

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999
FOR
FORWARD DEVELOPMENTS LTD**



COMPANY INFORMATION
For The Year Ended 31 March 1999

DIRECTORS:

P P Sweeney
R H P Sweeney
Mrs P A Evans Bevan

SECRETARY:

Mrs D F Sweeney

REGISTERED OFFICE:

Village Farm
North Waltham
Basingstoke
Hampshire
RG25 2DD

REGISTERED NUMBER:

00824978 (England and Wales)

AUDITORS:

James & Cowper
Registered Auditor and
Chartered Accountants
Phoenix House
Bartholomew Street
Newbury
Berkshire RG14 5QA

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 1999**

The directors present their report with the financial statements of the company for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of property investment and development, and farming.

DIRECTORS

The directors during the year under review were:

P P Sweeney
R H P Sweeney
Mrs P A Evans Bevan

The beneficial interests of the directors holding office on 31 March 1999 in the issued share capital of the company were as follows:

	31.3.99	1.4.98
Ordinary shares £1 shares		
P P Sweeney	10,236	10,236
R H P Sweeney	1,030	1,030
Mrs P A Evans Bevan	1,000	1,000

MILLENNIUM IT RISK

Systems critical to the company's operation and preparation of financial information (including application systems and hardware), as well as other non-financial computing and date dependent systems on which the company relies have been fully reviewed and as at the date of approval no Year 2000 problems have been experienced within the company. However the company remains exposed to an unquantifiable degree to the failure of third parties to deal with their Year 2000 exposures.

THE EURO

The directors consider the impact of the euro to have a minimal effect on the ongoing operations of the company. However, systems are in place to deal with euro transactions if required in the future.

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;
- 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 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.

AUDITORS

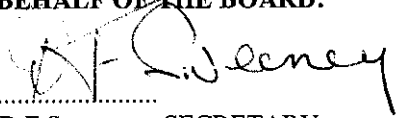
The auditors, James & Cowper, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

FORWARD DEVELOPMENTS LTD

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 1999**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


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Mrs D F Sweeney - SECRETARY

Dated: 16.3.2000

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
FORWARD DEVELOPMENTS LTD**

We have audited the financial statements on pages five to twelve which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page eight.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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.

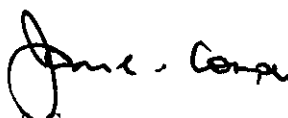
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



James & Cowper
Registered Auditor and
Chartered Accountants
Phoenix House
Bartholomew Street
Newbury
Berkshire RG14 5QA

Dated: 29 March 2000

FORWARD DEVELOPMENTS LTD

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 March 1999

	Notes	1999		1998	
		£	£	£	£
TURNOVER			441,231		377,880
Cost of sales			12,657		35,307
GROSS PROFIT			428,574		342,573
Administrative expenses			102,207		105,991
			326,367		236,582
Other operating income			34,646		62,669
OPERATING PROFIT	2		361,013		299,251
Interest receivable and similar income			6,260		15,982
			367,273		315,233
Interest payable and similar charges			23,129		10,512
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			344,144		304,721
Tax on profit on ordinary activities	3		124,781		68,637
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			219,363		236,084
Retained profit brought forward:					
As previously reported		1,343,447		1,027,277	
Prior year adjustments	4	-		80,086	
As restated			1,343,447		1,107,363
RETAINED PROFIT CARRIED FORWARD			£1,562,810		£1,343,447

The notes form part of these financial statements

FORWARD DEVELOPMENTS LTD**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
For The Year Ended 31 March 1999

	<u>1999</u>	<u>1998</u>
	£	£
PROFIT FOR THE FINANCIAL YEAR	219,363	236,084
Revaluation of investment properties	(29,499)	1,843,651
Deferred tax adjustment on revaluations	<u>25,979</u>	<u>(34,630)</u>
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	215,843	2,045,105
Prior year adjustment	<u>-</u>	<u>80,086</u>
TOTAL GAINS AND LOSSES RECOGNISED		
SINCE LAST ANNUAL REPORT	<u>£215,843</u>	<u>£2,125,191</u>

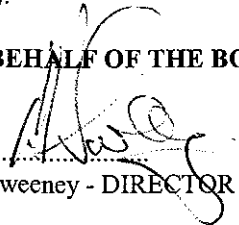
The notes form part of these financial statements

BALANCE SHEET
31 March 1999

		1999		1998	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		111,675		97,356
Investments	6		6,273,500		6,273,500
			<u>6,385,175</u>		<u>6,370,856</u>
CURRENT ASSETS:					
Stocks		6,426		11,129	
Debtors	7	72,119		75,959	
Cash at bank		23,920		14,342	
		<u>102,465</u>		<u>101,430</u>	
CREDITORS: Amounts falling due within one year	8	2,313,918		2,488,749	
NET CURRENT LIABILITIES:			<u>(2,211,453)</u>		<u>(2,387,319)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,173,722		3,983,537
PROVISIONS FOR LIABILITIES AND CHARGES:	10		17,885		43,543
			<u>£4,155,837</u>		<u>£3,939,994</u>
CAPITAL AND RESERVES:					
Called up share capital	11		18,300		18,300
Revaluation reserve	12		1,805,501		1,809,021
Other reserves	13		769,226		769,226
Profit and loss account			1,562,810		1,343,447
Shareholders' funds			<u>£4,155,837</u>		<u>£3,939,994</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

ON BEHALF OF THE BOARD:


P P Sweeney - DIRECTOR

Approved by the Board on 16-3-2000

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1999

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Turnover

Turnover represents net rents due and sales of farming produce including any related subsidies and premiums.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Dairy plant and premises	- 10% straight line and 5% straight line
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance and 15% on reducing balance
Motor vehicles	- 25% on reducing balance

In accordance with SSAP 19, no depreciation is provided in respect of freehold property held as investments. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated is, in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards, as properties are included in the financial statements at their open market value.

The effect of depreciation is already reflected annually in the valuation of properties; the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified. Had the provisions of the Act been followed, net assets would not have been affected but revenue profits would have been reduced for this and earlier years.

Valuation

The valuation of stocks and stores has been prepared by professional valuers on a basis consistent with previous years and in accordance with normal farming practice.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Investment Properties

Investment properties are included in the balance sheet at their open market value and are not depreciated. Changes in the value of investment properties are shown as movements in the investment revaluation reserve. Any overall excess deficit will be charged as an exceptional item in the profit and loss account.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1999	1998
	£	£
Depreciation - owned assets	16,562	11,180
Loss/(Profit) on disposal of fixed assets	226	(9,226)
Auditors' remuneration	5,000	3,711
Directors' emoluments and other benefits etc	6,395	6,000

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1999

3. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1999	1998
	£	£
UK corporation tax	77,318	63,965
Underprovision - earlier years	47,143	5,613
Deferred taxation	320	(941)
	<u>124,781</u>	<u>68,637</u>

UK corporation tax has been charged at 22.66% (1998 - 21%).

4. PRIOR YEAR ADJUSTMENTS

The financial statements for 1998 included the following adjustments relating to prior years:

a. On 1 April 1995 the company took over the farming activities of the partnership, Forward Farming. Transactions relating to Forward Farming, although included in the company's tax computations had not previously been included in the company's financial statements. Forward Farming's trading results have been included in the accounts for the year ended 31 March 1998 and prior year adjustments have been made to incorporate the results for the period 1 April 1995 to 31 March 1997.

b. Milk quota leasing income for the years ended 31 March 1996 and 31 March 1997, including the related taxation due on such income, previously omitted from accounts.

c. A provision for deferred taxation due to accelerated capital allowances.

5. TANGIBLE FIXED ASSETS

	Dairy plant and premises	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 April 1998	79,598	48,284	8,653	35,760	172,295
Additions	-	13,500	757	16,850	31,107
Disposals	-	-	-	(7,200)	(7,200)
At 31 March 1999	<u>79,598</u>	<u>61,784</u>	<u>9,410</u>	<u>45,410</u>	<u>196,202</u>
DEPRECIATION:					
At 1 April 1998	6,263	34,320	4,489	29,867	74,939
Charge for year	6,263	4,120	550	5,629	16,562
Eliminated on disposals	-	-	-	(6,974)	(6,974)
At 31 March 1999	<u>12,526</u>	<u>38,440</u>	<u>5,039</u>	<u>28,522</u>	<u>84,527</u>
NET BOOK VALUE:					
At 31 March 1999	<u>67,072</u>	<u>23,344</u>	<u>4,371</u>	<u>16,888</u>	<u>111,675</u>
At 31 March 1998	<u>73,335</u>	<u>13,964</u>	<u>4,164</u>	<u>5,893</u>	<u>97,356</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1999

6. FIXED ASSET INVESTMENTS

	£
COST OR VALUATION:	
At 1 April 1998	6,273,500
Additions	29,499
Deficit on revaluation	(29,499)
At 31 March 1999	6,273,500
NET BOOK VALUE:	
At 31 March 1999	6,273,500
At 31 March 1998	6,273,500

Cost or valuation at 31 March 1999 is represented by:

	£
Valuation in 1999	1,814,152
Cost	4,459,348
	6,273,500

If the investment properties had not been revalued they would have been included at the following historical cost:

	1999 £	1998 £
Cost	4,459,348	4,429,849

The freehold properties were valued on an open market basis on 31 March 1999 by Philippa Evans Bevan ARICS.

	1999 £	1998 £
Unlisted investments	6,273,500	6,273,500

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Trade debtors	12,119	15,959
Mortgage	60,000	60,000
	72,119	75,959

The mortgage is secured on property and repayable to the Company on demand.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1999

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1999	1998
	£	£
Bank loans and overdrafts	102,687	342,244
Directors current accounts	1,865,913	1,933,484
Trade creditors	3,707	8,149
Other creditors	6,563	5,100
VAT	7,458	5,128
Taxation	221,843	97,382
Accrued expenses	105,747	97,262
	<u>2,313,918</u>	<u>2,488,749</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	1999	1998
	£	£
Bank overdrafts	<u>102,687</u>	<u>342,244</u>

Security has been provided by way of a first mortgage dated 10 December 1971 over freehold property.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	1999	1998
	£	£
Deferred taxation	<u>17,885</u>	<u>43,543</u>
	Deferred taxation	
	£	
Balance at 1 April 1998	43,543	
On property revaluation transferred from reserves	(25,979)	
Accelerated capital allowances	<u>321</u>	
Balance at 31 March 1999	<u>17,885</u>	

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	1999	1998	1999	1998
	£	£	£	£
Property revaluations	8,651	34,630	-	-
Accelerated capital allowances	9,234	8,913	-	-
	<u>17,885</u>	<u>43,543</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 1999

11. CALLED UP SHARE CAPITAL

Authorised:		Nominal	1999	1998
Number:	Class:	value:	£	£
20,000	Ordinary shares	£1	<u>20,000</u>	<u>20,000</u>

Allotted, issued and fully paid:		Nominal	1999	1998
Number:	Class:	value:	£	£
18,300	Ordinary shares	£1	<u>18,300</u>	<u>18,300</u>

12. REVALUATION RESERVE

	1999	1998
	£	£
Brought forward	1,809,021	-
Property revaluation surplus	(29,499)	1,843,651
Deferred taxation	<u>25,979</u>	<u>(34,630)</u>
	<u>1,805,501</u>	<u>1,809,021</u>

Under SSAP19 the properties held as investments have been revalued to their open market value in the balance sheet. Such revaluations do not give rise to any tax liabilities. There may however be a capital gains tax liability when the properties are sold. A provision for this potential tax liability has been included in the financial statements under deferred taxation.

13. OTHER RESERVES

	1999	1998
	£	£
Capital profit reserve	<u>769,226</u>	<u>769,226</u>

14. RELATED PARTY DISCLOSURES

a) During the year to 31 March 1999 and in the previous year, the company was under the control of P P Sweeney, a director.

b) The investment properties were valued at 31 March 1999 by Philippa Evans Bevan ARICS, a director.