

Company number: 176949

HAMLYNS OF SCOTLAND LIMITED

ANNUAL REPORT

YEAR ENDED 31 JULY 2003



HAMLYNS OF SCOTLAND LIMITED

COMPANY INFORMATION

Directors

J E Lea
A B Castle
A W Baxter
A Meikle
D Warr

Secretary

D Warr

Company Number

176949

Auditors

PKF
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

HAMLYNS OF SCOTLAND LIMITED

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HAMLYNS OF SCOTLAND LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 JULY 2003

The directors submit their report and the financial statements for the year ended 31 July 2003.

Results and dividends

The loss for the year, after taxation, amounted to **£51,494** (2002: profit of £23,532).

The directors consider the result to be satisfactory and are confident of future prospects.

Principal activity and review of business

The principal activity of the company was that of milling oats.

Directors

The directors who served during the year were:

J E Lea
A B Castle
A W Baxter
A Meikle
D Warr

None of the directors had any interest in the share capital of the company during the year.

Their interest in the share capital of the parent company is disclosed in the consolidated financial statements of that company.

Auditors

The auditors, PKF, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members.

By order of the board



D Warr
Secretary

6 November 2003

CREWE

HAMLUNS OF SCOTLAND 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;
- 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMLYNS OF SCOTLAND LIMITED

We have audited the financial statements of Hamlyns of Scotland Limited for the year ended 31 July 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies as 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 auditor's 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 directors and auditors

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 the 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 the Directors' Report 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 judgments 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.

INDEPENDENT AUDITORS' REPORT (continued)

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF

Registered Auditors

Nottingham
10 November 2003

HAMLYNS OF SCOTLAND LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
TURNOVER	2	6,198,440	5,957,821
Cost of sales		<u>(5,715,016)</u>	<u>(5,514,606)</u>
GROSS PROFIT		483,424	443,215
Distribution costs		(83,280)	(85,844)
Administrative expenses		<u>(470,644)</u>	<u>(361,409)</u>
OPERATING (LOSS)	3	(70,500)	(4,038)
INTEREST PAYABLE		(2)	(876)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(70,502)</u>	<u>(4,914)</u>
TAXATION	5	19,008	28,446
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(51,494)</u>	<u>23,532</u>

All amounts relate to continuing operations.

There were no recognised gains or losses other than those included in the profit and loss account.

HAMLYNS OF SCOTLAND LIMITED

BALANCE SHEET

31 JULY 2003

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
FIXED ASSETS			
Tangible	6	532,744	586,642
CURRENT ASSETS			
Stocks	7	662,302	524,196
Debtors	8	597,179	428,594
Cash at bank and in hand		<u>4,017</u>	<u>10,039</u>
		1,263,498	962,829
CREDITORS: amounts falling due			
Within one year	9	<u>(1,200,377)</u>	<u>(671,537)</u>
NET CURRENT ASSETS		<u>63,121</u>	<u>291,292</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>595,865</u>	<u>877,934</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	<u>51,226</u>	<u>102,720</u>
SHAREHOLDERS' FUNDS	13	51,228	102,722
LONG TERM LOAN	10	<u>544,637</u>	<u>775,212</u>
		<u>595,865</u>	<u>877,934</u>

The financial statements were approved by the board on 6 November 2003

Signed on behalf of the board of directors

~~A. Menzies~~

~~Director~~

D Warr

Director

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

(b) Turnover

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

(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 or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	- over 30 years
Plant, machinery and motor vehicles	- over 4 to 6 years

Freehold land is not depreciated.

(d) Stocks and work in progress

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

(e) Deferred Taxation

Deferred taxation is provided in full on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

(f) Pensions

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

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003

3 OPERATING (LOSS)

The operating (loss) is stated after charging:

	<u>2003</u>	<u>2002</u>
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	263,992	263,662
Auditors' remuneration - Audit fees	3,750	3,750
- Other services	840	3,020
	<u> </u>	<u> </u>

No director received any emoluments (2002: £NIL)

4 STAFF COSTS

Staff costs were as follows:

	<u>2003</u>	<u>2002</u>
	£	£
Wages and salaries	740,204	600,603
Social security costs	49,997	43,006
Other pension costs	20,985	20,137
	<u>811,186</u>	<u>663,746</u>

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

	Number	
Administration and Sales	2	2
Production	24	25
	<u>26</u>	<u>27</u>

HAMLVNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003

5 TAXATION

(a) Analysis of charge in year	<u>2003</u> £	<u>2002</u> £
UK corporation tax		
Current tax on income for the year	24,000	26,000
Deferred taxation	(43,000)	(57,000)
Adjustments in respect of prior periods	(8)	2,554
	<hr/> (19,008) <hr/>	<hr/> (28,446) <hr/>
Total UK taxation	<hr/> (19,008) <hr/>	<hr/> (28,446) <hr/>

(b) Factors affecting tax charge for year

The tax assessed for the year is greater than the standard rate of corporation tax in the UK (30%).
Reconciling items are explained below:

(Loss) on ordinary activities before tax	<u>(70,502)</u>	<u>(4,914)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(21,151)	(1,474)
Effects of:		
Depreciation in excess of capital allowances	43,776	29,383
Marginal relief	(258)	(2,400)
Other timing differences	1,633	491
	<hr/> 24,000 <hr/>	<hr/> 26,000 <hr/>
Current tax charge	<hr/> 24,000 <hr/>	<hr/> 26,000 <hr/>

HAMLUNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003

6 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & machinery £	Total £
Cost			
At 1 August 2002	302,095	1,699,245	2,001,340
Additions	207,897	2,197	210,094
Disposals	-	-	-
At 31 July 2003	<u>509,992</u>	<u>1,701,442</u>	<u>2,211,434</u>
Depreciation			
At 1 August 2002	25,903	1,388,795	1,414,698
Charge for the year	5,903	258,089	263,992
On disposals	-	-	-
At 31 July 2003	<u>31,806</u>	<u>1,646,884</u>	<u>1,678,690</u>
Net book amount			
At 31 July 2003	<u>478,186</u>	<u>54,558</u>	<u>532,744</u>
At 31 July 2002	<u>276,192</u>	<u>310,450</u>	<u>586,642</u>

7 STOCKS

	<u>2003</u> £	<u>2002</u> £
Raw materials and finished goods	<u>662,302</u>	<u>524,196</u>

8 DEBTORS

	<u>2003</u> £	<u>2002</u> £
Due within one year		
Trade debtors	460,874	333,979
Other debtors	34,288	35,444
Prepayments & accrued income	2,017	2,171
Deferred taxation	100,000	57,000
	<u>597,179</u>	<u>428,594</u>

Deferred taxation may not be fully recoverable within one year.

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003

9 CREDITORS

Amounts falling due within one year	<u>2003</u> £	<u>2002</u> £
Bank loan and overdraft	59,516	-
Trade creditors	247,528	192,491
Amounts owed to parent undertaking	788,475	417,118
Corporation tax	24,000	26,000
Accruals and deferred income	80,858	35,928
	<u>1,200,377</u>	<u>671,537</u>

10 LONG TERM LOAN

	<u>2003</u> £	<u>2002</u> £
Amounts owed to parent undertaking	<u>544,637</u>	<u>775,212</u>

The loan is repayable after more than five years. No interest is currently charged on the outstanding balance.

11 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No.	£
At 1 August 2002 and 31 July 2003 Ordinary shares of £1 each	<u>100</u>	<u>2</u>	<u>2</u>

12 RESERVES

Profit and loss account

	£
At 1 August 2002	102,720
Loss for the year	(51,494)
At 31 July 2003	<u>51,226</u>

13 SHAREHOLDERS' FUNDS

	£
Shareholders' funds at 1 August 2002	102,722
Loss for the year	(51,494)
Shareholders' funds at 31 July 2003	<u>51,228</u>

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003

14 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption from disclosing transactions with other group companies, as the company is a wholly owned subsidiary.

15 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is **£20,985** (2002: £20,137).

16 CAPITAL COMMITMENTS

	<u>2003</u> £	<u>2002</u> £
Authorised but not contracted	<u>20,000</u>	<u>220,932</u>

17 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is Morning Foods Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company.