		(254,393)	(263,537)
Capital expenditure and financial investment	2	<u>(243,922)</u>	<u>(229,943)</u>
Increase in cash in the period		<u>128,014</u>	<u>598,299</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>128,014</u>	<u>598,299</u>
Change in net funds resulting from cash flows		<u>128,014</u>	<u>598,299</u>
Movement in net funds in the period		128,014	598,299
Net funds at 1st August		<u>6,631,926</u>	<u>6,033,627</u>
Net funds at 31st July		<u>6,759,940</u>	<u>6,631,926</u>

The notes form part of these financial statements

LOVEDEN HOLDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31st July 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	362,250	711,444
Depreciation charges	199,434	181,837
Profit on disposal of fixed assets	(25,081)	(12,003)
Increase in stocks	(81,656)	(116,407)
(Increase)/Decrease in debtors	(30,786)	8,856
(Decrease)/Increase in creditors	(37,474)	68,681
Net cash inflow from operating activities	<u>386,687</u>	<u>842,408</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
<i>Returns on investments and servicing of finance</i>		
Interest received	<u>239,642</u>	<u>249,371</u>
Net cash inflow for returns on investments and servicing of finance	<u>239,642</u>	<u>249,371</u>

Capital expenditure and financial investment

Purchase of intangible fixed assets	(88,342)	-
Purchase of tangible fixed assets	(219,673)	(265,838)
Purchase of fixed asset investments	-	(199)
Sale of tangible fixed assets	<u>64,093</u>	<u>36,094</u>
Net cash outflow for capital expenditure and financial investment	<u>(243,922)</u>	<u>(229,943)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.02 £	Cash flow £	At 31.7.03 £
Net cash:			
Cash at bank	<u>6,631,926</u>	<u>128,014</u>	<u>6,759,940</u>
	<u>6,631,926</u>	<u>128,014</u>	<u>6,759,940</u>
Total	<u>6,631,926</u>	<u>128,014</u>	<u>6,759,940</u>

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31st July 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Loveden Holdings Limited and its subsidiary company for the year ended 31st July 2003. In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the holding company has not been presented.

Intangible fixed assets

Purchased milk quota is initially valued at cost. This is then amortised over the expected useful life of 10 years on a straight line basis.

Tangible fixed assets

No depreciation is provided on freehold land.

Depreciation is provided on cost less estimated residual value in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Buildings	5% per annum straight line
Motor vehicles (year of acquisition)	36% per annum straight line
Motor vehicles (second and subsequent years)	24% per annum straight line
Breeding livestock	25% per annum straight line
All other tangible fixed assets	5-25% per annum straight line

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Costs of cultivations include overheads appropriate to the stage of cultivations.

Deferred tax

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Pension costs

The group operates a money purchase pension scheme for eligible employees, the assets of which are administered and held independently. Contributions to the scheme are charged to the profit and loss account as incurred.

The group also contributes to the Brown Butlin Group Limited Retirement Benefits Scheme, a funded defined benefit pension scheme. The pension charge represents contributions payable to the fund in respect of the accounting period.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Recognition of area aid income

Area aid income, including set-aside, is recognised in the profit and loss account when the underlying crops are sold. For crops harvested but unsold at the year end date, the relevant area aid and set-aside is treated as deferred income on the balance sheet.

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003

1. ACCOUNTING POLICIES - continued

Operating leases

Annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

2. TURNOVER

Turnover represents the invoice amounts of goods sold and services provided exclusive of value added tax and has been made wholly in respect of the principal activity of the group. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the group's principal activity.

3. STAFF COSTS

	2003 £	2002 £
Directors' remuneration:		
Emoluments	<u>11,198</u>	<u>7,931</u>
	No	No
Average number of persons employed (regular):		
Production	20	18
Administration	<u>4</u>	<u>4</u>
	<u>24</u>	<u>22</u>
	£	£
Staff costs during the year (excluding directors):		
Wages and salaries: regular	464,342	427,432
Social security costs: regular	54,544	51,326
Pensions	<u>6,738</u>	<u>8,677</u>
	525,624	487,435
Casual labour	<u>450,915</u>	<u>367,068</u>
	<u>976,539</u>	<u>854,503</u>

4. OPERATING PROFIT

	2003 £	2002 £
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	196,228	181,837
(Profit) on sale of tangible fixed assets	(25,081)	(12,003)
Amortisation of intangible fixed assets	3,206	-
Rentals under operating leases		
Hire of plant and machinery	205,597	208,862
Hire of land	7,190	9,853
Auditors' remuneration	8,500	12,124
Rents receivable	<u>(13,718)</u>	<u>(7,724)</u>

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31st July 2003

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
Deposit account interest	<u>238,819</u>	<u>248,059</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	150,296	254,501
Adjustment for prior year	<u>(103)</u>	<u>(11,464)</u>
Total current tax	150,193	243,037
Deferred tax:		
Accelerated capital allowances	<u>5,114</u>	<u>14,971</u>
Tax on profit on ordinary activities	<u>155,307</u>	<u>258,008</u>

UK corporation tax has been charged at 30% (2002 - 30%).

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>601,069</u>	<u>959,503</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	180,321	287,851
Effects of:		
Capital allowances in excess of depreciation	(5,393)	(15,728)
Treatment of breeding livestock	847	(1,630)
Deferred tax not provided	-	(494)
Small company relief	(24,877)	(15,514)
Expenses not allowable for tax purposes	3	157
Adjustments in respect of prior years	(103)	(11,464)
Short term timing differences	<u>(605)</u>	<u>(141)</u>
Current tax charge	<u>150,193</u>	<u>243,037</u>

7. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £122,371 (2002 - £131,613).

LOVEDEN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003**

8. INTANGIBLE FIXED ASSETS

Group

	Milk quota £
COST:	
Additions	<u>88,342</u>
At 31st July 2003	<u>88,342</u>
AMORTISATION:	
Amortisation for year	<u>3,206</u>
At 31st July 2003	<u>3,206</u>
NET BOOK VALUE:	
At 31st July 2003	<u>85,136</u>

9. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Breeding livestock £	Plant and machinery £
COST:			
At 1st August 2002	10,196,282	66,595	1,591,039
Additions	-	16,560	154,042
Disposals	<u>-</u>	<u>(20,430)</u>	<u>(69,588)</u>
At 31st July 2003	<u>10,196,282</u>	<u>62,725</u>	<u>1,675,493</u>
DEPRECIATION:			
At 1st August 2002	86,511	18,789	1,150,168
Charge for year	18,313	5,002	144,435
Eliminated on disposal	<u>-</u>	<u>(8,208)</u>	<u>(54,612)</u>
At 31st July 2003	<u>104,824</u>	<u>15,583</u>	<u>1,239,991</u>
NET BOOK VALUE:			
At 31st July 2003	<u>10,091,458</u>	<u>47,142</u>	<u>435,502</u>
At 31st July 2002	<u>10,109,771</u>	<u>47,806</u>	<u>440,871</u>

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003

9. TANGIBLE FIXED ASSETS - continued

Group

	Tractors and combines £	Motor vehicles £	Office equipment £	Totals £
COST:				
At 1st August 2002	40,660	72,133	15,256	11,981,965
Additions	12,500	34,495	2,076	219,673
Disposals	<u>(18,760)</u>	<u>(27,710)</u>	<u>-</u>	<u>(136,488)</u>
At 31st July 2003	<u>34,400</u>	<u>78,918</u>	<u>17,332</u>	<u>12,065,150</u>
DEPRECIATION:				
At 1st August 2002	18,013	30,207	12,527	1,316,215
Charge for year	6,591	20,401	1,486	196,228
Eliminated on disposal	<u>(10,210)</u>	<u>(24,446)</u>	<u>-</u>	<u>(97,476)</u>
At 31st July 2003	<u>14,394</u>	<u>26,162</u>	<u>14,013</u>	<u>1,414,967</u>
NET BOOK VALUE:				
At 31st July 2003	<u>20,006</u>	<u>52,756</u>	<u>3,319</u>	<u>10,650,183</u>
At 31st July 2002	<u>22,647</u>	<u>41,926</u>	<u>2,729</u>	<u>10,665,750</u>

Company

	Freehold property £
COST:	
At 1st August 2002 and 31st July 2003	<u>9,870,751</u>
NET BOOK VALUE:	
At 31st July 2003	<u>9,870,751</u>
At 31st July 2002	<u>9,870,751</u>

10. FIXED ASSET INVESTMENTS

Group

	Unquoted shares £
COST:	
At 1st August 2002 and 31st July 2003	<u>1,949</u>
NET BOOK VALUE:	
At 31st July 2003	<u>1,949</u>
At 31st July 2002	<u>1,949</u>

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003

10. FIXED ASSET INVESTMENTS - continued

Subsidiary undertaking

The company also holds a £2 investment consisting of 100% (2002 - 100%) of the ordinary share capital of Loveden Estates Limited. The company is incorporated in Great Britain and registered in England and Wales and its principal activity is farming. The subsidiary has been included in the consolidation.

11. STOCKS

	Group	
	2003	2002
	£	£
Raw materials and consumables	72,063	74,856
Growing crops work in progress	906,087	821,788
Livestock	<u>25,590</u>	<u>25,440</u>
	<u>1,003,740</u>	<u>922,084</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2003	2002
	£	£
Trade debtors	181,759	235,689
Other debtors	<u>169,432</u>	<u>85,539</u>
	<u>351,191</u>	<u>321,228</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	150,250	170,920	-	-
Taxation	150,300	254,500	28,000	32,000
Social security and other taxes	11,397	10,783	-	-
Other creditors	4,000	-	4,000	-
Accruals and deferred income	<u>91,814</u>	<u>113,232</u>	<u>-</u>	<u>4,000</u>
	<u>407,761</u>	<u>549,435</u>	<u>32,000</u>	<u>36,000</u>

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003

14. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

Group

	Operating leases			
	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Expiring:				
Within one year	665	6,165	15,823	34,341
Between one and five years	<u>3,625</u>	<u>3,625</u>	<u>119,270</u>	<u>87,960</u>
	<u>4,290</u>	<u>9,790</u>	<u>135,093</u>	<u>122,301</u>

15. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2003 £	2002 £
Deferred taxation	<u>20,085</u>	<u>14,971</u>

Group

	Deferred tax £
Balance at 1st August 2002	14,971
Charge/(release) for the year	<u>5,114</u>
Balance at 31st July 2003	<u>20,085</u>

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2003 £	2002 £
200,000	'B' ordinary	£1	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003 £	2002 £
70,389	'B' ordinary	£1	<u>70,391</u>	<u>70,391</u>

LOVEDEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003

17. RESERVES

Group

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1st August 2002	17,771,535	6,994	129,611	17,908,140
Retained profit for the year	<u>445,762</u>	<u>-</u>	<u>-</u>	<u>445,762</u>
At 31st July 2003	<u>18,217,297</u>	<u>6,994</u>	<u>129,611</u>	<u>18,353,902</u>

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1st August 2002	13,912,607	6,994	129,611	14,049,212
Retained profit for the year	<u>122,371</u>	<u>-</u>	<u>-</u>	<u>122,371</u>
At 31st July 2003	<u>14,034,978</u>	<u>6,994</u>	<u>129,611</u>	<u>14,171,583</u>

The capital redemption reserve was created when the company purchased 102,030 of its own shares in 1988, 22,216 in 1992 and a further 5,365 in 1998.

18. PENSION COMMITMENTS

The group pays contributions, on behalf of an employee of Loveden Estates Limited, to the Brown Butlin Group Limited Retirement Benefits Scheme, a defined benefit pension scheme. Loveden Estates Limited is unable to identify its share of the underlying assets and liabilities of the scheme and therefore company pension contributions in respect of this scheme are accounted for as if they were of a defined contribution type.

The group also participates in a money purchase scheme for certain other employees.

Total contributions payable by the group to the schemes during the year amounted to £6,738 (2002: 8,677). There were accrued pension contributions of £1,394 at 31st July 2003 (2002: £1,471).

LOVEDEN HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st July 2003****19. RELATED PARTY DISCLOSURES**

The group made the following transactions with related parties on an arms length basis:

	2003 £	2002 £
Purchases		
Brown Butlin Group Limited	301,809	279,489
Farmacy plc	<u>9,817</u>	<u>-</u>

At the year end the balances outstanding due from the group to related parties were:

	2003 £	2002 £
Brown Butlin Group Limited	<u>28,224</u>	<u>28,448</u>

Mr P F S Brown, a director, is a partner in the firm of Mossop & Bowser, solicitors of Loveden Holdings Limited, which carried out legal work during the year on behalf of the group to the value of £7,050 (2002: £nil).

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**Group**

	2003 £	2002 £
Profit for the financial year	<u>445,762</u>	<u>701,495</u>
Net addition to shareholders' funds	445,762	701,495
Opening shareholders' funds	<u>17,978,531</u>	<u>17,277,036</u>
Closing shareholders' funds	<u>18,424,293</u>	<u>17,978,531</u>
Equity interests	<u>18,424,293</u>	<u>17,978,531</u>

Company

	2003 £	2002 £
Profit for the financial year	<u>122,371</u>	<u>131,613</u>
Net addition to shareholders' funds	122,371	131,613
Opening shareholders' funds	<u>14,119,601</u>	<u>13,987,988</u>
Closing shareholders' funds	<u>14,241,972</u>	<u>14,119,601</u>
Equity interests	<u>14,241,972</u>	<u>14,119,601</u>