

**Direct Farm Marketing Limited**  
**Report and Financial Statements**  
**Year ended**  
**30 June 2001**  
**Company number: 3217691**



**Blueprint Audit Limited**  
**Chartered Accountants and**  
**Registered Auditor**

# **DIRECT FARM MARKETING LIMITED**

## **Report and financial statements for the year ended 30 June 2001**

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### **Directors**

AJ White (Chairman)  
JD Bianchi  
JWH Poulton

### **Secretary and registered office**

MJ Andrews, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

### **Company number**

3217691

### **Auditor**

Blueprint Audit Limited, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

### **Bankers**

HSBC Bank plc, Cambridge City Office Branch, PO Box 85, Cambridge, CB2 3HZ

## **DIRECT FARM MARKETING LIMITED**

### **Report of the directors for the year ended 30 June 2001**

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The directors present their report together with the audited financial statements for the year ended 30 June 2001.

#### **Results and dividends**

The profit and loss account is set out on page 4 and shows the result for the year.

The directors do not recommend payment of a dividend.

#### **Principal activity, review of business and future developments**

The principal activity of the company is the sale of seed to farmers together with the provision of agricultural marketing services.

The trading loss for the year is attributable to the cost of investing in the development of new services for the company's target customer base. The directors remain confident of the long-term potential of the business.

#### **Directors**

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

	<b>Ordinary shares of £1 each</b>	
	<b>At 30 June 2001</b>	<b>At 30 June 2000</b>
AJ White	-	-
JD Bianchi (appointed 1 July 2001)	-	-
JWH Poulton	10,000	10,000
	<hr/>	<hr/>

The interests of AJ White in the ordinary share capital of the parent company, Pro Cam Group Limited, are disclosed in the financial statements of that company.

#### **EMU Impact**

Having reviewed its commercial and accounting transactions, the company is managing the impact of the single currency.

## **DIRECT FARM MARKETING LIMITED**

### **Report of the directors for the year ended 30 June 2001 (*Continued*)**

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#### **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 year. 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.

**By order of the Board**



J.D. Bianchi  
**Director**

17 December 2001

**Report of the auditor****Independent auditor's report to the shareholders of Direct Farm Marketing Limited**

We have audited the financial statements of Direct Farm Marketing Limited for the year ended 30 June 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Directors' Report 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 require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**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 consider 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 30 June 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Blueprint Audit Limited*

Foxhall Lodge  
Gregory Boulevard  
NG7 6LH  
17 December 2001

**Blueprint Audit Limited**  
Chartered Accountants and  
Registered Auditor

**DIRECT FARM MARKETING LIMITED****Profit and loss account for the year ended 30 June 2001**

	Note	2001 £	2000 £
<b>Turnover</b>	2	1,282,063	916,770
Cost of sales		(1,108,377)	(779,612)
<b>Gross profit</b>		<u>173,686</u>	<u>137,158</u>
Administrative expenses		(189,256)	(157,385)
<b>Operating loss</b>	5	<u>(15,570)</u>	<u>(20,227)</u>
Interest receivable		7,423	972
Interest payable	6	(212)	(1,524)
<b>Loss on ordinary activities before taxation</b>		<u>(8,359)</u>	<u>(20,779)</u>
Taxation on loss on ordinary activities	7	-	-
<b>Loss on ordinary activities after taxation</b>	14	<u>(8,359)</u>	<u>(20,779)</u>

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.

# DIRECT FARM MARKETING LIMITED

## Balance sheet at 30 June 2001

	Note	2001		2000	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		37,347		21,427
<b>Current assets</b>					
Stocks	9	15,049		14,717	
Debtors	10	149,976		57,762	
Cash at bank and in hand		115,938		72,048	
		<u>280,963</u>		<u>144,527</u>	
<b>Creditors: amounts falling due within one year</b>	11	308,192		147,477	
<b>Net current liabilities</b>			(27,229)		(2,950)
<b>Total assets less current liabilities</b>			<u>10,118</u>		<u>18,477</u>
<b>Creditors: amounts falling due after more than one year</b>	12		131,750		131,750
<b>Capital and reserves - equity</b>					
Called up share capital	13	40,000		40,000	
Profit and loss account	14	(161,632)		(153,273)	
<b>Shareholders' deficit</b>	15		(121,632)		(113,273)
			<u>10,118</u>		<u>18,477</u>

The financial statements were approved by the Board on 17 December 2001.

  
AJ White  
Director

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

## DIRECT FARM MARKETING LIMITED

### Notes forming part of the financial statements for the year ended 30 June 2001

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have not been applied.

##### *Going concern*

During the year ended 30 June 2001 the company sustained a loss after taxation of £8,359 and had net liabilities of £121,632 at that date.

Based on their long term business plan the directors are confident that, once established, the company will be able to trade profitably.

In the absence of other funding, the company is however, in the short term, dependant upon the continued support of its bankers, creditors and parent company. The parent company has agreed to continue to support the company for a period of at least one year from the date of approval of these financial statements.

The directors therefore consider it appropriate that the financial statements are prepared on the going concern basis.

##### *Turnover*

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

##### *Depreciation*

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

Office equipment	- 25% per annum reducing balance
Motor vehicles	- 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 additional costs to completion and disposal.

##### *Leasing and hire purchase contracts*

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element is charged to the profit and loss account over the term of the contract.



# DIRECT FARM MARKETING LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

## 1 Accounting policies (*Continued*)

### *Pension costs*

Contributions to the defined benefit pension scheme operated by Pro Cam Agriculture Limited, a fellow subsidiary company of Pro Cam Group Limited are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. They are made in accordance with the recommendation of a qualified actuary.

## 2 Turnover

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

## 3 Employees

	2001 £	2000 £
Staff costs, including directors consist of:		
Wages and salaries	119,890	81,731
Social security costs	8,989	7,524
Other pension costs	5,935	4,702
	<u>134,814</u>	<u>93,957</u>

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

	Number	Number
Management and administration	<u>3</u>	<u>3</u>

## 4 Directors

	£	£
Directors' emoluments consist of:		
Remuneration for management services	61,222	60,649
Pension contributions	3,372	3,145
	<u>64,594</u>	<u>63,794</u>

Three directors are members of the group's defined benefit pension scheme (2000: three).

# DIRECT FARM MARKETING LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

## 5 Operating loss

	2001 £	2000 £
This has been arrived at after charging/(crediting):		
Depreciation	11,356	7,026
Auditors' remuneration	1,550	1,500
Profit on disposal of fixed assets	(4,213)	-
	<hr/>	<hr/>

## 6 Interest payable

Bank overdraft	212	239
Finances leases and hire purchase contracts	-	1,285
	<hr/>	<hr/>
	212	1,524

## 7 Taxation on loss on ordinary activities

The tax losses for both the current and prior years have been surrendered to fellow group companies.

## 8 Tangible assets

	Office equipment £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 July 2000	27,393	27,357	54,750
Additions	12,250	23,988	36,238
Disposals	-	(27,000)	(27,000)
At 30 June 2001	<hr/>	<hr/>	<hr/>
	39,643	24,345	63,988
<i>Depreciation</i>			
At 1 July 2000	16,544	16,779	33,323
Provided for the year	3,996	7,360	11,356
Disposals	-	(18,038)	(18,038)
At 30 June 2001	<hr/>	<hr/>	<hr/>
	20,540	6,101	26,641
<i>Net book value</i>			
At 30 June 2001	<hr/>	<hr/>	<hr/>
	19,103	18,244	37,347
At 30 June 2000	<hr/>	<hr/>	<hr/>
	10,849	10,578	21,427

Included within the net book value above is £nil (2000 : £17,202) relating to assets held under finance leases and hire purchase contracts. The related depreciation charge for the period was £nil (2000 : £5,734).

**DIRECT FARM MARKETING LIMITED****Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)****9 Stocks**

	<b>2001 £</b>	<b>2000 £</b>
Goods held for resale	15,049	14,717

**10 Debtors**

Trade debtors	131,218	43,404
Amounts owed by group undertakings	1,642	7,111
Prepayments	11,203	2,631
Other debtors	5,913	4,616
	<u>149,976</u>	<u>57,762</u>

All amounts shown under debtors fall due for payment within one year.

**11 Creditors: amounts falling due within one year**

Trade creditors	13,757	-
Amounts owed to group undertakings	255,382	105,719
Obligations under finance leases and hire purchase contracts	-	14,471
Accruals and other creditors	29,928	27,287
Taxation and social security	9,125	-
	<u>308,192</u>	<u>147,477</u>

**12 Creditors: amounts falling due after more than one year**

Amounts owed to parent company (note 18)	<u>131,750</u>	<u>131,750</u>
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## DIRECT FARM MARKETING LIMITED

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

### 13 Share capital

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	£	£	£	£
Ordinary shares of £1 each	40,000	40,000	40,000	40,000

### 14 Reserves

	Profit and loss account £
At 1 July 2000	(153,273)
Loss for the year	(8,359)
At 30 June 2001	(161,632)

### 15 Reconciliation of movements in shareholder's deficit

	2001 £	2000 £
Loss for the year	(8,359)	(20,779)
Shareholders' deficit at 30 June 2000	(113,273)	(92,494)
Shareholders' deficit at 30 June 2001	(121,632)	(113,273)

### 16 Pensions

Contributions are made to the defined benefit scheme operated by Pro Cam Agriculture Limited, a subsidiary company of Pro Cam Group Limited. The scheme is funded by payment of contributions to a separately administered fund.

Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

The latest actuarial valuation of the fund was carried out by independent qualified actuaries at 28 July 2000.

The market value of the funds assets at this date were £1,170,000. The present value of the schemes liabilities at this date were £1,049,000. Hence there was a surplus of £121,000.

The method of calculating the employers' contribution rate is known as the 'Projected Unit Method'. The key feature of this method is that it requires that the average age of the workforce will remain constant if a stable contribution rate is to be achieved.

The following assumptions were made in reaching the valuation at 28 July 2000:

Rate of return on investments	8% per annum
Rate of increase in salaries	6% per annum
Rate of increase in pensions	3.5% per annum

## DIRECT FARM MARKETING LIMITED

### Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

#### 16 Pensions (*Continued*)

The employers' contribution rate was 8.5% of the employees' pensionable remuneration including lump sum death in service insurance premiums until 28 July 2001. From this date the contribution rate reduced to 6.5% of employees' pensionable salaries.

In accordance with the transitional arrangements of financial reporting standard 17 (FRS 17), the actuaries have undertaken a valuation of the assets and liabilities of the Scheme at 30 June 2001. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method. The "present value of scheme liabilities" has been arrived at by projecting the results of the last full valuation as at 28 July 2000 forward to 30 June 2001.

The following assumptions were made in reaching the valuation at 30 June 2001:

Rate of inflation	3% per annum
Rate of increase in salaries	3% per annum
Rate of increase in pensions	4.5% per annum
Rate used to discount scheme liabilities	6.4% per annum

The fair value of the scheme assets and the present value of the scheme liabilities at 30 June 2001 were as follows:

	Valuation £'000	Expected rate of return
Assets	1,313	7% per annum
Liabilities	1,340	
Deficit	<u>(27)</u>	

No adjustment has been made to group reserves in respect of the deficit of £27,000 at 30 June 2001.

The pension cost charge for the period amounted to £5,935 (2000:£4,702).

#### 17 Parent company

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

#### 18 Related party transactions

The company is related to the following companies:

Pro Cam Group Limited by virtue of it being the company's parent company, and Pro Cam Agriculture Limited, Fieldcare Limited and BCS Agriculture Limited by virtue of those companies being fellow subsidiaries of Pro Cam Group Limited.

## DIRECT FARM MARKETING LIMITED

### Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

#### 18 Related party transactions (*Continued*)

The company's transactions with related parties during the year, together with the balances at 30 June 2001 are as follows:

##### a) Pro Cam Group Limited

Pro Cam Group Limited has provided the company with an interest free loan of £131,750, which is not repayable for a period of a least one year from the date of approval of these financial statements. A current account balance of £18,680 is due from Pro Cam Group Limited at 30 June 2001.

During the year ended 30 June 2001 the company sold goods amounting to £13,765 to Pro Cam Group Limited.

The company's transactions with related parties during the year, together with the balances at 30 June 2001 are as follows:-

Related company	Sales £	Purchases £	Debtor £	Creditor £
Pro Cam Group Limited	13,765	-	-	113,072
BCS Agriculture Limited	1,642	-	1,642	-
Fieldcare Limited	9,276	50,478	-	41,347
Pro Cam Agriculture Limited	1,269	104,230	-	232,715

During the year ended 30 June 2001 the company purchased a motor vehicle from Pro Cam Agriculture Limited for £23,874.

#### 19 Contingent liabilities

The company participates in the group's composite banking arrangements, and consequently has provided guarantees in respect of other group companies' borrowings. At 30 June 2001 other group companies had borrowings of £2,390,409 covered by these guarantees.