

J D Rutherford Limited

Report and Financial Statements

Year Ended
31 July 1996



Company Number: 1992275



BDO Stoy Hayward
Chartered Accountants

J D RUTHERFORD LIMITED

Annual report and financial statements for the year ended 31 July 1996

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Company particulars

Directors

AJ White
JD Rutherford
JT Peacock
AG Shorter

Secretary and registered office

JT Peacock
Foxhall Lodge
Gregory Boulevard
Nottingham
NG7 6LH

Auditors

BDO Stoy Hayward
Chartered Accountants
Foxhall Lodge
Gregory Boulevard
Nottingham
NG7 6LH

Bankers

Midland Bank PLC
63 High Street
Lewes
East Sussex
BN7 1XQ

J D RUTHERFORD LIMITED

Report of the directors for the year ended 31 July 1996

The directors present their report together with the audited financial statements for the year ended 31 July 1996.

Results and dividends

The profit and loss account is set out on page 3 and shows the profit for the year.

The directors recommend the payment of a dividend of £2.78 per share.

Principal activity, trading review and future developments

The principal activity of the company remains the retail distribution of agrochemicals to the farming community.

The directors are satisfied with the year under review and are confident of future prospects.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	31 July 1996	31 July 1995
JD Rutherford	9,855	9,855
JT Peacock	135	135
AG Shorter	135	135
AJ White	-	-
	<u> </u>	<u> </u>

The interests of AJ White in the ordinary share capital of the parent company are disclosed in the financial statements of that company.

J D RUTHERFORD LIMITED

Report of the directors for the year ended 31 July 1996 (*Continued*)

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:

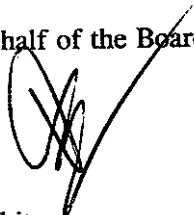
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



AJ White
Director

7 February 1997

J D RUTHERFORD LIMITED

Profit and loss account for the year ended 31 July 1996

	Note	1996 £	1995 £
Turnover	2	5,617,347	4,048,602
Cost of sales		4,605,880	3,280,962
Gross profit		1,011,467	767,640
Distribution costs		79,320	78,036
Administrative expenses		647,673	515,729
Operating profit		284,474	173,875
Interest receivable		-	2,231
Interest payable	4	23,995	20,124
Profit on ordinary activities before taxation	5	260,479	155,982
Taxation on profit on ordinary activities	7	87,395	51,484
Profit on ordinary activities after taxation		173,084	104,498
Dividends	8	75,000	50,000
Retained profit for year		98,084	54,498
Retained profit brought forward		217,278	162,780
Retained profit carried forward		315,362	217,278

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

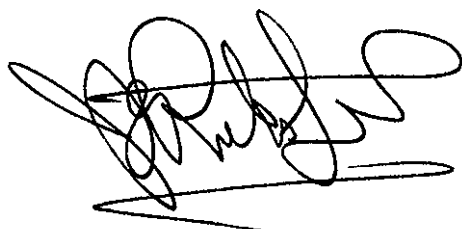
J D RUTHERFORD LIMITED

Balance sheet at 31 July 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	9	162,595	118,595
Current assets			
Stocks	10	458,538	462,806
Debtors	11	951,576	630,146
Cash at bank and in hand		356,936	3,146
		<u>1,767,050</u>	<u>1,096,098</u>
Creditors: amounts falling due within one year	12	<u>1,558,806</u>	<u>953,333</u>
Net current assets		<u>208,244</u>	<u>142,765</u>
Total assets less current liabilities		<u>370,839</u>	<u>261,360</u>
Creditors: amounts falling due after more than one year	13	<u>28,477</u>	<u>17,082</u>
		<u>342,362</u>	<u>244,278</u>
Capital and reserves - equity			
Called up share capital	15	27,000	27,000
Profit and loss account		315,362	217,278
		<u>342,362</u>	<u>244,278</u>

These financial statements were approved by the Board on 7 February 1997.

JD Rutherford
Director



The notes on pages 6 to 12 form part of these financial statements.

J D RUTHERFORD LIMITED

Cash flow statement for the year ended 31 July 1996

	Note	1996	1995
		£	£
Net cash inflow from operating activities	19	555,750	100,597
Returns on investments and servicing of finance			
Interest received		-	2,231
Interest paid		(23,995)	(20,124)
Dividends paid		(50,000)	-
		<u> </u>	<u> </u>
Net cash outflow from returns on investment and servicing of finance		(73,995)	(17,893)
Taxation			
Corporation tax paid		(56,172)	(29,351)
Investing activities			
Payments to acquire tangible fixed assets		(21,482)	(10,377)
Receipts from sales of tangible fixed assets		5,561	14,618
		<u> </u>	<u> </u>
Net cash (outflow)/inflow from investing activities		(15,921)	4,241
		<u> </u>	<u> </u>
Net cash inflow before financing		409,662	57,594
Financing			
Repayments under hire purchase contracts and finance leases		(43,031)	(36,573)
		<u> </u>	<u> </u>
Net cash outflow from financing		(43,031)	(36,573)
		<u> </u>	<u> </u>
Increase in cash and cash equivalents	21	366,631	21,021
		<u> </u>	<u> </u>

The notes on pages 6 to 12 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The principal accounting policies which have not changed during the year are:

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated using the following rates:

Leasehold improvements	- equally over length of lease
Plant and equipment	- 25% per annum reducing balance
Motor vehicles	- 25% per annum reducing balance
Fixtures and fittings	- 25% per annum reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

Net realisable value is based on estimated selling price less further costs to disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital payments outstanding. The capital part reduces the amounts payable to the lessor.

1 Accounting policies (*Continued*)*Hire purchase contracts*

Where assets are financed by hire purchase contracts that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the cost of the asset before finance charges. The corresponding commitments are shown as amounts payable to the contractor. Depreciation on the relevant assets is charged to the profit and loss account.

Hire purchase payments are split between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the contractor.

Operating leases

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and is earned entirely within the United Kingdom.

3 Employees

	1996 £	1995 £
Staff costs, including directors, consist of:		
Wages and salaries	336,232	263,947
Social security costs	33,687	27,166
Other pension costs	10,309	9,137
	<u>380,228</u>	<u>300,250</u>

The average monthly number of employees during the year, including directors, was as follows:

	Number	Number
Management and administration	9	8
Sales and distribution	6	6
	<u>15</u>	<u>14</u>

J D RUTHERFORD LIMITED

Notes forming part of the financial statements for the year ended 31 July 1996 (Continued)

4 Interest payable

On amounts repayable within five years:

	1996 £	1995 £
Bank overdraft	16,376	14,501
Hire purchase and finance lease interest	7,188	5,623
Other interest	431	-
	<u>23,995</u>	<u>20,124</u>

5 Profit on ordinary activities before taxation

This is arrived at after charging/(crediting):

Depreciation	36,360	28,723
Auditors' remuneration	5,500	3,500
Hire of other assets - operating leases	35,214	31,775
Hire of plant and machinery - operating leases	34,017	32,411
Profit on disposal of fixed assets	(1,749)	(2,053)
	<u></u>	<u></u>

6 Directors

Directors' emoluments consist of:

Remuneration for management services	161,421	140,047
	<u></u>	<u></u>

Emoluments (excluding pension contributions) of:

Chairman	-	-
Highest paid director	77,304	65,841
	<u></u>	<u></u>

Other directors' emoluments (excluding pension contributions) fell within the ranges:

	Number	Number
£ 30,001 - £35,000	-	1
£ 35,001 - £40,000	1	1
£ 40,001 - £45,000	1	-
	<u></u>	<u></u>

7 Taxation on profit on ordinary activities

	£	£
UK corporation tax	87,395	51,484
	<u></u>	<u></u>

J D RUTHERFORD LIMITED

Notes forming part of the financial statements for the year ended 31 July 1996 (Continued)

8 Dividends

	1996 £	1995 £
Proposed - £2.78 per share (1995: £1.85)	75,000	50,000

9 Tangible assets

	Leasehold improvement £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 August 1995	31,767	69,913	91,841	13,012	206,533
Additions	-	15,775	66,723	1,674	84,172
Disposals	-	(1,061)	(12,575)	-	(13,636)
At 31 July 1996	31,767	84,627	145,989	14,686	277,069
<i>Depreciation</i>					
At 1 August 1995	4,540	34,077	38,620	10,701	87,938
Provided for the year	1,272	11,644	22,605	839	36,360
Eliminated on disposals	-	(1,061)	(8,763)	-	(9,824)
At 31 July 1996	5,812	44,660	52,462	11,540	114,474
<i>Net book value</i>					
At 31 July 1996	25,955	39,967	93,527	3,146	162,595
At 31 July 1995	27,227	35,836	53,221	2,311	118,595

Included in the above net book value totals are amounts of £90,879 (1995: £60,426) in respect of assets held under hire purchase contracts and finance leases. The related depreciation charge for the period was £22,840 (1995: £20,503).

10 Stocks

	1996 £	1995 £
Goods for resale	458,538	462,806

J D RUTHERFORD LIMITED

Notes forming part of the financial statements for the year ended 31 July 1996 (Continued)

11 Debtors

	1996 £	1995 £
Trade debtors	923,610	607,739
Prepayments and accrued income	20,935	17,719
Advance corporation tax recoverable	7,031	4,688
	<u>951,576</u>	<u>630,146</u>

Except for advance corporation tax all amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

Bank overdraft (secured)	-	12,841
Trade creditors	46,177	10,912
Creditors for taxation and social security	316,978	260,617
Amounts owed to group undertakings	961,720	528,198
Corporation tax	89,738	56,172
Obligations under finance leases and hire purchase contracts	28,029	19,765
Accruals	41,164	14,828
Proposed dividend	75,000	50,000
	<u>1,558,806</u>	<u>953,333</u>

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

13 Creditors: amounts falling due after more than one year

Obligations under finance leases and hire purchase contracts		
- Due within 1-2 years	14,239	15,094
- Due within 2-5 years	14,238	1,988
	<u>28,477</u>	<u>17,082</u>

14 Provision for liabilities and charges

Deferred taxation at 33% (1995: 33%)

	1996		1995	
	Unprovided £	Provided £	Unprovided £	Provided £
Accelerated capital allowances	<u>3,015</u>	<u>-</u>	<u>2,892</u>	<u>-</u>

15 Share capital

	Authorised		Allotted, called up and fully paid	
	1996 £	1995 £	1996 £	1995 £
Ordinary shares of £1 each	60,000	60,000	27,000	27,000

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund, and amounted to £10,309 for the year (1995: £9,137).

17 Commitments under operating leases

As at 31 July 1996, the company had annual commitments under non-cancellable operating leases as set out below:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	4,552	-	15,087
In two to five years	-	22,389	-	14,890
After five years	32,776	-	31,775	-
	<u>32,776</u>	<u>26,941</u>	<u>31,775</u>	<u>29,977</u>

18 Contingent liabilities

The company has guaranteed a loan made to its ultimate parent company and bank borrowings of a fellow subsidiary undertaking. At the year end the liabilities covered by these guarantees totalled £518,461 (1995: £631,448). These liabilities are secured by fixed and floating charges over the undertakings and assets of each participating company.

19 Reconciliation of operating profit to net cash outflow from operating activities

	1996 £	1995 £
Operating profit	284,474	173,875
Depreciation charges	36,360	28,723
Profit on sale of tangible fixed assets	(1,749)	(2,053)
Decrease/(increase) in stocks	4,268	(89,542)
(Increase)/decrease in debtors	(319,087)	161,566
Increase/(decrease) in creditors	551,484	(171,972)
Net cash inflow from operating activities	<u>555,750</u>	<u>100,597</u>

20 Analysis of changes in financing during the year

	Hire purchase and finance lease obligations £
At 1 August 1995	36,847
Net cash outflow from financing	(43,031)
Inception of hire purchase contracts	62,690
At 31 July 1996	<u>56,506</u>

21 Analysis of balances of cash and cash equivalents

	1996 £	1995 £	Change in year £
Cash at bank and in hand	356,936	3,146	353,790
Bank overdraft	-	(12,841)	12,841
	<u>356,936</u>	<u>(9,695)</u>	<u>366,631</u>

22 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit on ordinary activities after taxation	173,084	104,498
Dividends proposed	75,000	50,000
Net movement in shareholders' funds	<u>98,084</u>	<u>54,498</u>
Opening shareholders' funds	244,278	189,780
Closing shareholders' funds	<u>342,362</u>	<u>244,278</u>

23 Parent company

The company's ultimate parent company is Pro Cam Group Limited. The company's results are included in the consolidated financial statements of its ultimate parent company, copies of which can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff.

AUDITORS' REPORT**To the members of J D Rutherford Limited**

We have audited the financial statements on pages 3 to 12 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

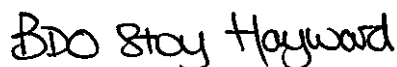
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 as at 31 July 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditor*
Nottingham

7 February 1997