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AIS (BROWN BUTLIN) LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1985

PANNELL KERR FORSTER

CHARTERED ACCOUNTANTS

NOTTINGHAM



1
AIS (BROWN BUTLIN) LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1985

CONTENTS

Page

1 - 2	DIRECTORS' REPORT
3	AUDITORS' REPORT
4	PROFIT AND LOSS ACCOUNT
5	BALANCE SHEET
6	STATEMENT OF SOURCE AND APPLICATION OF FUNDS
7 - 11	NOTES AND ACCOUNTING POLICIES

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 1985.

1 RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £242,901. The directors do not recommend the payment of a dividend.

2 CHANGE OF NAME

The company changed its name from Agricultural and Industrial Services (Brown Butlin) Limited on 1 January 1986.

3 REVIEW OF THE BUSINESS

The principal activity of the company is supplying crop protection products and fertilisers.

The concentration on sales to farmers at the expense of trade sales has enabled us to consolidate our position in the Yorkshire Market.

The economic climate will unfortunately affect our customers in 1986 and this, together with the costs of opening a new depot at Driffield and hopefully at Boroughbridge, will probably mean that we will struggle to maintain our current rate of progress.

4 FIXED ASSETS

Movements in fixed assets are shown at note 7 to the accounts.

5 DIRECTORS

The directors who served during the year and their interests in the ordinary shares of Brown Butlin (Holdings) Limited were as follows:

	<u>1985</u>	<u>1984</u>
N.D.S. Brown	28,906	26,406
J.R.C. Harris	1,000	125
P.M. Bell	200	-
C.C. Straw	100	-

N.D.S. Brown and C.C. Straw retire by rotation and, being eligible, offer themselves for re-election.

6 STATUS

The company is a close company under the provisions of the Taxes Acts.

P. M. Bell -

DIRECTORS' REPORT

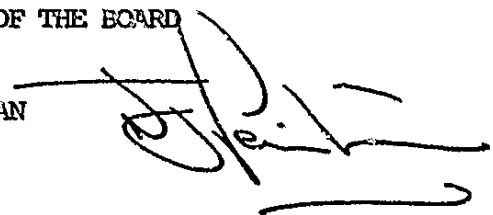
7 AUDITORS

A resolution to re-appoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

N. PENISTAN
SECRETARY

19 February 1986

A handwritten signature in dark ink, appearing to be 'N. Penistan', is written over a horizontal line. The signature is stylized and cursive.

OF A.I.S. (BROWN BUTLIN) LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Pannell Kerr Forster

Nottingham

21 March 1986

PANNELL KERR FORSTER

Chartered Accountants

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1985

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
TURNOVER			
External		6,639,846	6,296,108
Internal		<u>143,945</u>	<u>151,876</u>
		6,783,791	6,447,984
COST OF SALES		<u>6,097,559</u>	<u>5,876,431</u>
GROSS PROFIT		686,232	571,553
Distribution and administrative costs	2	<u>330,940</u>	<u>302,917</u>
		355,292	268,636
Bank interest receivable		<u>54,623</u>	<u>28,463</u>
		409,915	297,099
Bank interest payable	3	<u>(1,014)</u>	<u>(2,761)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	408,901	294,338
TAXATION CHARGE	6	<u>166,000</u>	<u>119,000</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>242,901</u>	<u>175,338</u>

AIS (BROWN BUTLIN) LIMITED

5

BALANCE SHEET

31 DECEMBER 1985

	Notes	£	1985	£	£	1984	£
FIXED ASSETS							
Tangible assets	7		196,739			253,806	
CURRENT ASSETS							
Stock	8	710,765			531,532		
Debtors	9	632,811			507,728		
Cash at bank and in hand		-			56,378		
			1,343,576		1,095,638		
CREDITORS - amounts falling due within one year	10	626,470			671,500		
NET CURRENT ASSETS			717,106			424,138	
TOTAL ASSETS LESS CURRENT LIABILITIES			913,845			677,944	
CREDITORS - amounts falling due after more than one year							
	10		250,000			250,000	
PROVISIONS FOR LIABILITIES AND CHARGES							
Deferred taxation	11		27,000			34,000	
			277,000			284,000	
CAPITAL AND RESERVES							
Called up share capital	12	250,000			250,000		
Profit and loss account	13	386,845			143,944		
			636,845			393,944	
			913,845			677,944	

Approved by the board on 19 February 1986

N.D.S. BROWN

P.M. BELL

Directors

ALS (BROWN BUTLIN) LIMITED

6

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 DECEMBER 1985

	£	<u>1985</u>	£	£	<u>1984</u>	£
SOURCE OF FUNDS						
Profit on ordinary activities before taxation			408,901			294,338
Adjustment for items not involving the movement of funds:						
Depreciation	41,082			53,500		
(Profit) on disposal of tangible fixed assets	<u>(7,593)</u>	<u>33,489</u>		<u>(14,012)</u>	<u>39,488</u>	
TOTAL GENERATED FROM OPERATIONS			442,390			333,826
FUNDS FROM OTHER SOURCES						
Proceeds from sale of tangible fixed assets			<u>32,741</u>			<u>42,166</u>
			475,131			375,992
APPLICATION OF FUNDS						
Tax paid	124,948			-		
Purchase of tangible fixed assets	<u>9,163</u>	<u>134,111</u>		<u>187,504</u>	<u>187,504</u>	
		<u>341,020</u>			<u>188,488</u>	
INCREASE IN WORKING CAPITAL						
Increase in stocks			179,233			261,417
Increase in debtors			125,083			209,326
Decrease/(Increase) in creditors			<u>116,242</u>			<u>(176,620)</u>
			420,558			294,123
Movement in net liquid funds:						
(Decrease) in bank balances			<u>(79,538)</u>			<u>(105,635)</u>
			<u>341,020</u>			<u>188,488</u>

NOTES AND ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1985

1 ACCOUNTING POLICIES

(a) Depreciation

The company has not complied with Statement of Standard Accounting Practice No. 12 in that no depreciation has been provided for in respect of buildings because the directors do not consider it material.

Other assets have been depreciated in equal annual instalments over their expected useful lives, which are: equipment 4 years, motor vehicles (with more in the first year) 4 years.

(b) Stock

Stock has been valued at the lower of cost and net realisable value. Cost in the case of chemicals is determined as invoiced cost and in the case of fertiliser as invoiced cost plus net haulage and storage costs.

(c) Deferred Taxation

Provision is made for deferred taxation, using the liability method, except where there is reasonable probability that such taxation will not become payable in the foreseeable future. Deferred taxation is computed at the rate of tax estimated to be applicable when the timing differences reverse.

2 DISTRIBUTION AND ADMINISTRATIVE COSTS

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Distribution costs	67,941	74,378
Administrative costs	<u>262,999</u>	<u>228,539</u>
	<u>330,940</u>	<u>302,917</u>

3 BANK INTEREST PAYABLE

On borrowings repayable within five years	<u>1,014</u>	<u>2,761</u>
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AIS (BROWN BUTLIN) LIMITED

8

NOTES AND ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1985

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

after charging:	<u>1985</u> £	<u>1984</u> £
Depreciation	41,082	53,499
Directors' remuneration	85,627	75,500
Directors' pension contributions	4,627	4,116
Auditors' remuneration	3,200	3,000
Leasing and hiring	76,845	94,038
	<u> </u>	<u> </u>

5 DIRECTORS AND EMPLOYEES

Staff costs:-

Wages and salaries	486,231	439,382
Social security costs	25,484	27,817
Other pension costs	31,760	20,930
	<u>543,475</u>	<u>488,129</u>

The average number of persons employed by the company during the year was:-

	<u>Number</u>	<u>Number</u>
Sales	21	19
Distribution	5	5
Administration	<u>11</u>	<u>11</u>
	37	35
	<u> </u>	<u> </u>

	<u>1985</u> £	<u>1984</u> £
The remuneration of the Chairman was	15,050	14,000
The highest paid director received	<u>29,453</u>	<u>25,250</u>

Remuneration of all directors fell in the following bands:

	<u>Number</u>	<u>Number</u>
£10,001 - £15,000	1	2
£15,001 - £20,000	1	-
£25,001 - £30,000	2	2
	<u> </u>	<u> </u>

ALS (BROWN BUTLIN) LIMITED

NOTES AND ACCOUNTING POLICIES

9

YEAR ENDED 31 DECEMBER 1985

6 TAXATION

The taxation charge for the year represents:

	<u>1985</u> £	<u>1984</u> £
U.K. corporation tax at 41.25% on the profit for the year (1984-46.25%)	173,000	125,000
Deferred taxation	<u>(7,000)</u>	<u>(6,000)</u>
	<u>166,000</u>	<u>119,000</u>

7 TANGIBLE ASSETS

<u>Cost</u>	<u>Freehold Land and Buildings</u> £	<u>Plant Machinery and Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
At 1 January 1985	133,433	94,295	116,708	344,436
Additions	6,500	2,663	-	9,163
Disposals	-	(9,336)	(31,953)	(41,289)
Group transfers	-	-	(13,059)	(13,059)
At 31 December 1985	<u>139,933</u>	<u>87,622</u>	<u>71,696</u>	<u>299,251</u>

Depreciation

At 1 January 1985	-	44,999	45,631	90,630
Charge for year	-	21,693	19,389	41,082
Eliminated on disposal	-	(7,017)	(16,382)	(23,399)
Group transfers	-	-	(5,801)	(5,801)
At 31 December 1985	<u>-</u>	<u>59,675</u>	<u>42,837</u>	<u>102,512</u>

Net book amounts

At 1 January 1985	<u>133,433</u>	<u>49,296</u>	<u>71,077</u>	<u>253,806</u>
At 31 December 1985	<u>139,933</u>	<u>27,947</u>	<u>28,859</u>	<u>196,739</u>

Future capital expenditure:
contracted for but not provided in the accounts

Authorised but not contracted

<u>1985</u> £	<u>1984</u> £
58,500	Nil
<u>51,500</u>	<u>Nil</u>

NOTES AND ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1985

8 STOCK

Stock comprises wholly of goods for resale.

9 DEBTORS

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Trade debtors	592,490	418,812
Other debtors	33,161	79,808
Prepayments and accrued income	<u>7,160</u>	<u>9,108</u>
	<u>632,811</u>	<u>507,728</u>

10 CREDITORS

Amounts falling due within one year:-

Bank overdraft	23,160	-
Trade creditors	324,185	358,263
Due to group companies	16,443	15,623
Taxation and social security	173,052	125,000
Other creditors	<u>89,630</u>	<u>172,614</u>
	<u>626,470</u>	<u>671,500</u>

Amounts falling due after more than one year:-

Loan from fellow subsidiary	<u>250,000</u>	<u>250,000</u>
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11 DEFERRED TAXATION

	<u>1985</u>		<u>1984</u>	
	<u>Provision</u>	<u>Potential</u>	<u>Provision</u>	<u>Potential</u>
	<u>£</u>	<u>Liability</u>	<u>£</u>	<u>Liability</u>
		<u>£</u>		<u>£</u>
Accelerated capital allowances	15,000	19,000	30,000	34,000
Short term timing differences	<u>12,000</u>	<u>12,000</u>	<u>4,000</u>	<u>4,000</u>
	<u>27,000</u>	<u>31,000</u>	<u>34,000</u>	<u>38,000</u>

There is no intention to sell any of the freehold properties, consequently no provision is made for taxation on timing differences arising from industrial buildings allowances.

YEAR ENDED 31 DECEMBER 1985

12 SHARE CAPITAL

There was no change in share capital during the year.

	<u>Authorised</u>	<u>Allotted and</u>
	<u>£</u>	<u>Fully paid</u>
Ordinary shares of £1 each	500,000	250,000

13 RESERVES

	<u>1985</u>
	<u>£</u>
<u>Profit and loss account</u>	
At 31 December 1984	143,944
Profit for the year	<u>242,901</u>
At 31 December 1985	<u>386,845</u>

14 CONTINGENT LIABILITY

There is a contingent liability in respect of guarantees given by the company to its bankers for advances made by them to customers amounting to £110,789. (1984 - £117,598).

The company together with certain other group companies has entered into cross-guarantees for its bankers in respect of any borrowings by these companies. At 31 December 1985 the amount borrowed by these other companies was £64,804

15 ULTIMATE HOLDING COMPANY

The ultimate holding company is Brown Butlin (Holdings) Limited a company incorporated in England.