

ALVIS BROTHERS (LYE CROSS) LIMITED

Company number: 1091652

FINANCIAL STATEMENTS

For the year ended 31 March 1998

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ALVIS BROTHERS (LYE CROSS) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 1998.

Principal Activities

The company purchases stocks of cheese for maturing and subsequent resale. It also owns agricultural properties which are let.

Directors

The present membership of the board is set out below. All directors served throughout the year.

Mr M G Alvis retires by rotation and being eligible offers himself for re-election.

The interests of the directors and their families in the shares of the company at 1 April 1997 and 31 March 1998 were as follows:

Director	1998 & 1997 Ordinary Shares
J Alvis	30
M G Alvis	30

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and to 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALVIS BROTHERS (LYE CROSS) LIMITED

REPORT OF THE DIRECTORS

Continued

Auditors

Grant Thornton having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



J Alvis
Director

Date: 12 October 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ALVIS BROTHERS (LYE CROSS) LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

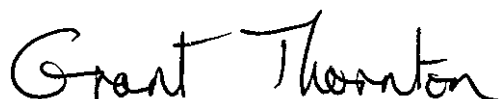
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Bath

Date: 12 October 1998

ALVIS BROTHERS (LYE CROSS) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

RENTAL INCOME

Rental income comprises rents receivable from land.

DEPRECIATION

The company does not depreciate freehold land or buildings.

This policy represents a departure from statutory accounting principles, which requires depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because the company adopts a policy of maintaining its properties to a high standard. The useful economic lives and likely residual values are such therefore that any depreciation would not be material.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

ALVIS BROTHERS (LYE CROSS) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1998

	Note	1998 £	1997 £
Turnover	1	1,376,680	502,177
Cost of sales	2	<u>(1,321,762)</u>	<u>(346,725)</u>
Gross profit		54,918	155,452
Other operating income and charges	2	<u>(14,128)</u>	<u>4,167</u>
Profit on ordinary activities before taxation	1	40,790	159,619
Tax on profit on ordinary activities	3	<u>8,559</u>	<u>39,338</u>
Profit retained	10	<u><u>32,231</u></u>	<u><u>120,281</u></u>

There were no recognised gains or losses other than the profit for the financial year.


The accompanying accounting policies and notes form part of these financial statements.

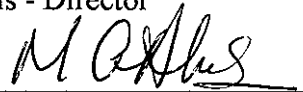
ALVIS BROTHERS (LYE CROSS) LIMITED**BALANCE SHEET AT 31 MARCH 1998**

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	5	<u>242,242</u>	<u>242,242</u>
Current assets			
Stock		1,160,401	850,302
Debtors	6	<u>5,701</u>	<u>2,730</u>
		<u>1,166,102</u>	<u>853,032</u>
Creditors: amounts falling due within one year	7	<u>(466,655)</u>	<u>(185,816)</u>
Net current assets		<u>699,447</u>	<u>667,216</u>
Total assets less current liabilities		941,689	909,458
Creditors: amounts falling due after more than one year	8	<u>(23,913)</u>	<u>(23,913)</u>
		<u>917,776</u>	<u>885,545</u>
Capital and Reserves			
Called up share capital	9	300	300
Profit and loss account		<u>917,476</u>	<u>885,245</u>
Shareholders' funds		<u>917,776</u>	<u>885,545</u>

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

These financial statements were approved by the Board of Directors on 12 October 1998.


J Alvis - Director


M G Alvis - Director

The accompanying accounting policies and notes form part of these financial statements.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit before taxation are attributable to the principal activities of the business.

The profit on ordinary activities is stated after:

	1998 £	1997 £
Auditors remuneration	<u>750</u>	<u>750</u>

2. COST OF SALES AND OTHER OPERATING INCOME AND CHARGES

	1998 £	1997 £
Cost of sales	<u>1,321,762</u>	<u>346,725</u>
Other operating income and charges:		
Administrative expenses	35,374	17,079
Other operating income	(21,246)	(21,246)
	<u>14,128</u>	<u>(4,167)</u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	1998 £	1997 £
Corporation tax at 21%(1997:24%)	8,568	39,400
Adjustment in respect of prior year:		
Corporation tax	(9)	(62)
	<u>8,559</u>	<u>39,338</u>

4. DIRECTORS

The directors received no emoluments from the company.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 1998

5. TANGIBLE FIXED ASSETS

Freehold land & buildings

**1998
£**

Cost at 1 April 1997 and 31 March 1998

242,242

6. DEBTORS

**1998
£**

**1997
£**

Other debtors

5,701

2,730

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

**1998
£**

**1997
£**

Bank overdraft

151

42,159

Amounts owed to related company

456,247

102,918

Corporation tax

8,568

39,400

Other creditors

339

339

Accruals

1,350

1,000

466,655

185,816

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

**1998
£**

**1997
£**

Loan with no fixed repayment date

23,913

23,913

No interest is payable on the above loan.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 1998

9. SHARE CAPITAL

	Authorised £	1998 and 1997 Allotted, called up and fully paid £
Ordinary shares of £1 each	<u>500</u>	<u>300</u>

10. RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
Shareholders' funds at 1 April 1997	300	885,245	885,545
Retained profit for the year	<u>-</u>	<u>32,231</u>	<u>32,231</u>
Shareholders' funds at 31 March 1998	<u>300</u>	<u>917,476</u>	<u>917,776</u>

11. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 1998 or 31 March 1997.

12. CONTINGENT LIABILITIES

The company's property is let under Agricultural Tenancies. In the event of the tenant quitting the holding there would be a liability on the company to pay compensation under the terms of the Agricultural Act 1986 related to the Milk Quota registered on the holding to the tenant at the relevant date. The directors are unable to quantify any such liability.

There is a contingent liability in respect of an unlimited composite cross guarantee given to Midland Bank plc to secure all liabilities of Alvis Brothers (Lye Cross) Limited and Alvis Brothers Limited amounting to £3,076,484 (1997: £710,378)

There were no other contingent liabilities at 31 March 1998 or 31 March 1997.

ALVIS BROTHERS (LYE CROSS) LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 1998

13. TRANSACTIONS WITH RELATED PARTIES

The company purchased cheese with a value of £1,271,675 and milk with a value of £360,186, sold cheese valued at £964,705 and milk valued at £411,975, received rental payments of £21,246 and made a management charge of £37,894 to Alvis Brothers Limited. Alvis Brothers Limited is related to the company as the directors and certain shareholders of Alvis Brothers Limited are also the directors and shareholders of Alvis Brothers (Lye Cross) Limited.

As at 31 March 1998 the company owed Alvis Brothers Limited £456,247.

14. CONTROLLING RELATED PARTIES

Mr J Alvis and Mr M G Alvis are the company's controlling related parties by virtue of their shareholdings and directorships.