

Company number: 176949

HAMLYNS OF SCOTLAND LIMITED
ANNUAL REPORT
YEAR ENDED 31 JULY 2005



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 (UK) LLP
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 2005

The directors submit their report and the financial statements for the year ended 31 July 2005.

Results and dividends

The profit for the year, after taxation, amounted to **£342,334** (2004: £70,119).

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.

By order of the board



D Warr
Secretary

CREWE

3 November 2005.

HAMLVNS 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 2005 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.

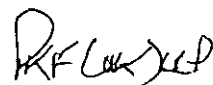
Basis of audit opinion

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.

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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF (UK) LLP
Registered Auditors

Nottingham

10/11/2005

HAMLVNS OF SCOTLAND LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
TURNOVER	2	9,928,311	7,231,615
Cost of sales		<u>(8,678,368)</u>	<u>(6,543,092)</u>
GROSS PROFIT		1,249,943	688,523
Distribution costs		(130,387)	(81,370)
Administrative expenses		<u>(622,146)</u>	<u>(515,609)</u>
OPERATING PROFIT	3	497,410	91,544
INTEREST PAYABLE		(12)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>497,398</u>	<u>91,544</u>
TAXATION	5	(155,064)	(21,425)
PROFIT FOR THE FINANCIAL YEAR		<u>342,334</u>	<u>70,119</u>

All amounts relate to continuing operations.


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


HAMLUNS OF SCOTLAND LIMITED
BALANCE SHEET
31 JULY 2005

	<u>Notes</u>	£	<u>2005</u>	£	£	<u>2004</u>	£
FIXED ASSETS							
Tangible	6			595,427			547,340
CURRENT ASSETS							
Stocks	7	788,544			562,421		
Debtors	8	992,300			897,795		
Cash at bank and in hand		3,685			200		
			1,784,529		1,460,416		
CREDITORS: amounts falling due							
Within one year	9	(1,873,494)			(1,111,197)		
NET CURRENT ASSETS				(88,965)			349,219
TOTAL ASSETS LESS CURRENT LIABILITIES				506,462			896,559
CREDITORS: amounts falling due							
After more than one year	10		(42,781)			(775,212)	
NET ASSETS				463,681			121,347
CAPITAL AND RESERVES							
Called up share capital	11			2			2
Profit and loss account	12		463,679			121,345	
SHAREHOLDERS' FUNDS	13		463,681			121,347	

The financial statements were approved by the board on 3 November 2005.

Signed on behalf of the board of directors


D Warr


Director

HAMLYNS OF SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

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.

3 OPERATING PROFIT

The operating profit is stated after charging:

	<u>2005</u> £	<u>2004</u> £
Depreciation of tangible fixed assets:		
- owned by the company	42,224	38,756
Auditors' remuneration - Audit fees	3,750	3,750
- Other services	840	840
	<hr/>	<hr/>

No director received any emoluments (2004: £NIL)

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

4 STAFF COSTS

Staff costs were as follows:

	<u>2005</u>	<u>2004</u>
	£	£
Wages and salaries	959,526	718,845
Social security costs	60,209	52,323
Other pension costs	22,616	20,661
	<u>1,042,351</u>	<u>791,829</u>

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

	Number	
Administration and Sales	2	2
Production	<u>29</u>	<u>26</u>
	<u>31</u>	<u>28</u>

5 TAXATION

(a) Analysis of charge in year

	<u>2005</u>	<u>2004</u>
	£	£
UK corporation tax		
Current tax on income for the year	139,500	6,000
Deferred taxation	16,000	19,000
Adjustments in respect of prior periods	<u>(436)</u>	<u>(3,575)</u>
Total UK taxation	<u>155,064</u>	<u>21,425</u>

(b) Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. Reconciling items are explained below:

Profit on ordinary activities before tax	<u>497,398</u>	<u>91,544</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 19%)	149,219	17,393
Effects of:		
Depreciation in excess of capital allowances	(16,373)	(12,049)
Disallowable expenses	6,357	-
Other timing differences	<u>297</u>	<u>656</u>
Current tax charge	<u>139,500</u>	<u>6,000</u>

HAMLUNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

6 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & machinery £	Total £
Cost			
At 1 August 2004	546,933	1,713,544	2,260,477
Additions	-	90,311	90,311
Disposals	-	-	-
At 31 July 2005	<u>546,933</u>	<u>1,803,855</u>	<u>2,350,788</u>
Depreciation			
At 1 August 2004	38,941	1,674,196	1,713,137
Charge for the year	7,135	35,089	42,224
On disposals	-	-	-
At 31 July 2005	<u>46,076</u>	<u>1,709,285</u>	<u>1,755,361</u>
Net book amount			
At 31 July 2005	<u>500,857</u>	<u>94,570</u>	<u>595,427</u>
At 31 July 2004	<u>507,992</u>	<u>39,348</u>	<u>547,340</u>

7 STOCKS

	<u>2005</u> £	<u>2004</u> £
Raw materials and finished goods	<u>788,544</u>	<u>562,421</u>

8 DEBTORS

	<u>2005</u> £	<u>2004</u> £
Due within one year		
Trade debtors	915,447	783,318
Other debtors	10,515	33,477
Prepayments & accrued income	1,338	-
Deferred taxation	65,000	81,000
	<u>992,300</u>	<u>897,795</u>

Deferred taxation may not be fully recoverable within one year.

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

9 CREDITORS

Amounts falling due within one year	<u>2005</u> £	<u>2004</u> £
Bank overdraft	210,775	69,937
Trade creditors	265,976	250,077
Amounts owed to parent undertaking	1,153,061	656,540
Corporation tax	139,500	6,000
Accruals and deferred income	104,182	128,643
	<u>1,873,494</u>	<u>1,111,197</u>

10 CREDITORS

Amounts falling due after more than one year	<u>2005</u> £	<u>2004</u> £
Amounts owed to parent undertaking	<u>42,781</u>	<u>775,212</u>

The loan is repayable within 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 2004 and 31 July 2005	100	2	2
Ordinary shares of £1 each			

12 RESERVES

Profit and loss account

	£
At 1 August 2004	121,345
Profit for the year	342,334
At 31 July 2005	<u>463,679</u>

13 SHAREHOLDERS' FUNDS

	£
Shareholders' funds at 1 August 2004	121,347
Profit for the year	342,334
Shareholders' funds at 31 July 2005	<u>463,681</u>

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

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 **£22,616** (2004: £20,661).

16 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.