

**HAMLVNS OF SCOTLAND LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2014**

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## **HAMLUNS OF SCOTLAND LIMITED**

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### **COMPANY INFORMATION**

<b>Directors</b>	J E Lea D Warr A Meikle
<b>Company secretary</b>	D Warr
<b>Registered number</b>	SC176949
<b>Registered office</b>	Citypoint 65 Haymarket Terrace Edinburgh Scotland EH12 5HD
<b>Independent auditor</b>	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

# **HAMLYNS OF SCOTLAND LIMITED**

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## **HAMLYNS OF SCOTLAND LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2014**

#### **Introduction**

The directors present their strategic report for the year ended 31 July 2014.

These financial statements represent the accounts of Hamlyns of Scotland Limited, a 100% owned subsidiary of Morning Foods Limited.

#### **Principle activity**

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

#### **Business review**

The directors are satisfied with the performance of the company as reported in the financial statements.

The company continually monitors the performance of its operations and other activities through regular reviews using key performance indicators (KPIs) as tools for measurement.

The directors consider that the company has met the KPI targets in the year and look forward to the planned on-going development of the business.

#### **Principal risks and uncertainties**

The year has been impacted by extensive volatility in raw material prices which has been extremely difficult to manage. This difficulty has impacted directly on the results for the year.

The company's objective is to minimise risks and uncertainties to the level of the market place in which it operates. Business forecasts identifying, in particular, liquidity requirements are produced frequently whilst internal controls ensure the safeguarding of the company's assets.

#### **Key performance indicators**

The KPIs that the company uses are relevant to the type of business it operates in. The financial KPIs are specifically related to volumes, growth, turnover, and balance sheet strength and are monitored on a continuous basis and the directors are satisfied with their performance.

#### **Other key performance indicators**

The other key performance indicators that the company use are operational (staff retention and motivation) and from a customer service perspective (customer feedback and retention and new customers). These key performance indicators are within the targets set for the year.

This report was approved by the board and signed on its behalf.



**D Warr**  
**Director**

Date: 5 November 2014

# **HAMLVNS OF SCOTLAND LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014**

The directors present their report and the financial statements for the year ended 31 July 2014.

### **Principal activity**

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £58,327 (2013 - loss of £254,683).

The directors do not propose the payment of a dividend (2013 - £Nil).

### **Directors**

The directors who served during the year were:

J E Lea  
D Warr  
A Meikle

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

### **Financial risk management**

The company makes sales on normal credit terms and manages the related risks through its normal credit control procedures. In the opinion of the directors the exposure to such risks has been assessed and at present is deemed to be low and at an acceptable level for the company to continue operating. The company does not hedge interest payments on any of its borrowings or foreign currency transactions.

### **Qualifying third party indemnity provisions**

Throughout the year and up to the date of this report the company maintained qualifying third party indemnity insurance for the director.

### **Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



**D Warr**  
Director

Date: 5 November 2014

## **HAMLUNS OF SCOTLAND LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to 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 2006. 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.

## **HAMLVNS OF SCOTLAND LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMLVNS OF SCOTLAND LIMITED**

We have audited the financial statements of Hamlyns of Scotland Limited for the year ended 31 July 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## HAMLYNS OF SCOTLAND LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMLYNS OF SCOTLAND LIMITED

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Richard Wilson** (senior statutory auditor)  
for and on behalf of BDO LLP, statutory auditor  
Nottingham  
United Kingdom

05 November 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# HAMLYNS OF SCOTLAND LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2014

	Note	2014 £	2013 £
<b>TURNOVER</b>	1,2	<b>16,495,091</b>	17,815,127
Cost of sales		<b>(15,133,704)</b>	(16,847,131)
<b>GROSS PROFIT</b>		<b>1,361,387</b>	967,996
Distribution costs		<b>(128,102)</b>	(41,714)
Administrative expenses		<b>(1,211,780)</b>	(1,182,178)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<b>21,505</b>	(255,896)
Tax on profit/(loss) on ordinary activities	5	<b>36,822</b>	1,213
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	14	<b>58,327</b>	(254,683)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

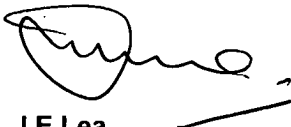
The notes on pages 8 to 15 form part of these financial statements.

**HAMLYNS OF SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC176949**

**BALANCE SHEET**  
**AS AT 31 JULY 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	6		<b>1,472,778</b>		970,497
Investments	7		<b>1,000</b>		1,000
			<b>1,473,778</b>		971,497
<b>CURRENT ASSETS</b>					
Stocks	8	<b>1,327,380</b>		1,482,467	
Debtors	9	<b>531,208</b>		1,598,899	
Cash at bank		<b>6,231</b>		6,827	
		<b>1,864,819</b>		3,088,193	
<b>CREDITORS:</b> amounts falling due within one year	10	<b>(1,217,871)</b>		<b>(2,826,939)</b>	
<b>NET CURRENT ASSETS</b>			<b>646,948</b>		261,254
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,120,726</b>		1,232,751
<b>CREDITORS:</b> amounts falling due after more than one year	11		<b>(903,934)</b>		<b>(74,286)</b>
<b>NET ASSETS</b>			<b>1,216,792</b>		1,158,465
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		<b>2</b>		2
Profit and loss account	14		<b>1,216,790</b>		1,158,463
<b>SHAREHOLDERS' FUNDS</b>	15		<b>1,216,792</b>		1,158,465

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**J E Lea**  
 Director

Date: 5 November 2014

The notes on pages 8 to 15 form part of these financial statements.

## **HAMLUNS OF SCOTLAND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

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

##### **1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1 Cash Flow Statement.

##### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods supplied, exclusive of Value Added Tax and trade discounts.

Revenue is recognised as goods are dispatched.

##### **1.4 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	-	30 years straight line
Plant and machinery	-	4 to 6 years straight line

##### **1.6 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### **1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

## HAMLYNS OF SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

##### 1.9 Pensions

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

#### 2. TURNOVER

The whole of the turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

#### 3. PROFIT/(LOSS)

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

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	219,093	73,960
Auditor's remuneration	6,700	6,500
Release from capital grant	(2,971)	(2,971)
	<u>222,822</u>	<u>77,489</u>

During the year, no director received any emoluments (2013 - Nil).

The directors receive emoluments from Morning Foods Limited for their services to all group companies. It is not considered practical or possible to accurately apportion these costs to each entity in the group. Given the relative size of the respective group entities the effect of not apportioning these costs for disclosure purposes is not considered to be material.

# HAMLYNS OF SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### 4. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	1,291,285	1,314,365
Social security costs	117,565	116,283
Other pension costs	91,067	57,253
	<u>1,499,917</u>	<u>1,487,901</u>

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

	2014 No.	2013 No.
Administration and sales	2	2
Production	44	45
	<u>46</u>	<u>47</u>

### 5. TAXATION

	2014 £	2013 £
<b>Analysis of tax credit in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit/loss for the year	5,000	-
Adjustments in respect of prior periods	(34,688)	-
<b>Total current tax</b>	<u>(29,688)</u>	<u>-</u>
<b>Deferred tax</b> (see note 12)		
Origination and reversal of timing differences	(7,134)	(1,213)
<b>Tax on profit/loss on ordinary activities</b>	<u>(36,822)</u>	<u>(1,213)</u>

# HAMLYNS OF SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### 5. TAXATION (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit/loss on ordinary activities before tax	<u>21,505</u>	<u>(255,896)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	4,946	(61,415)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,474	217
Depreciation for year in excess of capital allowances	11,978	8,196
Effect of reduction in rate of tax	(750)	-
Adjustments to tax charge in respect of prior periods	(34,688)	-
Group relief	(12,648)	53,002
<b>Tax charge for the period (see note above)</b>	<u><u>(29,688)</u></u>	<u><u>-</u></u>

#### Factors that may affect future tax charges

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced each year until 2015 when it will remain at 20%. As at the balance sheet date, the rate of 20% has been substantively enacted.

# HAMLYNS OF SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### 6. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 August 2013	988,856	2,377,072	3,365,928
Additions	38,065	683,309	721,374
Disposals	-	(10,000)	(10,000)
At 31 July 2014	<u>1,026,921</u>	<u>3,050,381</u>	<u>4,077,302</u>
<b>Depreciation</b>			
At 1 August 2013	133,611	2,261,820	2,395,431
Charge for the year	22,231	196,862	219,093
On disposals	-	(10,000)	(10,000)
At 31 July 2014	<u>155,842</u>	<u>2,448,682</u>	<u>2,604,524</u>
<b>Net book value</b>			
At 31 July 2014	<u>871,079</u>	<u>601,699</u>	<u>1,472,778</u>
At 31 July 2013	<u>855,245</u>	<u>115,252</u>	<u>970,497</u>

Included in land and buildings is freehold land at cost of £360,000 (2013 - £360,000) which is not depreciated.

### 7. FIXED ASSET INVESTMENTS

	Unlisted investments £
<b>Cost</b>	
At 1 August 2013 and 31 July 2014	<u>1,000</u>
<b>Net book value</b>	
At 31 July 2014	<u>1,000</u>
At 31 July 2013	<u>1,000</u>

### 8. STOCKS

	2014 £	2013 £
Raw materials	1,155,515	1,203,316
Finished goods and goods for resale	171,865	279,151
	<u>1,327,380</u>	<u>1,482,467</u>

# HAMLYNS OF SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### 9. DEBTORS

	2014 £	2013 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	93,352	-
<b>Due within one year</b>		
Trade debtors	359,936	606,408
Amounts owed by group undertakings	-	951,947
Other debtors	45,336	15,094
Deferred tax asset (see note 12)	32,584	25,450
	<u>531,208</u>	<u>1,598,899</u>

### 10. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Bank overdraft	259,639	416,091
Trade creditors	679,976	933,362
Amounts owed to group undertakings	-	1,275,712
Corporation tax	5,000	-
Other taxation and social security	5,413	8,035
Other creditors	9,740	5,602
Accruals and deferred income	258,103	188,137
	<u>1,217,871</u>	<u>2,826,939</u>

### 11. CREDITORS: Amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	832,619	-
Government grants received	71,315	74,286
	<u>903,934</u>	<u>74,286</u>



# HAMLYNS OF SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

### 12. DEFERRED TAX ASSET

	2014 £	2013 £
At beginning of year	25,450	24,237
Movement in the year	7,134	1,213
At end of year	<u>32,584</u>	<u>25,450</u>

The deferred tax asset is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	31,419	25,450
Short term timing differences	1,165	-
	<u>32,584</u>	<u>25,450</u>

### 13. SHARE CAPITAL

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 14. RESERVES

	Profit and loss account £
At 1 August 2013	1,158,463
Profit for the financial year	58,327
At 31 July 2014	<u>1,216,790</u>

### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	1,158,465	1,413,148
Profit/(loss) for the financial year	58,327	(254,683)
Closing shareholders' funds	<u>1,216,792</u>	<u>1,158,465</u>

## HAMLYNS OF SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

#### 16. CAPITAL COMMITMENTS

At 31 July 2014 the company had capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>94,670</u>	<u>-</u>

#### 17. PENSION COMMITMENTS

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 £91,067 (2013 - £57,253).

#### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures from disclosing transactions with other group companies, as the company is a wholly owned subsidiary within the group.

#### 19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent undertaking of the largest and smallest for which consolidated accounts are prepared is Morning Foods Limited. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors this is the company's ultimate parent company. Morning Foods Limited is ultimately controlled by J E Lea.