

C. H. AND P. C. CORBETT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st. DECEMBER, 1996

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2771190

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The following pages do not form part of the statutory financial statements:

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**C. H. AND P. C. CORBETT LIMITED**

**COMPANY INFORMATION**

<b>DIRECTORS</b>	C. H. Corbett (Chairman) Mrs. P. C. Corbett
<b>SECRETARY</b>	Mrs. P. C. Corbett
<b>REGISTERED OFFICE</b>	Castlewood Farm, Musbury, AXMINSTER, Devon. EX13 6SS
<b>REGISTERED NUMBER</b>	2771190 (England and Wales)
<b>ACCOUNTANTS</b>	Scott Vevers, 65, East Street BRIDPORT, Dorset. DT6 3LB
<b>BANKERS</b>	Midland Bank Plc. Trinity Square, AXMINSTER, Devon. EX13 5EP
<b>SOLICITORS</b>	Clarke, Willmott and Clarke, Mansion House, YEOVIL, Somerset. BA20 1EP

**C. H. AND P. C. CORBETT LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31st. DECEMBER, 1996**

The Directors present their Report and the Financial Statements of the Company for the year ended 31st. December, 1996.

**PRINCIPAL ACTIVITY**

The Company's principal activity continues to be that of farming at Castlewood Farm, Musbury, Devon.

The results for the year are set out on page 5.

**DIVIDEND**

The following dividend has been paid in the year:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Interim paid - £4000 per share (1995 £Nil)	8000	-
	-----	-----

**DIRECTORS**

The Directors who served during the year and their beneficial interests in the Company's issued ordinary share capital were as follows:

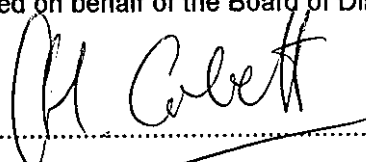
	<u>Number of Shares</u>	
	<u>31st. December, 1996</u>	<u>31st. December, 1995</u>
C. H. Corbett	1	1
Mrs. P. C. Corbett	1	1

**SMALL COMPANY**

The Directors Report has been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies.

This report was approved by the Board on 1st. October, 1997.

Signed on behalf of the Board of Directors:

  
.....  
C. H. CORBETT  
Director

**ACCOUNTANTS' REPORT TO THE SHAREHOLDERS OF**

**C. H. AND P. C. CORBETT LIMITED**

**FOR THE YEAR ENDED 31st. DECEMBER, 1996**

We have examined, without carrying out an audit, the accounts for the year ended 31st. December 1996 as set out on pages 5 to 13.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS**

As described on pages 6 and 7 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is our responsibility to examine the accounts and, based on our examination, to report our opinion, as set out below, to the shareholders.

**BASIS OF OPINION**

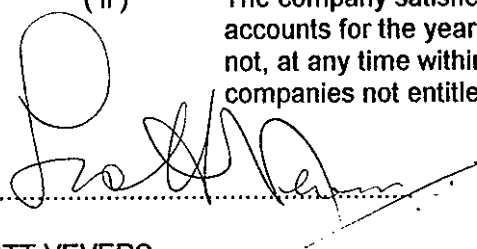
We conducted our examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board. This examination consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly we do not express an audit opinion on the accounts. Therefore, our examination does not provide any assurance that the accounting records and the accounts are free from material misstatement.

**OPINION**

In our opinion:

- a) The accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985.
- b) Having regard only to, and on the basis of, the information contained in those accounting records:
  - (i) The accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249 C (6) of the Act; and
  - (ii) The company satisfied the conditions for exemption from an audit of the accounts for the year specified in Section 249 A (4) of the Act and did not, at any time within the year, fall within any of the categories of companies not entitled to the exemption specified in Section 249 B (1).



SCOTT VEVERS  
Chartered Accountants  
65, East Street,  
BRIDPORT,  
Dorset.  
DT6 3LB

8th. October, 1997

**C. H. AND P. C. CORBETT LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31st. DECEMBER, 1996**

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		<u>£</u>	<u>£</u>
<b>TURNOVER</b>	2	152303	145648
Cost of Sales		45505	36083
<b>GROSS PROFIT</b>		106798	109565
Administration Expenses		72814	61920
		33984	47645
Other Operating Income		1472	1493
<b>OPERATING PROFIT</b>	3	35456	49138
Interest Payable		8364	8376
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		27092	40762
Tax on Profit on Ordinary Activities	4	6414	10191
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		20678	30571
Dividend	5	8000	-
<b>RETAINED PROFIT FOR THE YEAR</b>		12678	30571
<b>RETAINED PROFIT BROUGHT FORWARD</b>		56971	26400
<b>RETAINED PROFIT CARRIED FORWARD</b>		69649	56971

The Profit on Ordinary Activities before Taxation and the Profit for the Financial Year are calculated on the historical cost basis.

None of the Company's activities were acquired or discontinued during the year or the preceding year.

**STATEMENT OF RECOGNISED GAINS OR LOSSES**

There were no recognised gains or losses other than those included in the Profit and Loss Account.

The Notes on Page 8 to 13 form part of these financial statements.

**C. H. AND P. C. CORBETT LIMITED**

**BALANCE SHEET - 31st. DECEMBER, 1996**

		<u>1996</u>	<u>1995</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
<b>FIXED ASSETS</b>			
Intangible Assets	6	40515	25715
Tangible Assets	7	93397	95315
Herd Account	8	53696	66248
Investments	9	-	-
		<hr/>	<hr/>
		187608	187278
<b>CURRENT ASSETS</b>			
Stocks	10	37790	26292
Debtors	11	24316	20963
Cash at Bank and in Hand		5058	3622
		<hr/>	<hr/>
		67164	50877
<b>CREDITORS:</b>			
Amounts falling due within one year	12	162898	158947
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(95734)	(108070)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		91874	79208
<b>CREDITORS:</b>			
Amounts falling due after more than one year	13	20000	20000
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	2223	2235
		<hr/>	<hr/>
		69651	56973
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	16	2	2
Profit and Loss Account		69649	56971
		<hr/>	<hr/>
Equity Shareholders' Funds	18	69651	56973
		<hr/>	<hr/>

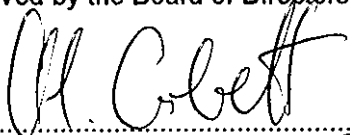
The Directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of Section 249 A (2) of the Companies Act 1985. Shareholders holding 10% or more of the Company's share capital have not issued a notice requiring an audit. The Directors acknowledge their responsibilities for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the Company at 31st. December 1996 and of its profit for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the Company.

**C. H. AND P. C. CORBETT LIMITED**

**BALANCE SHEET - 31st. DECEMBER, 1996 (CONTINUED)**

The Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies.

Approved by the Board of Directors on 1st. October, 1997, and signed on its behalf.

  
.....

C. H. CORBETT  
Director

The Notes on Page 8 to 13 form part of these financial statements.

## C. H. AND P. C. CORBETT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. DECEMBER, 1996

#### **1 ACCOUNTING POLICIES**

##### **(a) Basis of Preparation of Financial Statements**

The Financial Statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the Directors' Report and which is continuing.

The Company has taken advantage of the exemption in Financial Reporting Standard number 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

The Financial Statements have been drawn up on a going concern basis. Of the Company's liabilities, £71074 is owed to the Directors, and the Directors have agreed not to demand repayment of this amount for at least one year after the date of approval of these Financial Statements, to the extent that any such repayment would jeopardise the future of the company.

If the going concern basis were not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise, and to reclassify fixed assets as current assets.

##### **(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax.

##### **(c) Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property Improvements	- over 15 years on a straight line basis
Plant and Equipment	- 15% on reducing balance
Tractors and Vehicles	- 25%

With regard to the lease, the directors will consider the value of the lease on an annual basis and if, in the opinion of the directors, there has been any diminution of its value from the book value at which it is held, then the directors will write down the value of the lease at that time.

##### **(d) Intangible Fixed Assets**

Intangible assets are recognised in the balance sheet only if purchased by the company. No amortisation is provided in respect of these assets unless in the opinion of the directors the residual value is likely to be materially lower than cost. No value has been applied to the right to the "tenant's fraction" taken over with the farm by the company.

##### **(e) Herd Account**

The herd account is a fungible asset and any transfers out are determined by the method of weighted average price, whilst transfers into the herd account are dealt with in accordance with the legislation which, for tax purposes, allows livestock forming a production herd to be dealt with as a capital asset.



## C. H. AND P. C. CORBETT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. DECEMBER, 1996 (CONT.)

#### (f) Stocks

Stocks are valued at the lower of cost and net realisable value. In general, cost is determined on the basis of 60% of market value for homebred stock and net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation.

#### (g) Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the Directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

#### (h) Leasing and Hire purchase

Assets obtained under hire purchase contracts and financial leases are capitalised as tangible fixed assets and are depreciated over their useful lives. Financial leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the financial charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### (i) Farming Subsidies

Farming subsidies relating to beef cattle received in the period of the accounts and during the two months following the balance sheet date are credited to the profit and loss account as income for the period. Arable area payments have been treated on a sales subsidy basis in accordance with the guidelines agreed by the Inland Revenue Technical Division.

#### (j) Pensions

The company operates a defined contributions pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## 2 TURNOVER

The whole of the turnover and profit before taxation is attributable to the one principal activity of the Company. No turnover was exported.

## 3 OPERATING PROFIT

The operating profit is stated after charging:

	<u>1996</u> £	<u>1995</u> £
Directors Remuneration	4987	4129
Depreciation of Tangible Fixed Assets		
- owned by the company	7553	8213
- held under hire purchase agreement	1701	2268
Interest element of hire purchase agreements	343	316
	-----	-----

Directors' remuneration includes pension cost charges (Note 21)

**C. H. AND P. C. CORBETT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. DECEMBER, 1996 (CONT.)**

	<u>1996</u>	<u>1995</u>
<b>4 TAXATION</b>	<b>£</b>	<b>£</b>
U. K. current year taxation:		
U. K. Corporation Tax at 25% and 24% on assessable profits for the year (1995 25%)	6426	9701
Transferred (from) to deferred taxation account	(12)	553
	-----	-----
Prior years:	6414	10254
U. K. Corporation Tax	-	63
	-----	-----
	6414	10191
	-----	-----

**5 DIVIDEND**

Interim Dividend on Ordinary £1 Shares	8000	-
	-----	-----

**6 INTANGIBLE FIXED ASSETS**

Purchased Milk Quota:		
As at 1st. January, 1996	25715	25715
Addition in the Year	14800	-
	-----	-----
As at 31st. December, 1996	40515	25715
	-----	-----

**7 TANGIBLE FIXED ASSETS**

	<u>Leasehold Property</u>	<u>Leasehold Property Improvements</u>	<u>Plant and Equipment</u>	<u>Tractors and Vehicles</u>	<u>Total</u>
<b>COST:</b>					
As at 1st. January, 1996	51757	6000	26238	31470	115465
Additions	-	1487	6708	-	8195
Disposals	-	-	(1125)	(21)	(1146)
	-----	-----	-----	-----	-----
As at 31st. December, 1996	51757	7487	31821	31449	122514
	-----	-----	-----	-----	-----
<b>DEPRECIATION</b>					
As at 1st. January, 1996	-	1200	8142	10808	20150
Charge for the Year	-	499	3595	5160	9254
On disposals	-	-	(287)	-	(287)
	-----	-----	-----	-----	-----
As at 31st. December, 1996	-	1699	11450	15968	29117
	-----	-----	-----	-----	-----
<b>NET BOOK VALUES</b>					
As at 31st. December, 1996	51757	5788	20371	15481	93397
	-----	-----	-----	-----	-----
As at 31st. December, 1995	51757	4800	18096	20662	95315
	-----	-----	-----	-----	-----

**C. H. AND P. C. CORBETT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. DECEMBER, 1996 (CONT.)**

<b>7 TANGIBLE FIXED ASSETS (continued)</b>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
The amount of assets held under hire purchase agreements and capitalised, which are included above at 31st. December, 1996 was:		
Cost	12095	12095
Accumulated depreciation	6993	5292
Written down value	<u>5102</u>	<u>6803</u>

**8 HERD ACCOUNT - Dairy Cows**

95	Cows at 1st. January, 1996	66248	68340
18	Cows transferred to Profit and Loss Account	12552	2092
---		<u>-----</u>	<u>-----</u>
77	Cows at 31st. December, 1996	53696	66248
---		<u>-----</u>	<u>-----</u>

**9 INVESTMENTS**

843	Ordinary Shares in Genus Limited	-	-
£ 1452	7.5% Interest-bearing Certificates of Entitlement in Milk Marque Limited (repaid April, 1997)	-	-
2562	Ordinary Shares in Dairy Crest Group plc	-	-
		<u>-----</u>	<u>-----</u>
		-	-

These investments are being held as fixed assets and were acquired at no cost. Apart from Dairy Crest plc, they are not listed on the U. K. Stock Exchange. The stock market value of the holding of Ordinary Shares in Dairy Crest plc at 31st. December, 1996 was £5034.

**10 STOCKS**

Livestock	14435	11584
Deadstock, Tillages and Stores	23355	14708
	<u>37790</u>	<u>26292</u>

**11 DEBTORS**

Due within one year:		
Trade Debtors	14667	15720
Other Debtors	3091	2803
ACT Recoverable	2000	-
Prepayments	4558	2440
	<u>24316</u>	<u>20963</u>

**C. H. AND P. C. CORBETT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. DECEMBER, 1996 (CONT.)**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<b>12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Directors' Current Account	71074	65875
Trade Creditors	9847	10220
Corporation Tax	8426	9701
Other Taxation and Social Security	1436	1632
Other Creditors	9828	9640
Obligations under Hire Purchase Contracts (secured)	240	2807
Accruals and Deferred Income	1838	1997
	-----	-----
	102689	101872
Bank Overdraft (secured)	4226	-
Bank Loan Account (secured)	55983	57075
	-----	-----
	162898	158947
	-----	-----

**13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Loan	<u>20000</u>	<u>20000</u>
	-----	-----

The loan is repayable otherwise than by instalments, and falls due for repayment in full on 23rd. December, 2001, although it may be repaid earlier by mutual consent. The loan is guaranteed personally by the directors of the company and bears interest at 2% above bank rate, subject to revision based on the rate on 23rd. December each year.

**14 SECURED CREDITORS**

The total amount of secured creditors at 31st. December, 1996 was £60449 (1995: £59882).

Bank borrowing is repayable on demand. It is secured by a legal charge over Company assets.

**15 DEFERRED TAXATION**

	<u>Provided</u> <u>For</u>		<u>Maximum</u> <u>Potential</u> <u>Liability</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated Capital Allowances	2223	2235	2223	2235
	-----	-----	-----	-----

Deferred taxation has been provided for at the rate of 24% (1995 25%). The adjustment due to the change in the rate of taxation is not material.

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<b>16 CALLED UP SHARE CAPITAL</b>		
Authorised:		
100 Ordinary Shares of £1 each	100	100
	-----	-----
Allotted:		
2 Ordinary Shares of £1 each, fully paid	2	2
	-----	-----

## **C. H. AND P. C. CORBETT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. DECEMBER, 1996 (CONT.)**

#### **17 RELATED PARTY CONTROL AND TRANSACTIONS**

The Company was under the control of C. H. Corbett, Esq. throughout the current and the previous year. Mr. Corbett is a 50% shareholder in the Company, and its Chairman.

C. H. Corbett and Mrs. P. C. Corbett (wife) have purchased goods and services in the financial period from the company at normal commercial terms to the value of £158.

Attention is drawn to Notes 1(a) and 12 regarding the Directors' Loan Account and Note 13 regarding security given for Company borrowing.

#### **18 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	20678	30571
Dividend	8000	-
	<hr/>	<hr/>
Net addition to Equity Shareholders' Funds	12678	30571
Equity Shareholders' Funds at 1st. January, 1996	56973	26402
	<hr/>	<hr/>
Equity Shareholders' Funds at 31st. December, 1996	69651	56973
	<hr/>	<hr/>

#### **19 CONTINGENT LIABILITIES**

The company has received loyalty bonuses from its milk purchaser which are refundable if the company ceases to sell its milk production to that purchaser within three years. At 31st. December, 1996, therefore, there was a contingent liability relating to such bonuses of £1978 (1995: £1035).

#### **20 CAPITAL COMMITMENTS**

There were no capital commitments, either contracted for or authorised but not contracted for, at 31st. December 1996. (1995: £Nil)

#### **21 COMPANY EXECUTIVE BENEFIT PLAN SCHEME**

In May 1995, the transfer of the Patanfield Limited (1978) Executive Benefit Plan Scheme to the company was formally completed. The scheme is a defined contribution scheme and is for its Directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

Pension cost charges for the year were £1200 (1995: £600).  
There were no pension commitments to past directors.