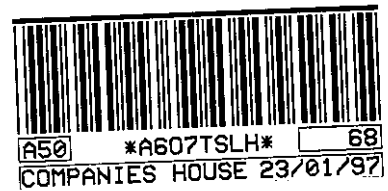


SHEPPY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1996

COMPANY NO. 1543842



SHEPPY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1996

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SHEPPY LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 1996

The Directors submit their report and the financial statements of the company for the year ended 31 May 1996.

REVIEW OF THE BUSINESS

The principal activities of the Company are the manufacture of fertilisers and adhesives.

The results for the year ended 31 May 1996 are shown in the profit and loss account on page 7.

DIVIDENDS AND TRANSFER TO RESERVES

The directors recommend that the payment of £10,833 preference dividends be the only dividend for the year.

It is proposed that the surplus of £18,666 is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The Directors during the year and their beneficial interests in the share capital of the Company were as follows:-

	At 31 May 1996		At 31 May 1995	
	£1 Cumulative Preference Shares	£1 Ordinary Shares	£1 Cumulative Preference Shares	£1 Ordinary Shares
Beneficial Interests				
F.D. Stevens	NIL	7,840	NIL	7,840
M.J.C. Stevens	78,450	14,720	78,450	14,720
A.J. Moon	NIL	NIL	NIL	NIL
P.C. Stevens	NIL	960	NIL	960
C.K. Stevens	NIL	12,551	NIL	12,551

The above Directors retire in accordance with the Articles of Association but all being eligible offer themselves for re-election.

SHEPPY LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 1996

FIXED ASSETS

The movements in fixed assets during the year are shown in note 3 to the accounts.

AUDITORS

A resolution to reappoint Williams, Giles & Co. as auditors will be proposed at the forthcoming Annual General Meeting.

CLOSE COMPANY

Sheppy Limited is a Close Company within the terms of the Income and Corporation Taxes Act 1988.

Dated: 7th November 1996

BY ORDER OF THE BOARD



K.C. Hollow
Secretary

Rushenden Road,
Queenborough,
Kent.
NE11 5HH.

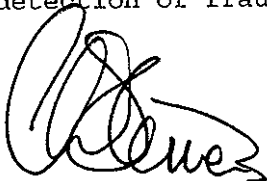
SHEPPY LIMITED

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable and prudent:
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



C.K. STEVENS
Director

SHEPPY LIMITED

AUDITORS' REPORT TO SHEPPY LIMITED

Pursuant to paragraph 24 of schedule 8 to the Companies Act 1985

We have examined the abbreviated accounts on pages 6 to 16 together with the financial statements of Sheppy Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 May 1996.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 6 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled under sections 246, 247 and 249 of the Companies Act 1985 to the exemption conferred by Section B of Part III of Schedule 8 to that Act in respect of the year ended 31 May 1996 and the abbreviated accounts on pages 6 to 16 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On 7 November 1996 we reported as auditors of Sheppy Limited to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 May 1996 and our audit report was as follows:

'We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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.

SHEPPY LIMITED

AUDITORS' REPORT TO SHEPPY LIMITED

BASIS OF OPINION

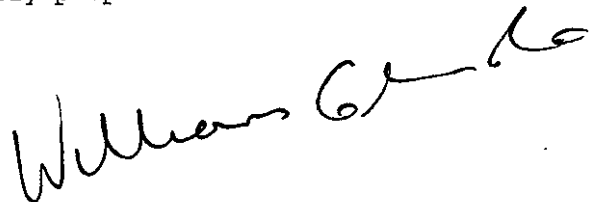
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

Dated: 7th November 1996



WILLIAMS, GILES & CO.
CHARTERED ACCOUNTANTS,
REGISTERED AUDITORS,
1 LONDON ROAD,
SITTINGBOURNE,
KENT.

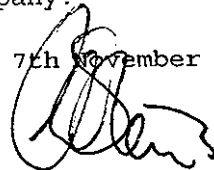
SHEPPY LIMITED

ABBREVIATED BALANCE SHEET AT 31 MAY 1996

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	3		252,745		248,492
Intangible Assets	4		-		-
Investments	5		914,896		914,896
			<u>1,167,641</u>		<u>1,163,388</u>
CURRENT ASSETS					
Stock	6	141,147		134,469	
Debtors	7	1,455,914		1,260,558	
Cash at Bank and in Hand		1,371		1,209	
		<u>1,598,432</u>		<u>1,396,236</u>	
CREDITORS: amounts falling due within one year	8	1,323,812		1,141,391	
		<u>1,323,812</u>		<u>1,141,391</u>	
NET CURRENT ASSETS			274,620		254,845
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,442,261</u>		<u>1,418,233</u>
CREDITORS: amounts falling due after one year					
	9		15,331		19,969
PROVISION FOR LIABILITIES AND CHARGES					
Deferred Taxation	10		34,000		24,000
			<u>£ 1,392,930</u>		<u>£ 1,374,264</u>
CAPITAL AND RESERVES					
Called up Share Capital	2		575,109		575,109
Share Premium Account	11		544,321		544,321
Profit and Loss Account			273,500		254,834
			<u>£ 1,392,930</u>		<u>£ 1,374,264</u>
SHAREHOLDERS' FUNDS - EQUITY AND NON EQUITY	12		<u>£ 1,392,930</u>		<u>£ 1,374,264</u>

In preparing these abbreviated financial statements the directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to exemptions as a medium company.

The accounts were approved by the Board of Directors on 7th November 1996 and signed on its behalf by


C.K. STEVENS
Director

SHEPPY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1996

	Notes	£	1996 £	£	1995 £
GROSS PROFIT			359,906		273,432
Distribution costs		32,828		21,866	
Administration expenses		193,491		196,280	
Exceptional item	14	39,559		54,828	
			<hr/>	<hr/>	
			265,878		272,974
			<hr/>		<hr/>
			94,028		458
Other operating income			19,542		38,313
			<hr/>		<hr/>
OPERATING PROFIT	15		113,570		38,771
Investment income	16	(20)		(20,058)	
Interest payable and similar charges	17	72,287		49,009	
			<hr/>	<hr/>	
			72,267		28,951
			<hr/>		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			41,303		9,820
Tax on profit on ordinary activities	18		11,804		(6,742)
			<hr/>		<hr/>
PROFIT FOR THE FINANCIAL YEAR			29,499		16,562
Dividends	19		10,833		10,836
			<hr/>		<hr/>
RETAINED PROFIT FOR THE YEAR			18,666		5,726
Retained profits brought forward			254,834		249,108
			<hr/>		<hr/>
RETAINED PROFITS CARRIED FORWARD			£ 273,500		£ 254,834
			<hr/>		<hr/>

NOTES TO THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31 MAY 1996

1. ACCOUNTING POLICIES

a) Accounting convention

The Accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards. They include the results of the Company's operations as indicated in the director's report, all of which are continuing.

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The Company is exempt from preparing consolidated financial statements in accordance with Section 248 of the Companies Act 1985. The Accounts therefore present information about the Company as an individual undertaking not as a group.

b) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

New Office	-	5% straight line
Plant and Machinery	-	at the rate of 10% - 25% straight line and reducing balance
Motor Vehicles	-	at the rate of 25% reducing balance

Depreciation is not provided on freehold properties. The directors consider that, after taking into account the Company's policy of maintaining these properties in a continual state of sound repair and making improvements from time to time, the expected residual value of each property, assessed on the prices prevailing at the time of acquisition or revaluation, are not materially different from the amount at which these properties are included in the accounts. The directors also consider that the remaining useful life of each property is more than 50 years. Therefore depreciation would be insignificant. Any further permanent diminution in value will be charged through the profit and loss account as identified.

c) Amortisation of Goodwill

Goodwill was amortised evenly over its expected useful life of 5 years and has been fully written off.

d) Stocks

Fertiliser and adhesive stocks are stated at the lower of cost and net realisable value, cost being determined on a first in first out basis. Net realisable value is based on the estimated selling price less further costs expected to be incurred on completion and disposal.

e) Deferred Taxation

Provision for deferred taxation is made on the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1996

1. ACCOUNTING POLICIES (continued)

f) Leasing

Assets obtained under finance leases and hire purchase contracts are capitalised as fixed assets and are depreciated over their useful lives.

Obligations under such arrangements are included in creditors net of the finance charge allocated to future periods.

The finance element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

g) Turnover

Turnover represents income earned from amounts invoiced in the respect of goods and services provided during the year excluding Value Added Tax.

h) Pension Costs

The Company provides pensions, by invitation only to full time employees over the age of 21, through two pension schemes.

The assets of both schemes are held independently of the group by trustees.

The Sheppy Staff Pension and Assurance Scheme is a targeted money purchase scheme. The Sheppy Fertilisers Executives Pension Scheme is a defined contribution scheme.

The amount charged to the profit and loss account for both schemes is the amount payable in the year.

Further information on pension costs is provided in note 20.

i) Investments

Fixed asset investments are shown at cost.

2. SHARE CAPITAL

	1996	1995
Authorised, Allotted Issued and Fully Paid	£	£
66,537 Ordinary Shares of £1 each fully paid	66,537	66,537
2 Deferred Shares of £1 each fully paid	2	2
508,570 Irredeemable non-voting 8.52% Preference Shares of £1 each fully paid	508,570	508,570
	<hr/>	<hr/>
	£ 575,109	£ 575,109
	<hr/>	<hr/>

SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1996

3. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Motor Vehicles	Total
	£	£	£	£
COST				
At: 1 June 1995	180,495	428,898	94,815	704,208
Additions	227	36,743	14,501	51,471
Disposals	-	(100,230)	(27,150)	(127,380)
At: 31 May 1996	180,722	365,411	82,166	628,299
DEPRECIATION				
At: 1 June 1995	38,147	343,749	73,820	455,716
Charge for the year	-	22,409	4,277	26,686
Disposals	-	(84,794)	(22,054)	(106,848)
At: 31 May 1996	38,147	281,364	56,043	375,554
NET BOOK VALUE				
At: 31 May 1996	£ 142,575	£ 84,047	£ 26,123	£ 252,745
At: 31 May 1995	£ 142,348	£ 85,149	£ 20,995	£ 248,492

Included within fixed assets are assets held under finance lease and hire purchase agreements as follows:-

	Net Book Value	Depreciation
	£	£
Plant and Machinery	32,437	9,562

The company has agreed to indemnify the liabilities of Sheppy Fertilisers Limited with UCB Invoice Discounting Limited. Such debts are secured on the freehold land and buildings of Sheppy Limited.

4. INTANGIBLE ASSETS

	Goodwill
	£
COST	
At: 1 June 1995 and	
At: 31 May 1996	80,000
AMORTISATION	
At: 1 June 1995	80,000
Charge in year	-
At: 31 May 1996	80,000
NET BOOK VALUE	
At: 31 May 1996	£ NIL
At: 31 May 1995	£ NIL

The goodwill relates to the acquisition of the business of George A. Palmer Limited on 21st July 1990.

SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1996

5. INVESTMENTS

	1996	1995
	£	£
Shares in Group Undertakings	<u>914,896</u>	<u>914,896</u>

6. STOCKS

	1996	1995
	£	£
Fertilisers and Adhesives		
Raw materials	111,125	65,293
Finished goods	30,022	69,376
	<u>141,147</u>	<u>134,469</u>

7. DEBTORS

	1996	1995
	£	£
Trade debtors	116,043	101,338
Prepayments and accrued income	43,519	44,809
Other debtors	17,358	58,591
Owed by group undertakings	1,278,994	1,055,820
	<u>1,455,914</u>	<u>1,260,558</u>

8. CREDITORS: amounts falling
due within one
year

	1996	1995
	£	£
Trade creditors	170,072	78,778
Corporation tax	2,708	-
Other taxes and social security costs	70,104	53,536
Other creditors	144,245	177,867
Accruals	36,917	32,902
Bank overdraft	295,331	293,663
Other loans	591,544	497,904
Amounts due under hire purchase and finance lease	12,891	6,741
	<u>1,323,812</u>	<u>1,141,391</u>

The bank overdraft is secured by a legal charge over the company's freehold property.

9. CREDITORS: amounts falling
due after one
year

	1996	1995
	£	£
Obligations under hire purchase and finance lease	<u>15,331</u>	<u>19,969</u>

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1996

10. DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:-

	1996		1995	
	Amount Provided £	Full Potential Liability £	Amount Provided £	Full Potential Liability £
Short term timing differences and Accelerated Capital Allowances at 33% (1995 - 33%)	34,000	34,000	24,000	24,000
	<u>34,000</u>	<u>34,000</u>	<u>24,000</u>	<u>24,000</u>

11. SHARE PREMIUM

	1996 £	1995 £
Premium on shares issued	<u>544,321</u>	<u>544,321</u>

12. MOVEMENT ON SHAREHOLDERS'S FUNDS

	1996 £	1995 £
Profit for the year	29,499	16,562
Less: Dividends	(10,833)	(10,836)
	<u>18,666</u>	<u>5,726</u>
Opening shareholders' funds	1,374,264	1,368,538
Closing shareholders' funds	<u>1,392,930</u>	<u>1,374,264</u>

Shareholders' funds are analysed as follows:-

	1996 £	1995 £
Equity Interest	884,360	865,694
Non Equity Interest - Preference Shares	508,570	508,570
	<u>1,392,930</u>	<u>1,374,264</u>

The cumulative preference shares have a dividend rate of 8.52% which is paid at the discretion of the Directors and before any dividend is declared on ordinary shares. Preference shareholders have no voting rights except if the preference dividends are in arrears by more than six months or if the resolution to be considered is to wind up or sell the company or alter the objects or vary the rights of the preferential shareholders. At 31 May 1996 there were no preference dividends in arrears. On liquidation the preference shareholders have no right to share in the distribution of any assets other than the return of capital.

SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1996

13. STAFF COSTS (including Directors)	1996	1995
Staff costs are analysed as follows:-	£	£
Wages and salaries	223,517	202,898
Social security costs	23,548	17,878
Pension contributions	6,321	6,198
	<u>253,386</u>	<u>226,974</u>

The average number of employees during the year was made up as follows:-	1996 No.	1995 No.
Management	4	4
Administration	2	2
Production and Sales	13	12
	<u>19</u>	<u>18</u>

The Director's emoluments are as follows:-	1996 £	1995 £
Salaries and other emoluments	<u>53,058</u>	<u>47,115</u>

The directors emoluments excluding pension contributions are further analysed as follows:-

	1996 £	1995 £
Chairman's Emoluments	<u>6,963</u>	<u>6,603</u>
Highest Paid Director	<u>42,649</u>	<u>40,512</u>
Emoluments of other Directors	No.	No.
£0 - £5,000	<u>4</u>	<u>4</u>

14. EXCEPTIONAL ITEM

The exceptional item relates to essential repair work undertaken on the Wharf, operated by the Company, during the year.

SHEPPY LIMITEDNOTES TO THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31 MAY 1996

15. OPERATING PROFIT	1996	1995
This is stated after charging and crediting the following:-	£	£
Cost of Sales		
Hire of Plant and Machinery	7,946	17,762
Depreciation	17,566	14,471
Loss on disposal of assets	15,435	417
Distribution Costs		
Depreciation	522	696
Administration Expenses		
Depreciation	8,598	13,977
Auditors' remuneration	5,275	6,647
Amortisation of goodwill	-	2,678
(Loss)/Profit on disposal of fixed assets	(404)	1,026
Other operating income		
Rents received (net of operating lease rentals of £3,261)	18,807	30,091
	<hr/>	<hr/>
16. INVESTMENT INCOME	1996	1995
	£	£
Income from interest in group undertaking	-	20,000
Other interest receivable	20	58
	<hr/>	<hr/>
	20	20,058
	<hr/>	<hr/>
17. INTEREST PAYABLE	1996	1995
	£	£
On finance leases and hire purchase contracts	2,902	1,762
On bank loans overdrafts and other loans repayable within five years	69,385	47,247
	<hr/>	<hr/>
	72,287	49,009
	<hr/>	<hr/>
18. TAX ON PROFIT ON ORDINARY ACTIVITIES	1996	1995
The charge for tax is analysed as follows:-	£	£
Corporation tax based at 25% on the profit for the year	3,238	(3,314)
Overprovision in previous years	(1,434)	(2,428)
Transfer from/(to) deferred taxation account	10,000	(1,000)
	<hr/>	<hr/>
	11,804	(6,742)
	<hr/>	<hr/>

NOTES TO THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31 MAY 1996

19. DIVIDENDS

	1996	1995
	£	£
Interim dividend on non equity preference shares	10,833	10,836
	<u>£ 10,833</u>	<u>£ 10,836</u>

20. PENSION COSTS

The company operates two pension schemes.

The Sheppy Staff Pension and Assurance Scheme is a targeted money purchase scheme. The scheme funds are administered by Trustees and are independent of the company's finances. The scheme is funded through insurance policies with Eagle Star Insurance Co. Ltd.

The pension cost for the year was £6,321 (1995: £6,198)

The Sheppy Fertilisers Limited Executives Pension Scheme is a defined contribution scheme.

The charge against profits is the amount of contributions paid to the pension scheme during the year.

The pension cost for the year was £Nil (1995 : £Nil).

21. CONTINGENT LIABILITIES AND GUARANTEES

The company has given unlimited guarantees in favour of other group companies.

SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1996

22. SUBSIDIARY UNDERTAKINGS

Sheppy Fertilisers Limited - wholly owned.
Agricultural Merchants.

739 Preference Shares of £10 each, fully paid.
1,250 Ordinary Shares of £10 each, fully paid.

Aggregate amount of Capital and Reserves at 31 May 1996. - £617,307
Profit for the financial year - £105,537.

Stevens Chemical Manure Company Limited - wholly owned.
Non trading company.

1,741 'A' Preference Shares of £10 each, fully paid.
50 'A' Preference Shares of £10 each, £8 paid.
2,500 'B' Ordinary Shares of £10 each, fully paid.

Aggregate amount of Capital and Reserves at 31 May 1996. - £ 42,810

Matahari 306 Limited - 85.7% owned.
Non trading company.

7,290 Ordinary Shares of £1 each, fully paid.

Aggregate amount of Capital and Reserves at 31 May 1996. - £ 8,505
Profit for the financial year - £NIL.

Sheppy Industries Limited - wholly owned by Matahari 306 Limited.
Property Investment Company and Equipment Lessors.

9,720 'B' Ordinary Shares of £10 each, fully paid.

Aggregate amount of Capital and Reserves at 31 May 1996. - £1,942,877
Profit for the financial year - £109,125.

Montash Properties Limited - wholly owned by Sheppy Industries Limited.
Property Developers.

12,150 Ordinary Shares of £1 each, fully paid.

Aggregate amount of Capital and Reserves at 31 May 1996. - £306,954
Profit for the financial year - £ 6,795.

23. OTHER COMMITMENTS

At 31 May 1996 the company had annual commitments under non-cancellable operating leases as follows:-

	1996	1995
	£	£
Expiry date		
Between two and five years	6,522	-

24. POST BALANCE SHEET EVENT

After the year end the company entered into the final stage of the Wharf Repair work. The estimated total cost of this will be in the region of £55,000.