

LORDSWOOD FARMS LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**



Registered Number: 3051389

LORDSWOOD FARMS LIMITED

Directors

M V L Pearce
C L Scoble
S L Green

Secretary

S R Smith

Auditors

Monahans
Clarks Mill
Stallard Street
Trowbridge
Wiltshire
BA14 8HH

Bankers

HSBC plc
45 Milsom Street
Bath
BA1 1DU

Solicitors

Withy King
James Street West
Green Park
Bath
BA1 2BU

Registered Office

James Street West
Green Park
Bath
BA1 2BU

Registered Number

3051389

LORDSWOOD FARMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The directors submit their annual report and audited financial statements for the year ended 30 June 2002.

Principal activities

The company's principal activity was that of dairy farming.

Future developments

The directors intend to continually review the present activities.

The results for the year are as reported on page 5.

Dividends and transfers to reserves

The directors do not recommend payment of a dividend (2001 £nil).

Directors and their interests

The directors who held office during the year were as follows:

M V L Pearce
C L Scoble
P C Beattie (resigned 31 March 2003)
S L Green

None of the directors who held office in the year has any disclosable interest in the shares of the company apart from M V L Pearce who held one ordinary share in the company as nominee.

M V L Pearce and C L Scoble are directors of the ultimate holding company and their interests in its share capital and debentures are included in the financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company were granted to any of the directors or their immediate families.

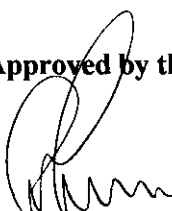
Economic and monetary union

The advent of economic and monetary union and the potential impact upon the company of the single currency, the Euro, continues to be reviewed and monitored.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of Monahans as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of directors and signed on its behalf by:


S R Smith
Secretary

10 September 2003

James Street West
Green Park
Bath, BA1 2BU

LORDSWOOD FARMS 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 maintaining 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.

LORDSWOOD FARMS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF LORDSWOOD FARMS LIMITED

We have audited the financial statements of Lordswood Farms Limited for the year ended 30 June 2002 on pages five to seventeen. These financial statements have been prepared under the historical cost convention and in line with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we required for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continuity of the financial support given to the company by its parent. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

LORDSWOOD FARMS LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LORDSWOOD FARMS LIMITED (continued)**

Qualified opinion arising from the omission of the disclosures required by FRS17

The company's financial statements do not include the disclosures required by FRS17 'Requirement benefits' in respect of the group's defined benefit pension schemes. In our opinion the relevant disclosures are necessary for a proper understanding of the company's state of affairs.

Except for the failure to provide the relevant disclosures in respect of the group's defined benefit pension schemes, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit/loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Monahans

**Monahans
Chartered Accountants and Registered Auditors
Clarks Mill
Stallard Street
Trowbridge
Wiltshire
BA14 8HH**

10 September 2003

LORDSWOOD FARMS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Notes	2002 £	2001 £
Turnover			
- continuing operations	2	3,156,214	3,895,780
- discontinued operations		26,596	21,451,857
- sales to retail dairy		-	(1,560,853)
		<hr/>	<hr/>
		3,182,810	23,786,784
Cost of sales		<hr/> (3,048,593) <hr/>	<hr/> (17,902,518) <hr/>
Gross profit		134,217	5,884,266
Distribution costs		(264,637)	(5,942,750)
Administrative expenses		(1,812,992)	(3,827,455)
Other operating income		<hr/> 19,733 <hr/>	<hr/> 16,320 <hr/>
Operating loss			
- continuing operations		(1,852,299)	(1,305,978)
- discontinued operations		(71,380)	(2,563,641)
		<hr/>	<hr/>
		(1,923,679)	(3,869,619)
Loss on disposal of business	4	-	(3,631,145)
Interest receivable and similar income	9	19,095	6,518
Interest payable and similar charges	10	<hr/> (106,277) <hr/>	<hr/> (250,720) <hr/>
Loss on ordinary activities before taxation	3	(2,010,861)	(7,744,966)
Taxation on loss on ordinary activities	11	<hr/> - <hr/>	<hr/> - <hr/>
Retained loss on ordinary activities after taxation	24	<hr/> (2,010,861) <hr/>	<hr/> (7,744,966) <hr/>

A reconciliation of movements in equity shareholders' deficit is given in note 23.

The company has no recognised gains or losses in either the current or previous year other than those shown above.

The analysis of discontinued operations as required by FRS 3 is included in note 5.

The notes on pages 7 to 17 form part of these accounts.

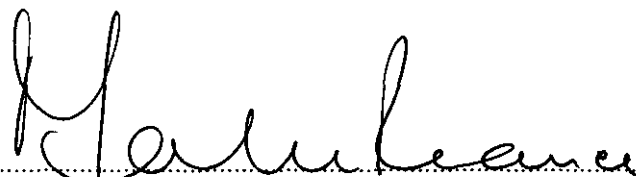
LORDSWOOD FARMS LIMITED

BALANCE SHEET AS AT 30 JUNE 2002

	Notes	£	2002 £	2001 £
FIXED ASSETS				
Intangible assets	12		1,345,388	2,444,912
Tangible assets	13		5,201,192	5,465,898
Investments	14		-	-
			<hr/>	<hr/>
			6,546,580	7,910,810
CURRENT ASSETS				
Investments	14	25,251		25,251
Stock	15	1,530,153		1,866,750
Debtors	16	1,924,362		2,943,889
Cash in hand and at bank		-		94
		<hr/>	<hr/>	<hr/>
		3,479,766		4,835,984
CREDITORS: amounts falling due within one year	17	(23,646,769)		(24,287,670)
		<hr/>	<hr/>	<hr/>
NET CURRENT LIABILITIES			(20,167,003)	(19,451,686)
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> (13,620,423) <hr/>	<hr/> (11,540,876) <hr/>
CREDITORS: falling due after more than one year	18		(1,775,352)	(1,840,645)
PROVISION FOR LIABILITIES AND CHARGES	21		-	(3,433)
			<hr/>	<hr/>
NET LIABILITIES			<hr/> (15,395,815) <hr/>	<hr/> (13,384,954) <hr/>
CAPITAL AND RESERVES				
Called up share capital	22		1,000	1,000
Profit & loss account	24		(15,396,815)	(13,385,954)
			<hr/>	<hr/>
EQUITY SHAREHOLDERS' DEFICIT	23		<hr/> (15,395,815) <hr/>	<hr/> (13,384,954) <hr/>

These financial statements were approved by the board of directors on 10 September 2003 and were signed on its behalf by:

M V L Pearce

 Director

The notes on pages 7 to 17 form part of these accounts.

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The financial statements have been prepared on the going concern basis. This may not be appropriate because as at 30 June 2002 the company had suffered a loss for the year of £2,010,861 (2001 £7,744,966) and its current liabilities exceeded its current assets by £20,167,003 (2001 £19,451,686). The parent company has given undertakings to the directors that it will provide such financial support as is necessary to enable the company to continue its operations and meet its liabilities as they fall due. It also confirms the subordination of amounts due to themselves to debts and liabilities owing to third parties.

Goodwill

Goodwill related to businesses purchased by the company and was amortised over a period of 10 years, commencing in the year of acquisition. In the opinion of the directors this represented a prudent estimate of the period over which the company would derive direct economic benefit from the goodwill acquired as part of these businesses.

Milk quota

Milk quota is being amortised on an annual basis such that it will be fully written down by 2006.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful economic life, as follows:

Plant and equipment	- 10% straight line
Motor vehicles	- 25% reducing balance
Computer equipment	- 33% straight line
Freehold buildings	- 2% straight line

No depreciation is provided on freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Finance leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease on a straight line basis.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred over the lease.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

ACCOUNTING POLICIES (contd)

Pensions

The company is a participating employer in The Johnsons Group Limited two defined benefit pension schemes operated by the group which are contracted out of the state schemes. The funds are valued every three years by a professionally qualified actuary, the rates of contribution payable are being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of profit for the financial year.

Related party transactions

The company has taken advantage of the exemption in FRS 8 "Related party disclosures" concerning transactions with entities that are part of The Johnsons Group Limited. The Johnsons Group Limited is the ultimate controlling parent incorporated in England and Wales. Copies of the accounts of The Johnsons Group Limited have been filed at Companies House, Cardiff and can be obtained from the group's registered office at James Street West, Green Park, Bath, BA1 2BU.

Cash flow statement

The company is exempt from the requirement of FRS 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary of The Johnsons Group Limited and its cash flows are included in the consolidated cash flow of the group.

2. TURNOVER AND LOSS BEFORE TAXATION

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities and is stated net of value added tax. All sales were made within the United Kingdom.

The turnover and loss before taxation are attributable to the following activities:

	Turnover		Loss before tax	
	2002	2001	2002	2001
	£	£	£	£
Farming	3,156,214	3,895,780	(1,939,249)	(1,452,201)
Retail of dairy produce	-	21,451,857	(71,612)	(6,292,765)
Sales to retail dairy	-	(1,560,853)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,156,214	23,786,784	(2,010,861)	(4,792,537)
	<hr/>	<hr/>	<hr/>	<hr/>

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Loss on ordinary activities is stated after charging/(crediting):		
Auditors' remuneration for audit work	8,500	13,500
Amortisation of goodwill	-	139,463
Depreciation on owned assets	155,281	324,252
Depreciation on assets held under finance leases and hire purchase contracts	20,253	401,976
Amortisation of milk quota	510,666	466,612
Profit on disposal of fixed assets	(192,313)	(136,914)
Profit on disposal of milk quota	(344,265)	-
Loss on disposal of dairy business	-	3,631,145
Operating lease rentals		
- land and buildings	426,108	487,592
- plant and equipment and motor vehicles	50,398	926,772
Write off of investments	24,500	-
	<u> </u>	<u> </u>

4. LOSS ON DISPOSAL OF DAIRY SEMI RETAIL BUSINESS

	2002 £	2001 £
Loss on disposal of business	-	(3,631,145)
	<u> </u>	<u> </u>

On 19 May 2001 the dairy semi retail business was sold together with certain assets to Robert Wiseman Dairies plc. For the taxation effect relating to this see note 11.

5. FRS 3 ANALYSIS OF PROFIT & LOSS ACCOUNT

2002

	Continuing £	Discontinued £	Sales to retail dairy £	Total £
Turnover	3,156,214	26,596	-	3,182,810
Cost of sales	(3,048,593)	-	-	(3,048,593)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross profit	107,621	26,596	-	134,217
Distribution costs	(264,637)	-	-	(264,637)
Administrative expenses	(1,715,016)	(97,976)	-	(1,812,992)
Other operating income	19,733	-	-	19,733
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating loss	(1,852,299)	(71,380)	-	(1,923,679)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

FRS 3 ANALYSIS OF PROFIT & LOSS ACCOUNT (continued)

2001

	Continuing £	Discontinued £	Sales to retail dairy £	Total £
Turnover	3,895,780	21,451,857	(1,560,853)	23,786,784
Cost of sales	(3,436,664)	(16,026,707)	1,560,853	(17,902,518)
Gross profit/(loss)	459,116	5,425,150	-	5,884,266
Distribution costs	(161,031)	(5,781,719)	-	(5,942,750)
Administrative expenses		(2,207,072)	-	(3,827,455)
Other operating income	16,320	-	-	16,320
Operating loss	(1,305,978)	(2,563,641)	-	(3,869,619)

6. DIRECTORS' REMUNERATION

	2002 £	2001 £
Aggregate emoluments	23,989	76,123
	2002 No	2001 No
Number of directors who are members of a defined benefit scheme	1	1

7. STAFF COSTS

	2002 £	2001 £
Wages and salaries	811,971	4,341,964
Social security costs	39,541	380,219
Other pension costs	4,195	34,953
	855,707	4,757,136

The average number of employees during the year was made up as follows:

	2002 No	2001 No
Office & management	-	46
Farm	15	26
Retail	-	229
	15	301

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

8. PENSION COMMITMENTS

The company is a participating employer in the two defined benefit schemes operated by the group. The assets of the scheme are held separately from the group in trustee administered funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group companies. Contributions are determined by an independent qualified actuary. The most recent full actuarial valuation was carried out at 30 June 2000 and updated to 30 June 2001. The group made employer contributions of between 9.3% and 14.7% as recommended by the actuary. One of the schemes was closed to new members with effect from the 1 January 1997 and under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The pension charge for the period relating to these schemes was £4,195 (2001 £34,953)

The members contribution is between 2% and 4%.

During the year ended 30 June 1998 and the period to 31 August 1998 due to the surplus arising on the funds, an employers contribution holiday was taken. The charge for this period therefore reflects the amortisation of surpluses that were being recognised over the average future service life of the employees

Further details of the schemes can be found in the accounts of The Johnsons Group Limited.

9. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest	19,095	6,518
	<hr/>	<hr/>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest and similar charges	1,309	12,183
Loan interest	101,868	146,644
Finance charges payable in respect of finance leases and hire purchase contracts	3,100	91,893
	<hr/>	<hr/>
	106,277	250,720
	<hr/>	<hr/>

11. TAXATION

No provision for corporation tax has been made due to the loss incurred in the year (2001 £nil). The company has losses of £3,500,000 available to carry forward after surrender of group relief. In previous years capital gains have been rolled into land and buildings if these assets were sold a gain of £1,158,300 would arise.

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

12. INTANGIBLE FIXED ASSETS

	Milk Quota £
Cost	
As at 1 July 2001	4,587,814
Additions	-
Disposals	(1,393,192)
At 30 June 2002	3,194,622
Amortisation	
At 1 July 2001	2,142,902
Charge for the year	510,666
Disposals	(804,334)
At 30 June 2002	1,849,234
Net book value	
At 30 June 2002	1,345,388
At 30 June 2001	2,444,912

13. TANGIBLE FIXED ASSETS

	Land & Buildings £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost				
At 1 July 2001	4,795,391	948,042	204,685	5,948,118
Additions	-	52,497	52,250	104,747
Disposals	(61,799)	(168,074)	(37,704)	(267,577)
At 30 June 2002	4,733,592	832,465	219,231	5,785,288
Depreciation				
At 1 July 2001	45,000	353,927	83,293	482,220
Disposals	-	(56,713)	(16,945)	(73,658)
Charge for year	(45,000)	94,414	36,120	175,534
At 30 June 2002	90,000	391,628	102,468	584,096
Net Book Value				
At 30 June 2002	4,643,592	440,837	116,763	5,201,192
At 30 June 2001	4,750,391	594,115	121,392	5,465,898

Included within land and buildings is freehold land with a cost of £2,500,000 (2001 £2,500,000) which is not depreciated.

The asset values above include amounts held under finance leases and hire purchase agreements as follows:

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

TANGIBLE FIXED ASSETS (continued)

	Plant & Machinery £
Cost	
At 1 July 2001	63,515
Additions	74,780
Disposals	-
	<hr/>
At 30 June 2002	138,295
	<hr/>
Depreciation	
At 1 July 2001	12,611
Charge for year	20,253
Disposals	-
	<hr/>
At 30 June 2002	32,874
	<hr/>
Net book value	
At 30 June 2002	105,421
	<hr/>
At 30 June 2001	50,904
	<hr/>

14. INVESTMENTS

- (i) Investments in unlisted companies amount to £25,251 (2001: £25,251)
- (ii) During the year the company purchased 49% of the ordinary share capital of Chewton Dairy Company Limited. The company has since ceased to trade but its principal activity was cheese production.

	2002 £
Investment	24,500
Provision against investment	(24,500)
	<hr/>
	-
	<hr/>

15. STOCKS

	2002 £	2001 £
Livestock	888,256	337,718
Deadstock and sundries	641,897	529,032
	<hr/>	<hr/>
	1,530,153	1,866,750
	<hr/>	<hr/>

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

16. DEBTORS

	2002 £	2001 £
Trade debtors	1,151,072	1,773,570
Amounts due from group company	-	289,250
Other debtors	739,044	844,624
Prepayments and accrued income	34,246	36,445
	<hr/>	<hr/>
	1,924,362	2,943,889
	<hr/>	<hr/>

Other debtors includes an amount of £402,329 which is due in more than one year.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft and loans	22,317,817	22,372,906
Obligations under finance leases and hire purchase contracts (see note 19)	24,872	14,810
Trade creditors	403,890	1,321,769
Other tax and social security costs	8,277	13,864
Other creditors	1,406	471,491
Accruals and deferred income	890,507	92,830
	<hr/>	<hr/>
	23,646,769	24,287,670
	<hr/>	<hr/>

Other creditors includes £ 659 (2001 £630) relating to outstanding pension contributions.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Bank loans	1,762,500	1,825,000
Obligations under finance leases and hire purchase contracts (see note 19)	12,892	15,645
	<hr/>	<hr/>
	1,775,392	1,840,645
	<hr/>	<hr/>

The bank loan is secured by a mortgage over certain of the freehold land and buildings and a floating charge on the remaining assets of the company. Finance leases and hire purchase contracts are secured on the assets to which they relate. The company's bankers have granted overdraft facilities to companies within The Johnsons Group Limited group of companies which are secured by a fixed and floating charge on the assets of the companies in the group.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The company is committed to the following gross payments:-

	2002	2001
	£	£
Due within one year	25,809	17,583
Due between two and five years	14,378	18,067
	<hr/>	<hr/>
	40,187	35,650
Less: future charges	(2,423)	(5,195)
	<hr/>	<hr/>
	37,764	30,455
	<hr/>	<hr/>

Finance leases and hire purchase contracts are shown as:

	2002	2001
	£	£
Current obligations	24,872	14,810
Non-current obligations	12,892	15,645
	<hr/>	<hr/>
	37,764	30,455
	<hr/>	<hr/>

20. BANK OVERDRAFT AND LOANS

	2002	2001
	£	£
Bank loans	1,887,500	1,950,000
	<hr/>	<hr/>
The above loan is repayable by instalments as follows:		
	£	£
In one year or less	125,000	125,000
Between one and two years	125,000	125,000
Between two and five years	375,000	375,000
In five years or more	1,262,500	1,325,000
	<hr/>	<hr/>
	1,887,500	1,950,000
	<hr/>	<hr/>

The bank loan is repayable over a period of twenty years, in half yearly instalments, with interest charged at 0.95% over HSBC base rate.

LORDSWOOD FARMS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

21. PROVISION FOR LIABILITIES AND CHARGES

(i) Pensions and similar obligations	£
At 1 July 2001	3,433
Profit and loss account	(3,433)
	<hr/>
At 30 June 2002	-
	<hr/>
	2002
	£

(ii) Deferred taxation	
Chargeable gains on the disposal of assets at book value	291,900
Accelerated capital allowances	109,524
Losses carried forward	(401,424)
	<hr/>
	-
	<hr/>

22. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2002	2001
	£	£
Loss for the financial year	(2,010,861)	(7,744,966)
	<hr/>	<hr/>
Net increase in shareholders' deficit	(2,010,861)	(7,744,966)
Opening equity shareholders' deficit	(13,384,954)	(5,639,988)
	<hr/>	<hr/>
Closing equity shareholders' deficit	(15,395,815)	(13,384,954)
	<hr/>	<hr/>

24. PROFIT AND LOSS ACCOUNT RESERVES

	£
At 1 July 2001	(13,385,954)
Retained loss for the year	(2,010,861)
	<hr/>
At 30 June 2002	(15,395,815)
	<hr/>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

25. CAPITAL COMMITMENTS

- (i) At the balance sheet date the directors had neither authorised or contracted for any capital expenditure (2001 £nil).
- (ii) Annual commitments under non-cancellable leases are as follows:

	2002		2001	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Operating leases which expire				
- within one year	33,663	-	13,550	-
- in the second to fifth years inclusive	100,000	-	401,525	-
- over five years	-	-	41,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
	133,663	-	456,575	-
	<hr/>	<hr/>	<hr/>	<hr/>

26. CONTINGENT LIABILITIES

The company is a member of a group registration for Value Added Tax and is jointly and severally liable for any debt due from other group companies.

The assets of the company are subject to a fixed and floating charge as security for the bank loan and overdraft facilities of The Johnsons Group Limited group of companies.

The group overdraft facility at 30 June 2002 granted by HSBC plc was £2,250,000 (2001 £1,500,000). The amount utilised by the group was £2,018,553 (2001 £798,494).

The company is named in an unlimited multilateral cross company guarantee which is required by the group's bankers.

27. ULTIMATE HOLDING COMPANIES

The ultimate holding company is The Johnsons Group Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by The Johnsons Group Limited. The consolidated accounts of this company may be obtained from Companies House, Cardiff and the group's registered office at James Street West, Green Park, Bath BA1 2BU.

28. RELATED PARTY TRANSACTION

Lordswood Farms Limited hold 49% of the ordinary share capital of Chewton Dairy Limited. During the year Lordswood Farms made sales of £259,000 and a loan of £100,000 to Chewton Dairy Limited. Chewton Dairy Limited is no longer trading and the amounts have been fully provided for in Lordswood Farms Limited.