

**HAMLYNS OF SCOTLAND LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 31 JULY 1999**

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# **HAMLYNS OF SCOTLAND LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	J E Lea P Lea
<b>Secretary</b>	D Warr
<b>Company Number</b>	176949
<b>Auditors</b>	Pannell Kerr Forster Chartered Accountants Regent House Clinton Avenue Nottingham NG5 1AZ

# HAMLYNS OF SCOTLAND LIMITED

## CONTENTS

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 10

**HAMLYNS OF SCOTLAND LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 JULY 1999**

The directors submit their report and the financial statements for the year ended 31 July 1999.

**Results and dividends**

The profit for the year, after taxation, amounted to £93,379.

**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 and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary £1 shares	
	1999	1998
J E Lea	-	-
P Lea	-	-

J E Lea and P Lea had no 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.

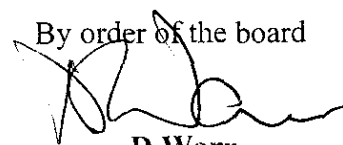
**Year 2000**

The directors have considered the potential impact and extent of year 2000 issues on the business and operations and are of the opinion that these will not have a material effect on the ability of the company to continue as a going concern.

**Auditors**

The auditors, Pannell Kerr Forster, 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.

21 October 1999

By order of the board  
  
**D Warr**  
Secretary

**HAMLYNS 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
HAMLYNS OF SCOTLAND LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 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. 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 affairs of the company as at 31 July 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PANNELL KERR FORSTER**  
Chartered Accountants  
Registered Auditors

Nottingham  
21 October 1999

**HAMLYNS OF SCOTLAND LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JULY 1999**

	Notes	<u>1999</u> £	<u>1998</u> £
<b>TURNOVER</b>	<b>2</b>	5,405,038	4,295,490
Cost of sales		(4,867,188)	(4,111,757)
		<u>537,850</u>	<u>183,733</u>
<b>GROSS PROFIT</b>			
Distribution costs		(71,748)	(39,790)
Administrative expenses		(343,973)	(230,062)
		<u></u>	<u></u>
<b>OPERATING PROFIT</b>	<b>3</b>	122,129	(86,119)
Other interest receivable and similar income		3,250	1,000
		<u></u>	<u></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		125,379	(85,119)
TAXATION		(32,000)	-
		<u></u>	<u></u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		93,379	(85,119)
<b>DIVIDENDS</b> (Including amounts relating to non-equity shares)		-	-
		<u></u>	<u></u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>12</b>	<u>93,379</u>	<u>(85,119)</u>

All activities relate to continuing operations.


The retained profit for the year reflects all recognised gains and losses.

**HAMLYNS OF SCOTLAND LIMITED**  
**BALANCE SHEET**  
**31 JULY 1999**

		1999		1998	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible	6		1,252,174		1,436,714
<b>CURRENT ASSETS</b>					
Stocks	7	339,885		416,795	
Debtors	8	584,295		504,461	
Cash at bank and in hand		991		14,917	
		<u>925,171</u>		<u>936,173</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(761,871)</u>		<u>(708,004)</u>	
<b>NET CURRENT ASSETS</b>			<u>163,300</u>		<u>228,169</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,415,474		1,664,883
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10		(13,000)		-
			<u>1,402,474</u>		<u>1,664,883</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		2		2
Profit and loss account	13		8,260		(85,119)
<b>SHAREHOLDERS' FUNDS</b>	14		8,262		(85,117)
<b>LONG TERM LOAN</b>	11		1,394,212		1,750,000
			<u>1,402,474</u>		<u>1,664,883</u>

The financial statements were approved by the board on 21 October 1999

Signed on behalf of the board of directors

  
J.E. Lea, Director



**HAMLVNS OF SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 1999**

**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

**(d) Operating leases**

Operating lease rentals are credited in the profit and loss account on a straight line basis over the lease term.

**(e) Stocks and work in progress**

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

**(f) Deferred Taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(g) 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.

**HAMLUNS OF SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 1999**

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	1999	1998
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	256,527	393,905
Audit fees	3,750	3,750
	<u>3,750</u>	<u>3,750</u>

No director received any emoluments.

**4 STAFF COSTS**

Staff costs were as follows:

	1999	1998
	£	£
Wages and salaries	581,745	374,984
Social security costs	40,973	36,676
Other pension costs	13,469	20,490
	<u>636,187</u>	<u>432,150</u>

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

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

**5 TAXATION**

	1999	1998
	£	£
<b>Current year taxation</b>		
UK corporation tax at 26%	19,000	-
Deferred taxation	13,000	-
	<u>32,000</u>	<u>-</u>

**HAMLYNS OF SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 1999**

**6 TANGIBLE FIXED ASSETS**

	Freehold land & buildings £	Plant & machinery £	Total £
<b>Cost</b>			
At 1 August 1998	275,000	1,555,619	1,830,619
Additions	-	75,737	75,737
Disposals	-	(5,000)	(5,000)
At 31 July 1999	275,000	1,626,356	1,901,356
<b>Depreciation</b>			
At 1 August 1998	5,000	388,905	393,905
Charge for the year	5,000	251,527	256,527
On Disposal	-	(1,250)	(1,250)
At 31 July 1999	10,000	639,182	649,182
<b>Net book amount</b>			
At 31 July 1999	265,000	987,174	1,252,174
At 31 July 1998	270,000	1,166,714	1,436,714

Freehold land is not depreciated.

**7 STOCKS**

	1999 £	1998 £
Raw materials and finished goods	339,885	416,795

**8 DEBTORS**

	1999 £	1998 £
<b>Due within one year</b>		
Trade debtors	555,865	461,162
Other debtors	28,430	41,530
Prepayments & accrued income	-	1,769
	584,295	504,461

**HAMLYNS OF SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 1999**

**9 CREDITORS:**

**Amounts falling due within one year**

	1999	1998
	£	£
Bank overdraft	15,777	-
Trade creditors	260,071	56,027
Amounts owed to group undertakings	324,539	516,673
Other creditors	4,589	4,589
Corporation tax	19,000	-
Accruals and deferred income	137,895	130,715
	<u>761,871</u>	<u>708,004</u>

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred Tax	£
At 1 August 1998	-
Charged to profit and loss account	13,000
At 31 July 1999	<u>13,000</u>

The major component of the deferred tax balance is accelerated capital allowances in excess of depreciation.

**11 LONG TERM LOAN:**

	1999	1998
	£	£
Amounts owed to group undertakings	<u>1,394,212</u>	<u>1,750,000</u>

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

**12 SHARE CAPITAL**

	Authorised	Allotted, called up and fully paid	
	£	No.	£
At 1 August 1998 and 31 July 1999			
Ordinary shares of £1 each	<u>100</u>	<u>2</u>	<u>2</u>

**HAMLYNS OF SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 1999**

**13 RESERVES**

**Profit and loss account**

	£
At 1 August 1998	(85,119)
Profit for the year	93,379
At 31 July 1999	<u>8,260</u>

**14 SHAREHOLDERS' FUNDERS**

	1998
	£
Shareholders' funds at 1 August 1998	(85,117)
Profit for the year	93,379
Shareholders' funds at 31 July 1999	<u>8,262</u>

**15 TRANSACTIONS WITH RELATED PARTIES**

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

**16 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 £13,469 (1998: £20,490).

**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.