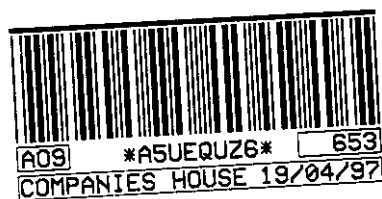


GOOD MORNING FOODS LIMITED

FINANCIAL STATEMENTS

31 JANUARY 1997

Registered number: 2090261



BISHOP FLEMING

CHARTERED ACCOUNTANTS

GOOD MORNING FOODS LIMITED

FINANCIAL STATEMENTS

for the 53 weeks ended 31 January 1997

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix	1
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GOOD MORNING FOODS LIMITED

COMPANY INFORMATION

31 January 1997

INCORPORATED	In England & Wales on 16 January 1987
NUMBER	2090261
DIRECTORS	R Cardwell P Wilson
SECRETARY	Mrs M Cardwell
REGISTERED OFFICE	Unit 2 Netham Industrial Park Redfield Bristol
BANKERS	Midland Bank plc 79 Regent Street Kingswood Bristol
AUDITORS	Bishop Fleming Chartered Accountants 19 Portland Square Bristol

GOOD MORNING FOODS LIMITED

DIRECTORS' REPORT

31 January 1997

The directors present their report and the audited financial statements for the year ended 31 January 1997.

Principal activity

The principal activity of the company was that of food distributors.

Directors

The directors of the company during the 53 weeks and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31 January 1997 Ordinary shares	27 January 1996 Ordinary shares
R Cardwell	99	99
P Wilson	1	1

Auditors

Bishop Fleming have agreed to offer themselves for re-appointment as auditors of the company.

Small company exemptions

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the board

M. R. Cardwell

Mrs M Cardwell
Secretary
Unit 2
Netham Industrial Park
Redfield
Bristol

21.4.97... (date)

GOOD MORNING FOODS LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law to prepare financial statements for each financial 53 weeks 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



R Cardwell
Director

7.4.97 (date)

GOOD MORNING FOODS LIMITED**AUDITORS' REPORT**

Auditors' report to the members of

Good Morning Foods Limited

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, 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 error or other irregularity. 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 January 1997 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Bishop Fleming
Chartered Accountants
Registered Auditors
19 Portland Square
Bristol

Date: 16 April 1997

GOOD MORNING FOODS LIMITED

PROFIT AND LOSS ACCOUNT

for the 53 weeks ended 31 January 1997

	Note	1997 £	1996 £
Turnover	2	3,006,919	2,708,975
Cost of sales		(2,404,512)	(2,193,102)
Gross profit		602,407	515,873
Net operating expenses			
Distribution costs		(39,507)	(36,625)
Administrative expenses		(576,284)	(551,358)
Other operating income		116,963	110,032
Operating profit	3	103,579	37,922
Interest payable	5	(13,675)	(12,880)
Profit on ordinary activities before taxation		89,904	25,042
Taxation		(22,922)	(1,602)
Profit on ordinary activities after taxation		66,982	23,440
Dividends	6	(33,112)	(23,112)
Retained profit for the 53 weeks	15	33,870	328

Movements in reserves are shown in note 15.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the 53 weeks.

GOOD MORNING FOODS LIMITED

BALANCE SHEET

at 31 January 1997

	Note	1997 £	1996 £
Fixed assets			
Intangible assets	7	588	1,584
Tangible assets	8	114,337	138,717
		<u>114,925</u>	<u>140,301</u>
Current assets			
Stocks	9	68,981	67,872
Debtors	10	254,174	229,473
Cash at bank and in hand		2,596	174
		<u>325,751</u>	<u>297,519</u>
Creditors: amounts falling due within one year	11	<u>(307,662)</u>	<u>(320,224)</u>
Net current assets/(liabilities)		<u>18,089</u>	<u>(22,705)</u>
Total assets less current liabilities		133,014	117,596
Creditors: amounts falling due after more than one year	12	<u>(34,210)</u>	<u>(52,662)</u>
		<u>98,804</u>	<u>64,934</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	98,704	64,834
Total shareholders' funds	13	<u>98,804</u>	<u>64,934</u>

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The financial statements on pages 5 to 14 were approved by the board of directors on 7.4.97 (date) and signed on its behalf by:



R Cardwell
Director

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold land and buildings	Over term of the lease
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance
Goodwill	10 years straight line

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

1 Accounting policies continued
Pensions

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1996 nil)

3 Operating profit

	1997	1996
	£	£
Operating profit is stated after crediting		
Profit on sale of assets	938	1,881
and after charging		
Auditors' remuneration	3,525	3,500
Operating leases		
Hire of office equipment	1,080	1,958
Rent	16,251	16,251
Depreciation of tangible fixed assets (note 8)		
owned assets	36,959	44,802
Amortisation of intangible fixed assets (note 7)	996	996
	<u>37,955</u>	<u>45,798</u>
The total amount charged against profits in respect of hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 5)	<u>30,307</u>	<u>38,161</u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

4 Directors

	1997	1996
	£	£
Directors' emoluments	<u>8,868</u>	<u>8,548</u>

Pension costs

Defined contribution scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,286 (1996 £8,175).

5 Interest payable

	1997	1996
	£	£
Finance lease and hire purchase contracts	5,965	5,588
Other interest payable	<u>7,710</u>	<u>7,292</u>
	<u>13,675</u>	<u>12,880</u>

6 Dividends

	1997	1996
	£	£
Dividends fully paid	<u>33,112</u>	<u>23,112</u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

7 Intangible fixed assets

	Goodwill £
Cost	
27 January 1996	
and	
31 January 1997	<u>10,572</u>
Amortisation	
27 January 1996	8,988
Charge for the 53 weeks	<u>996</u>
31 January 1997	<u>9,984</u>
Net book amount	
31 January 1997	<u><u>588</u></u>
27 January 1996	<u><u>1,584</u></u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

8 Tangible fixed assets

Cost	Short Leasehold Improvements £	Plant and Machinery etc £	Total £
27 January 1996	3,491	320,569	324,060
Additions	-	22,641	22,641
Disposals	-	(23,850)	(23,850)
	<u>3,491</u>	<u>319,360</u>	<u>322,851</u>
31 January 1997			
Depreciation			
27 January 1996	3,288	182,055	185,343
Charge for 53 weeks	203	36,756	36,959
Disposals	-	13,788	13,788
	<u>3,491</u>	<u>205,023</u>	<u>208,514</u>
31 January 1997			
Net book amount			
31 January 1997	<u>-</u>	<u>114,337</u>	<u>114,337</u>
27 January 1996	<u>203</u>	<u>138,514</u>	<u>138,717</u>

The net book amount of fixed assets includes £73,029 (1996 £97,717) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

9 Stocks

	1997 £	1996 £
Goods for resale	<u>68,981</u>	<u>67,872</u>

10 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	240,852	218,460
Other debtors	<u>13,322</u>	<u>11,013</u>
	<u>254,174</u>	<u>229,473</u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

11 Creditors: amounts falling due within one year

	1997	1996
	£	£
Bank overdrafts	86,764	134,649
Trade creditors	135,586	103,958
Corporation tax	14,644	1,585
Other taxation and social security	8,415	8,261
Other Creditors	62,253	71,771
	<u>307,662</u>	<u>320,224</u>

12 Creditors: amounts falling due after more than one year

	1997	1996
	£	£
Other creditors	34,210	52,662
	<u>34,210</u>	<u>52,662</u>

Secured creditors

Small company secured creditors	-	50,696
	<u>-</u>	<u>50,696</u>

Obligations under finance leases and hire purchase contracts

Amounts included above are repayable over varying periods by monthly instalments as follows:

In the next year	30,112	32,809
In the second to fifth years	34,210	52,662
	<u>64,322</u>	<u>85,471</u>

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 January 1997

13 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial 53 weeks	66,982	23,440
Dividends	<u>(33,112)</u>	<u>(23,112)</u>
Net addition to shareholders' funds	33,870	328
Opening shareholders' funds	<u>64,934</u>	<u>64,606</u>
Closing shareholders' funds	<u>98,804</u>	<u>64,934</u>

14 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15 Profit and loss account

	1997 £
27 January 1996	64,834
Retained profit for the 53 weeks	<u>33,870</u>
31 January 1997	<u>98,704</u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 January 1997

16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30 January 1998

	1997 Land and Buildings £	1997 Plant & Other £	1996 Land and Buildings £	1996 Plant & Other £
Expiring				
Within two to five years	-	1,080	-	1,080
After five years	16,251	-	16,251	-
	<u>16,251</u>	<u>1,080</u>	<u>16,251</u>	<u>1,080</u>

17 Related parties

Good Morning Disposables is an unincorporated partnership in which both of the directors of Good Morning Foods Limited, are the partners.

Transactions between the company and Good Morning Disposables are strictly on an arms length basis and they relate entirely to the allocation of shared costs. The value of these transactions in the year to 31 January 1997 was £113,910, being a charge on the partnership and, therefore, an income for the company.

The allocation of shared costs is on an accruals basis.