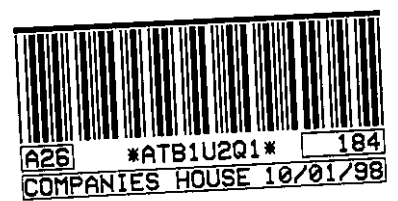


SHEPPY LIMITED  
ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1997

COMPANY NO. 1543842



SHEPPY LIMITED  
ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1997

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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 1997.

**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 1997 are shown in the profit and loss account on page 7.

**DIVIDENDS AND TRANSFER TO RESERVES**

The directors recommend that no dividend be paid.

It is proposed that the surplus 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 1997                        |                       | At 31 May 1996                        |                       |
|-----------------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|
|                             | £1 Cumulative<br>Preference<br>Shares | £1 Ordinary<br>Shares | £1 Cumulative<br>Preference<br>Shares | £1 Ordinary<br>Shares |
| <b>Beneficial Interests</b> |                                       |                       |                                       |                       |
| 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 1997

**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 1997

BY ORDER OF THE BOARD



Rushenden Road,  
Queenborough,  
Kent.  
NE11 5HH.

K.C. Hollow  
Secretary

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**

**UNDER SECTION 247B OF 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 1997.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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 accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

**BASIS OF OPINION**

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. The scope of our work for the purpose of this report did 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 to deliver abbreviated accounts prepared in accordance with section 246A (3) of the Companies Act 1985, and the abbreviated accounts on pages 6 to 16 are properly prepared in accordance with that provision.

**OTHER INFORMATION**

On 7 November 1997 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 1997 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.

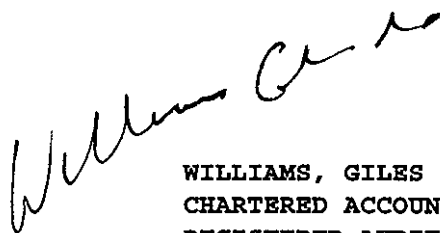
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT DISCLOSURE**

The directors have chosen not to comply with the disclosure requirements of Financial Reporting Standard No.8, Related Party Disclosures. In our opinion, although we are unable to quantify the full amount, the total value of related party transactions is material.

Except for the absence of this disclosure, in our opinion the financial statements, give a true and fair view of the state of the company's affairs at 31 May 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

Dated: 7th November 1997



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

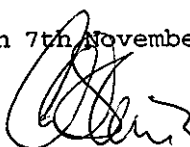
**SHEPPY LIMITED**

**ABBREVIATED BALANCE SHEET AT 31 MAY 1997**

|   |       | 1997      |             | 1996      |             |
|---|-------|-----------|-------------|-----------|-------------|
|   | Notes | £         | £           | £         | £           |
| <b>FIXED ASSETS</b>                                   |       |           |             |           |             |
| Tangible Assets                                       | 3     |           | 248,340     |           | 252,745     |
| Investments   | 4     |           | 914,896     |           | 914,896     |
|   |       |           | <hr/>       |           | <hr/>       |
|   |       |           | 1,163,236   |           | 1,167,641   |
| <b>CURRENT ASSETS</b>                                 |       |           |             |           |             |
| Stock   | 5     | 193,230   |             | 141,147   |             |
| Debtors   | 6     | 1,346,770 |             | 1,455,914 |             |
| Cash at Bank and in Hand                              |       | 1,159     |             | 1,371     |             |
|   |       | <hr/>     |             | <hr/>     |             |
|   |       | 1,541,159 |             | 1,598,432 |             |
| <b>CREDITORS: amounts falling due within one year</b> |       |           |             |           |             |
|   | 7     | 1,227,992 |             | 1,323,812 |             |
|   |       | <hr/>     |             | <hr/>     |             |
| <b>NET CURRENT ASSETS</b>                             |       |           | 313,167     |           | 274,620     |
|   |       |           | <hr/>       |           | <hr/>       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       |           | 1,476,403   |           | 1,442,261   |
| <b>CREDITORS: amounts falling due after one year</b>  |       |           |             |           |             |
|   | 8     |           | 18,093      |           | 15,331      |
| <b>PROVISION FOR LIABILITIES AND CHARGES</b>          |       |           |             |           |             |
| Deferred Taxation                                     | 9     |           | 31,000      |           | 34,000      |
|   |       |           | <hr/>       |           | <hr/>       |
|   |       |           | £ 1,427,310 |           | £ 1,392,930 |
|   |       |           | <hr/>       |           | <hr/>       |
| <b>CAPITAL AND RESERVES</b>                           |       |           |             |           |             |
| Called up Share Capital                               | 2     |           | 575,109     |           | 575,109     |
| Share Premium Account                                 | 10    |           | 544,321     |           | 544,321     |
| Profit and Loss Account                               |       |           | 307,880     |           | 273,500     |
|   |       |           | <hr/>       |           | <hr/>       |
| <b>SHAREHOLDERS' FUNDS - EQUITY AND NON EQUITY</b>    | 11    |           | £ 1,427,310 |           | £ 1,392,930 |
|   |       |           | <hr/>       |           | <hr/>       |

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium companies.

The accounts were approved by the Board of Directors on 7th November 1997 and signed on its behalf by

  
C.K. STEVENS  
Director



**SHEPPY LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MAY 1997**

|  | Notes | 1997<br>£       | 1996<br>£       |
|--|-------|-----------------|-----------------|
| <b>GROSS PROFIT</b>                                      |       | 354,463         | 359,906         |
| Distribution costs                                       |       | 37,512          | 32,828          |
| Administration expenses                                  |       | 195,352         | 193,491         |
| Exceptional item   | 13    | 20,041          | 39,559          |
|  |       | <hr/> 252,905   | <hr/> 265,878   |
|  |       | 101,558         | 94,028          |
| Other operating income                                   |       | 7,909           | 19,542          |
|  |       | <hr/> 109,467   | <hr/> 113,570   |
| <b>OPERATING PROFIT</b>                                  | 14    |                 |                 |
| Investment income  | 15    | -               | (20)            |
| Interest payable and similar charges                     | 16    | 68,534          | 72,287          |
|  |       | <hr/> 68,534    | <hr/> 72,267    |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |       | 40,933          | 41,303          |
| Tax on profit on<br>ordinary activities                  | 17    | 6,553           | 11,804          |
|  |       | <hr/> 34,380    | <hr/> 29,499    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |       |                 |                 |
| Dividends  | 18    | -               | 10,833          |
|  |       | <hr/> 34,380    | <hr/> 18,666    |
| <b>RETAINED PROFIT FOR THE YEAR</b>                      |       |                 |                 |
| Retained profits brought forward                         |       | 273,500         | 254,834         |
|  |       | <hr/> £ 307,880 | <hr/> £ 273,500 |
| <b>RETAINED PROFITS CARRIED FORWARD</b>                  |       |                 |                 |

**SHEPPY LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 MAY 1997**

**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<br>10% - 25% straight line<br>and reducing balance |
| Motor Vehicles      | - | at the rate of<br>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.

SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1997

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.

The Sheppy Staff Pension and Assurance Scheme is a group personal pension 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 19.

i) Investments

Fixed asset investments are shown at cost.

2. SHARE CAPITAL

|   | 1997      | 1996      |
|---|-----------|-----------|
| 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 |

SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1997

**3. TANGIBLE FIXED ASSETS**

|                     | Freehold<br>Land and<br>Buildings | Plant and<br>Machinery | Motor<br>Vehicles | Total     |
|---------------------|-----------------------------------|------------------------|-------------------|-----------|
| COST                | £                                 | £                      | £                 | £         |
| At: 1 June 1996     | 180,722                           | 365,411                | 82,166            | 628,299   |
| Additions           | -                                 | 34,691                 | 5,400             | 40,091    |
| Disposals           | -                                 | (34,766)               | (7,600)           | (42,366)  |
| At: 31 May 1997     | 180,722                           | 365,336                | 79,966            | 626,024   |
| DEPRECIATION        |                                   |                        |                   |           |
| At: 1 June 1996     | 38,147                            | 281,364                | 56,043            | 375,554   |
| Charge for the year | -                                 | 24,734                 | 6,460             | 31,194    |
| Disposals           | -                                 | (22,746)               | (22,054)          | (29,064)  |
| At: 31 May 1997     | 38,147                            | 283,352                | 56,185            | 377,684   |
| NET BOOK VALUE      |                                   |                        |                   |           |
| At: 31 May 1997     | £ 142,575                         | £ 81,984               | £ 23,781          | £ 248,340 |
| At: 31 May 1996     | £ 142,575                         | £ 84,047               | £ 26,123          | £ 252,745 |

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

|                     | Net Book<br>Value | Depreciation |
|---------------------|-------------------|--------------|
|                     | £                 | £            |
| Plant and Machinery | 35,560            | 11,170       |

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.

**SHEPPY LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 MAY 1997**

**4. INVESTMENTS**

|                              | <b>1997</b>    | <b>1996</b>    |
|------------------------------|----------------|----------------|
|                              | <b>£</b>       | <b>£</b>       |
| Shares in Group Undertakings | <u>914,896</u> | <u>914,896</u> |

**5. STOCKS**

|                           | <b>1997</b>    | <b>1996</b>    |
|---------------------------|----------------|----------------|
|                           | <b>£</b>       | <b>£</b>       |
| Fertilisers and Adhesives |                |                |
| Raw materials             | 131,842        | 111,125        |
| Finished goods            | 61,388         | 30,022         |
|                           | <u>193,230</u> | <u>141,147</u> |

**6. DEBTORS**

|                                | <b>1997</b>      | <b>1996</b>      |
|--------------------------------|------------------|------------------|
|                                | <b>£</b>         | <b>£</b>         |
| Trade debtors                  | 109,461          | 116,043          |
| Prepayments and accrued income | 46,033           | 43,519           |
| Other debtors                  | 13,924           | 17,358           |
| Owed by group undertakings     | <u>1,177,352</u> | <u>1,278,994</u> |
|                                | <u>1,346,770</u> | <u>1,455,914</u> |

**7. CREDITORS: amounts falling  
due within one  
year**

|   | <b>1997</b>      | <b>1996</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Trade creditors                                   | 94,722           | 170,072          |
| Corporation tax                                   | 10,976           | 2,708            |
| Other taxes and social<br>security costs          | 81,919           | 70,104           |
| Other creditors                                   | 96,874           | 144,245          |
| Accruals  | 48,412           | 36,917           |
| Bank overdraft                                    | 309,459          | 295,331          |
| Other loans                                       | 528,765          | 591,544          |
| Amounts due under hire purchase and finance lease | 9,395            | 12,891           |
| Owed to group undertakings                        | <u>47,470</u>    | <u>-</u>         |
|   | <u>1,227,992</u> | <u>1,323,812</u> |

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

**8. CREDITORS: amounts falling  
due after one  
year**

|   | <b>1997</b>   | <b>1996</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Obligations under hire purchase and finance lease | <u>18,093</u> | <u>15,331</u> |

**SHEPPY LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****FOR THE YEAR ENDED 31 MAY 1997****9. DEFERRED TAXATION**

Deferred taxation provided in the accounts is as follows:-

|  | 1997                    |                                     | 1996                    |                                     |
|--|-------------------------|-------------------------------------|-------------------------|-------------------------------------|
|  | Amount<br>Provided<br>£ | Full<br>Potential<br>Liability<br>£ | Amount<br>Provided<br>£ | Full<br>Potential<br>Liability<br>£ |
| Short term timing differences<br>and Accelerated Capital<br>Allowances at 31% (1996 - 33%) | 31,000                  | 31,000                              | 34,000                  | 34,000                              |
|  | <u>31,000</u>           | <u>31,000</u>                       | <u>34,000</u>           | <u>34,000</u>                       |

**10. SHARE PREMIUM**

|                          | 1997           | 1996           |
|--------------------------|----------------|----------------|
|                          | £              | £              |
| Premium on shares issued | <u>544,321</u> | <u>544,321</u> |

**11. MOVEMENT ON SHAREHOLDERS'S FUNDS**

|                             | 1997             | 1996             |
|-----------------------------|------------------|------------------|
|                             | £                | £                |
| Profit for the year         | 34,380           | 29,499           |
| Less: Dividends             | -                | (10,833)         |
|                             | <u>34,380</u>    | <u>18,666</u>    |
| Opening shareholders' funds | 1,392,930        | 1,374,264        |
|                             | <u>1,427,310</u> | <u>1,392,930</u> |
| Closing shareholders' funds |                  |                  |

Shareholders' funds are analysed as follows:-

|   | 1997             | 1996             |
|---|------------------|------------------|
|   | £                | £                |
| Equity Interest                         | 918,740          | 884,360          |
| Non Equity Interest - Preference Shares | 508,570          | 508,570          |
|   | <u>1,427,310</u> | <u>1,392,930</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 1997 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 1997

| 12. STAFF COSTS (including Directors) | 1997           | 1996           |
|---------------------------------------|----------------|----------------|
| Staff costs are analysed as follows:- | £              | £              |
| Wages and salaries                    | 227,814        | 223,517        |
| Social security costs                 | 26,130         | 23,548         |
| Pension contributions                 | 5,958          | 6,321          |
|                                       | <u>259,902</u> | <u>253,386</u> |

| The average number of employees during the year was made up as follows:- | 1997      | 1996      |
|--|-----------|-----------|
|  | No.       | No.       |
| Management   | 4         | 4         |
| Administration   | 2         | 2         |
| Production and Sales   | 13        | 13        |
|  | <u>18</u> | <u>19</u> |

| The Director's emoluments are as follows:- | 1997          | 1996          |
|--|---------------|---------------|
|  | £             | £             |
| Salaries and other emoluments              | <u>52,250</u> | <u>53,058</u> |

13. EXCEPTIONAL ITEM

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

**SHEPPY LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****FOR THE YEAR ENDED 31 MAY 1997**

|   |             |             |
|---|-------------|-------------|
| <b>14. OPERATING PROFIT</b>   | <b>1997</b> | <b>1996</b> |
| This is stated after charging and crediting the following:-             | £           | £           |
| <b>Cost of Sales</b>  |             |             |
| Hire of Plant and Machinery   | 12,414      | 7,946       |
| Depreciation  | 18,144      | 17,566      |
| Loss on disposal of assets  | 272         | 15,435      |
| <b>Distribution Costs</b>   |             |             |
| Depreciation  | 391         | 522         |
| <b>Administration Expenses</b>  |             |             |
| Depreciation  | 12,658      | 8,598       |
| Auditors' remuneration  | 7,250       | 5,275       |
| (Loss)/Profit on disposal of fixed assets                               | 480         | (404)       |
| <b>Other operating income</b>   |             |             |
| Rents received (net of operating lease rentals of £3,261)               | 6,137       | 18,807      |
|   | <hr/>       | <hr/>       |
| <b>15. INVESTMENT INCOME</b>  | <b>1997</b> | <b>1996</b> |
|   | £           | £           |
| Other interest receivable   | -           | 20          |
|   | <hr/>       | <hr/>       |
|   | -           | 20          |
|   | <hr/>       | <hr/>       |
| <b>16. INTEREST PAYABLE</b>   | <b>1997</b> | <b>1996</b> |
|   | £           | £           |
| On finance leases and hire purchase contracts                           | 3,092       | 2,902       |
| On bank loans overdrafts and other loans repayable within five years    | 65,121      | 69,385      |
| On late payment of NIC  | 321         | -           |
|   | <hr/>       | <hr/>       |
|   | 68,534      | 72,287      |
|   | <hr/>       | <hr/>       |
| <b>17. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>                         | <b>1997</b> | <b>1996</b> |
| The charge for tax is analysed as follows:-                             | £           | £           |
| Corporation tax based at 23.83% (1996 = 25%) on the profit for the year | 9,338       | 3,238       |
| Overprovision in previous years   | 215         | (1,434)     |
| Transfer from/(to) deferred taxation account                            | (3,000)     | 10,000      |
|   | <hr/>       | <hr/>       |
|   | 6,553       | 11,804      |
|   | <hr/>       | <hr/>       |



SHEPPY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1997

18. DIVIDENDS

|  | 1997  | 1996     |
|--|-------|----------|
|  | £     | £        |
| Interim dividend on non equity preference shares | -     | 10,833   |
|  | <hr/> | <hr/>    |
|  | £ -   | £ 10,833 |
|  | <hr/> | <hr/>    |

19. PENSION COSTS

The company operates two pension schemes.

The company operates a defined contribution personal pension plan on behalf of its employees. The assets of the various plans are held separately from those of the company in independently managed funds.

The pension cost for the year was £5,958 (1996: £6,321)

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 (1996 : £Nil).

20. 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 1997**

**21. 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 1997. - £628,002  
Profit for the financial year - £10,695.

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 1997. - £ 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 1997. - £ 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 1997. - £2,050,333  
Profit for the financial year - £18,153.

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 1997. - £323,858  
Profit for the financial year - £16,904.

**22. OTHER COMMITMENTS**

At 31 May 1997 the company had annual commitments under non-cancellable operating leases as follows:-

|                            | 1997         | 1996         |
|----------------------------|--------------|--------------|
|                            | £            | £            |
| <b>Expiry date</b>         |              |              |
| Between two and five years | <u>6,522</u> | <u>6,522</u> |

**23. POST BALANCE SHEET EVENT**

Repair work to the value of £120,000 has been deferred and now expected to be incurred in 1999.