

**F. MACHIN AND SONS LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR**  
**31 MAY 2007**

THURSDAY



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12/06/2008

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COMPANIES HOUSE

**BARRON & BARRON**  
Chartered Accountants & Registered Auditors  
Bathurst House  
86 Micklegate  
York  
YO1 6LQ

# **F. MACHIN AND SONS LIMITED**

## **ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

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# **F. MACHIN AND SONS LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 MAY 2007**

The directors present their report and the financial statements of the company for the year ended 31 May 2007

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that of farming and livestock procurement and wholesaling

The company and its subsidiaries engaged in normal trade following the recommencement of livestock processing operations by the subsidiary company, Machin Yorkshire Lamb Limited, in May 2006

After the year end, as part of a rationalisation of group operations, F Machin and Sons Limited ended the procurement of livestock for supply to Machin Yorkshire Lamb Limited

The company has made full provision for any amounts due from fellow group companies at the balance sheet date that are not expected to be settled following the rationalisation of trading operations, the provision recognised in the financial statements is £311,082

Some livestock trading and the other activity of farming are continuing

#### **FUTURE DEVELOPMENTS**

Post year end, at the end of August 2007, the continuing operations of the company were refinanced, further details regarding this event are provided in the notes to the accounts

#### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £284,004 The directors have not recommended a dividend

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

##### **Currency risk**

Management regularly monitor the company's currency positions and exchange rate movements and make currency decisions as appropriate

##### **Fair value interest rate risk**

The company does not hedge its interest rate risk

##### **Price risk**

The company reviews current trends to manage its exposure to variation in market prices

##### **Credit risk**

The company mainly trades with longstanding customers, the nature of these relationships assist management in controlling its credit risk in addition to the normal credit management process

##### **Liquidity**

The management of the company control and monitor the company's cashflow on a regular basis, including forecasting future cashflows

#### **DIRECTORS**

The directors who served the company during the year were as follows

R E Machin

Mrs W E Machin

P Haworth

(Retired 31 May 2007)

## **F. MACHIN AND SONS LIMITED**

### **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 MAY 2007**

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office  
Low Farm  
Brandsby  
York  
YO6 4RW

Signed on behalf of the directors



RE Machin  
Director

Approved by the directors on 23 May 2008

## **F. MACHIN AND SONS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO F. MACHIN AND SONS LIMITED**

#### **UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 6 to 21, together with the financial statements of F Machin and Sons Limited for the year ended 31 May 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

#### **BASIS OF OPINION**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **OPINION**

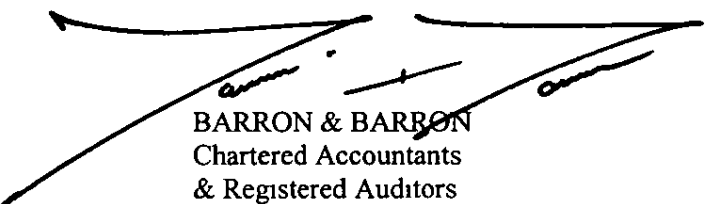
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

#### **OTHER INFORMATION**

On 23 May 2008 we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 May 2007, and the full text of the company audit report is reproduced on pages 4 to 5.

Bathurst House  
86 Micklegate  
York  
YO1 6LQ

23 May 2008



BARRON & BARRON  
Chartered Accountants  
& Registered Auditors

## **F. MACHIN AND SONS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF F. MACHIN AND SONS LIMITED**

#### **YEAR ENDED 31 MAY 2007**

We have audited the financial statements of F Machin and Sons Limited for the year ended 31 May 2007 on pages 5 to 20 which have been prepared on the basis of the accounting policies set out on pages 9 to 10

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

## F. MACHIN AND SONS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF F. MACHIN AND SONS LIMITED *(continued)*

YEAR ENDED 31 MAY 2007

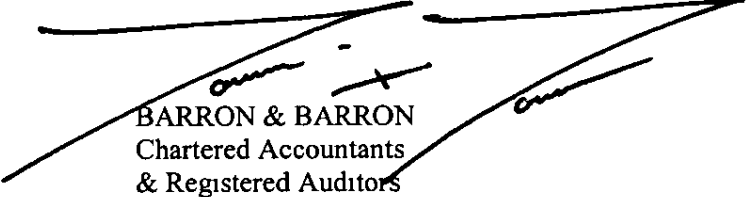
#### OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Bathurst House  
86 Micklegate  
York  
YO1 6LQ

23 May 2008



BARRON & BARRON  
Chartered Accountants  
& Registered Auditors

# **F. MACHIN AND SONS LIMITED**

## **ABBREVIATED PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MAY 2007**

	Note	2007 £	2006 £
<b>GROSS PROFIT</b>		352,228	147,217
Distribution Costs		63,514	—
Administrative expenses		493,235	156,173
<b>OPERATING LOSS</b>	<b>2</b>	(204,521)	(8,956)
Loss on disposal of fixed assets		(3,780)	—
		(208,301)	(8,956)
Income from shares in group undertakings	<b>5</b>	—	320,000
Interest receivable and similar income		1,334	912
Interest payable and similar charges	<b>6</b>	(77,037)	(62,690)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(284,004)	249,266
Tax on (loss)/profit on ordinary activities	<b>7</b>	—	—
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>£(284,004)</u>	<u>£249,266</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 21 form part of these abbreviated accounts



## **F. MACHIN AND SONS LIMITED**

### **NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Reported (loss)/profit on ordinary activities before taxation	(284,004)	249,266
Realisation of gains recognised in previous periods	546,608	—
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	—	(2,426)
Historical cost profit on ordinary activities before taxation	<u>262,604</u>	<u>246,840</u>
Historical cost profit for the year retained after taxation and dividends	<u>262,604</u>	<u>246,840</u>

The notes on pages 10 to 21 form part of these abbreviated accounts

# F. MACHIN AND SONS LIMITED

## ABBREVIATED BALANCE SHEET

31 MAY 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,657,387	2,301,417
Investments	9	70,280	70,280
		<u>1,727,667</u>	<u>2,371,697</u>
<b>CURRENT ASSETS</b>			
Stocks	10	126,863	196,609
Debtors	11	66,090	132,844
Cash at bank		—	215
		<u>192,953</u>	<u>329,668</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>1,394,653</u>	<u>1,892,848</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,201,700)</u>	<u>(1,563,180)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>525,967</u>	<u>808,517</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	<u>160,788</u>	<u>159,334</u>
		<u>£365,179</u>	<u>£649,183</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	137	137
Revaluation reserve	19	862,065	1,408,673
Profit and loss account	20	(497,023)	(759,627)
<b>SHAREHOLDERS' FUNDS</b>	21	<u>£365,179</u>	<u>£649,183</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on 23 May 2008, and are signed on their behalf by.

R E MACHIN  
Director



The notes on pages 10 to 21 form part of these abbreviated accounts

# **F. MACHIN AND SONS LIMITED**

## **CASH FLOW STATEMENT**

**YEAR ENDED 31 MAY 2007**

	Note	2007 £	2006 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22	41,373	(334,995)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(75,703)	258,222
TAXATION	22	—	7,499
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	614,350	(22,206)
CASH INFLOW BEFORE FINANCING		580,020	(91,480)
FINANCING	22	(611,485)	529,324
(DECREASE)/INCREASE IN CASH	22	<u>£(31,465)</u>	<u>£437,844</u>

The notes on pages 10 to 21 form part of these abbreviated accounts

# **F. MACHIN AND SONS LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings 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

#### **Turnover**

Turnover shown in the profit and loss account represents the right to consideration from the performance of the company's obligations

#### **Fixed assets**

Fixed assets include properties professionally valued by chartered surveyors on an existing use open market value basis. Other assets are stated at historical cost

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	2% straight line (except freehold land - nil)
Leasehold Property	-	2% straight line
Plant & Machinery	-	25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

#### **Stocks**

Stocks are professionally valued by chartered surveyors on a cost or deemed cost of production basis as appropriate, in accordance with the conventions set out in the Royal Institute of Chartered Surveyors Stocktaking Guidance Notes

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

# **F. MACHIN AND SONS LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

### **1. ACCOUNTING POLICIES** *(continued)*

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Floating year end**

The financial statements are presented for the year ended 31 May 2007. The actual trading cut off date of the year end fluctuates year on year and is based on the Friday nearest the 31 May.

## **F. MACHIN AND SONS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

#### **YEAR ENDED 31 MAY 2007**

##### **2. OPERATING LOSS**

Operating loss is stated after charging

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	10,565	21,760
Depreciation of leased fixed assets	8,400	8,400
Depreciation of assets held under hire purchase agreements	6,935	—
Auditor's remuneration		
- as auditor	<u>6,000</u>	<u>6,000</u>

##### **3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to

	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>
Number of production staff	1	1
Number of management staff	2	2
	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages and salaries	68,725	49,342
Social security costs	6,089	6,325
	<u>74,814</u>	<u>55,667</u>

##### **4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Emoluments receivable	<u>42,380</u>	<u>46,568</u>

##### **5. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Income from group undertakings	<u>—</u>	<u>320,000</u>

## **F. MACHIN AND SONS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

#### **6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Interest payable on bank borrowing	75,615	62,690
Finance charges	1,407	-
Other similar charges payable	15	-
	<u>77,037</u>	<u>62,690</u>

#### **7. TAXATION ON ORDINARY ACTIVITIES**

##### **Factors affecting current tax charge**

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2006 - 19%)

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before taxation	<u>(284,004)</u>	<u>249,266</u>
(Loss)/profit on ordinary activities by rate of tax	(56,801)	47,361
Expenses not deductible for tax purposes	64,085	945
Capital allowances for period in excess of depreciation	2,816	526
Losses on disposal of fixed assets	756	-
Chargeable gains on disposal of fixed assets	86,985	-
Group relief	(97,574)	11,969
Income not taxable	<u>(267)</u>	<u>(60,801)</u>
Total current tax	<u>-</u>	<u>-</u>

## F. MACHIN AND SONS LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS

#### YEAR ENDED 31 MAY 2007

#### 8. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Total £
<b>COST OR VALUATION</b>				
At 1 June 2006	1,915,927	422,649	215,348	2,553,924
Additions	—	—	3,150	3,150
Disposals	(624,080)	—	—	(624,080)
<b>At 31 May 2007</b>	<u>1,291,847</u>	<u>422,649</u>	<u>218,498</u>	<u>1,932,994</u>
<b>DEPRECIATION</b>				
At 1 June 2006	2,800	104,696	145,011	252,507
Charge for the year	—	8,400	17,500	25,900
On disposals	(2,800)	—	—	(2,800)
<b>At 31 May 2007</b>	<u>—</u>	<u>113,096</u>	<u>162,511</u>	<u>275,607</u>
<b>NET BOOK VALUE</b>				
<b>At 31 May 2007</b>	<u>1,291,847</u>	<u>309,553</u>	<u>55,987</u>	<u>1,657,387</u>
<b>At 31 May 2006</b>	<u>1,913,127</u>	<u>317,953</u>	<u>70,337</u>	<u>2,301,417</u>

The freehold property was revalued in January 2005 by Savills Chartered Surveyors on an open market value basis

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2007 £	2006 £
<b>Historical cost:</b>		
At 1 June 2006	551,081	551,081
Disposals in year	(121,299)	—
<b>At 31 May 2007</b>	<u>429,782</u>	<u>551,081</u>
<b>Depreciation:</b>		
At 1 June 2006	35,053	32,253
Aggregate depreciation on assets revalued in year	—	2,800
On disposals	(35,053)	—
<b>At 31 May 2007</b>	<u>—</u>	<u>35,053</u>
<b>Net historical cost value:</b>		
<b>At 31 May 2007</b>	<u>429,782</u>	<u>516,028</u>
<b>At 1 June 2006</b>	<u>516,028</u>	<u>518,828</u>



## F. MACHIN AND SONS LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS

#### YEAR ENDED 31 MAY 2007

#### 8. TANGIBLE FIXED ASSETS *(continued)*

##### Hire purchase agreements

Included within the net book value of £1,657,387 is £20,806 (2006 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £6,935 (2006 - £Nil).

#### 9. INVESTMENTS

	Subsidiaries £	Unlisted £	Total £
<b>COST</b>			
At 1 June 2006 and 31 May 2007	<u>137</u>	<u>70,143</u>	<u>70,280</u>
<b>NET BOOK VALUE</b>			
At 31 May 2007	<u>137</u>	<u>70,143</u>	<u>70,280</u>
At 31 May 2006	<u>137</u>	<u>70,143</u>	<u>70,280</u>

Unlisted investments include a 50% interest in SCIE La Bruntier a company that owns a French farm. The company owns 100% of the issued share capital of the companies listed below, except for Machin Yorkshire Lamb Limited (75%).

##### Aggregate capital and reserves

Jelsye limited	(22,019)	2,716
Machin Yorkshire Lamb Limited	(981,822)	(415,879)
<b>Profit and (loss) for the year</b>		
Jelsye Limited	(24,735)	119,842
Machin Yorkshire Lamb Limited	(565,943)	(1,636,386)

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

#### 10. STOCKS

	2007 £	2006 £
Closing valuation	<u>126,863</u>	<u>196,609</u>

## **F. MACHIN AND SONS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

#### **11. DEBTORS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	6,009	1,222
Amounts owed by group undertakings	37,599	110,924
Corporation tax repayable	8,242	8,242
VAT recoverable	5,768	—
Other debtors	—	7,117
Prepayments and accrued income	8,472	5,339
	<u>66,090</u>	<u>132,844</u>

#### **12. CREDITORS: Amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	954,894	1,530,167
Trade creditors	76,047	47,160
Amounts owed to group undertakings	36,877	3,512
PAYE and social security	1,997	1,791
VAT	—	2,778
Hire purchase agreements	5,526	11,942
Other creditors	1,054	446
Directors loan accounts	270,044	257,562
Accruals and deferred income	48,214	37,490
	<u>1,394,653</u>	<u>1,892,848</u>

The bank loans and overdrafts are secured by a legal mortgage over freehold property and a fixed and floating charge over the assets of the company

Obligations under hire purchase contracts are secured on related assets

#### **13. CREDITORS: Amounts falling due after more than one year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Hire purchase agreements	1,454	—
Other creditors	69,824	69,824
Directors' loan accounts	89,510	89,510
	<u>160,788</u>	<u>159,334</u>

## **F. MACHIN AND SONS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

#### **14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Amounts payable within 1 year	5,892	11,942
Amounts payable between 1 and 2 years	1,473	-
	<u>7,365</u>	<u>11,942</u>
Less interest and finance charges relating to future periods	(385)	-
	<u>6,980</u>	<u>11,942</u>
Hire purchase agreements are analysed as follows		
Current obligations	5,526	11,942
Non-current obligations	1,454	-
	<u>6,980</u>	<u>11,942</u>

#### **15. DEFERRED TAXATION**

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	(62,156)	(58,724)
Tax losses available	164,253	155,850
	<u>102,097</u>	<u>97,126</u>

The potential deferred tax asset has been calculated at 20% (2006 - 19%) Due to uncertainty regarding the utilisation of tax losses the potential deferred tax asset has not been recognised

If the revalued freehold properties were to be sold at their carrying values at the balance sheet date, the estimated potential tax liability arising would be £43,054, calculated at 20%

#### **16. CONTINGENCIES**

The company is party to a joint guarantee with a subsidiary, Machin Yorkshire Lamb Limited, in relation to certain loans held by the companies The maximum contingent liability under the guarantee at the balance sheet date was £3,050,000

## **F. MACHIN AND SONS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

#### **17. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr W Machin during the year by virtue of his majority shareholding in the business

During the year, F Machin and Sons Limited traded with its subsidiary companies, Machin Yorkshire Lamb Limited and Jelsye Limited

F Machin and Sons Limited earned £4,043,679 from sales to Machin Yorkshire Lamb Limited, together with £1,742 of other income. The company was owed £37,599 by Machin Yorkshire Lamb Limited at the year end, after having provided for £311,082 in respect of intercompany balances. It also owed £36,877 to Machin Yorkshire Lamb Limited at the year end.

F Machin and Sons Limited earned £28,798 in sales and other income from Jelsye Limited

#### **18. SHARE CAPITAL**

##### **Authorised share capital:**

	2007 £	2006 £
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

##### **Allotted, called up and fully paid:**

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>137</u>	<u>137</u>	<u>137</u>	<u>137</u>

#### **19. REVALUATION RESERVE**

	2007 £	2006 £
Balance brought forward	1,408,673	1,408,673
Transfer to the Profit and Loss Account on realisation	<u>(546,608)</u>	<u>—</u>
Balance carried forward	<u>862,065</u>	<u>1,408,673</u>

#### **20. PROFIT AND LOSS ACCOUNT**

	2007 £	2006 £
Balance brought forward	(759,627)	(1,008,893)
(Loss)/profit for the financial year	(284,004)	249,266
Transfer from revaluation reserve	546,608	—
Balance carried forward	<u>(497,023)</u>	<u>(759,627)</u>

## **F. MACHIN AND SONS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

#### **21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(284,004)	249,266
Transfer from revaluation reserve	546,608	—
Transfer to profit and loss account	(546,608)	—
Net (reduction)/addition to shareholders' funds	(284,004)	249,266
Opening shareholders' funds	649,183	399,917
Closing shareholders' funds	<u>365,179</u>	<u>649,183</u>

#### **22. NOTES TO THE STATEMENT OF CASH FLOWS**

##### **RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating loss	(204,521)	(8,956)
Depreciation	25,900	30,160
Decrease/(increase) in stocks	69,746	(110,690)
Decrease in debtors	66,754	175,488
Increase/(decrease) in creditors	83,494	(420,997)
Net cash inflow/(outflow) from operating activities	<u>£41,373</u>	<u>£(334,995)</u>

##### **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Income from group undertakings	—	320,000
Interest received	1,334	912
Interest paid	(75,630)	(62,690)
Interest element of hire purchase	(1,407)	—
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(75,703)</u>	<u>258,222</u>

##### **TAXATION**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Taxation	<u>—</u>	<u>7,499</u>

# **F. MACHIN AND SONS LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 MAY 2007**

### **22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)***

#### **CAPITAL EXPENDITURE**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Payments to acquire tangible fixed assets	(3,150)	(47,909)
Receipts from sale of fixed assets	617,500	25,703
Net cash inflow/(outflow) from capital expenditure	<u>614,350</u>	<u>(22,206)</u>

#### **FINANCING**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
New bank loans	–	362,251
Repayment of bank loans	(606,523)	–
Capital element of hire purchase	(4,962)	11,413
New directors' loans	–	155,660
Net cash (outflow)/inflow from financing	<u>(611,485)</u>	<u>529,324</u>

#### **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the period	(31,465)	437,844
Change in net debt resulting from cashflows	–	826,909
Net cash outflow from/(inflow) from bank loans	606,523	–
Cash outflow in respect of hire purchase	<u>4,433</u>	<u>–</u>
Change in net debt resulting from cash flows	579,491	1,264,753
New finance leases	–	(15,935)
Movement in net debt in the period	<u>579,491</u>	<u>1,248,818</u>
Net debt at 1 June 2006	(1,541,365)	(2,790,183)
Net debt at 31 May 2007	<u>£(961,874)</u>	<u>£(1,541,365)</u>

## F. MACHIN AND SONS LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

#### 22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

##### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jun 2006 £	Cash flows £	At 31 May 2007 £
Net cash			
Cash in hand and at bank	215	(215)	—
Overdrafts	(10,167)	(31,250)	(41,417)
	<u>(9,952)</u>	<u>(31,465)</u>	<u>(41,417)</u>
Debt			
Debt due within 1 year	(1,520,000)	606,523	(913,477)
Hire purchase agreements	(11,413)	4,433	(6,980)
	<u>(1,531,413)</u>	<u>610,956</u>	<u>(920,457)</u>
Net debt	<u>£(1,541,365)</u>	<u>£579,491</u>	<u>£(961,874)</u>

#### 23. POST BALANCE SHEET EVENTS

At the end of August 2007 the ongoing operations of the company were refinanced. This process involved F Machin and Sons Limited drawing down a new loan facility and clearing the loans and overdrafts extant at the balance sheet date.

Part of the new loan facility was transferred to the subsidiary entity - Machin Yorkshire Lamb Limited - to allow that company to satisfy debts cross guaranteed by F Machin and Sons Limited. It is considered doubtful that the funds transferred will be repaid, as Machin Yorkshire Lamb Limited has now ceased livestock processing operations and disposed of its fixed assets. The approximate exposure of F Machin and Sons Limited is £400,000.