

GOOD MORNING FOODS LIMITED

FINANCIAL STATEMENTS

30 JANUARY 1998

Registered number: 2090261



BISHOP FLEMING

CHARTERED ACCOUNTANTS

GOOD MORNING FOODS LIMITED

FINANCIAL STATEMENTS

for the year ended 30 January 1998

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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****30 January 1998**

INCORPORATED	in England on 16 January 1987
NUMBER	2090261
DIRECTORS	R Cardwell P Wilson M Cardwell (appointed 9 January 1998)
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

30 January 1998

The directors present their report and the audited financial statements for the year ended 30 January 1998.

Principal activity

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

Directors

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

	30 January 1998 Ordinary shares	1 February 1997 Ordinary shares
R Cardwell	50	99
P Wilson	-	1
M Cardwell (appointed 9 January 1998)	50	-

Auditors

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

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

M. Cardwell

Mrs M Cardwell
Secretary

Unit 2
Netham Industrial Park
Redfield
Bristol

8.16.1998....(date)

GOOD MORNING FOODS 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 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 to 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.

8.6.98.....(date)

On behalf of the board



R Cardwell
Director

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 15 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 30 January 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bishop Fleming
Chartered Accountants
Registered Auditors
19 Portland Square
Bristol

Date: 12 June 1998

GOOD MORNING FOODS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 January 1998

	Note	1998 £	1997 £
Turnover	2	2,947,446	3,006,919
Cost of sales		(2,289,630)	(2,404,512)
Gross profit		657,816	602,407
Net operating expenses			
Distribution costs		(47,558)	(41,842)
Administrative expenses		(640,348)	(573,949)
Other operating income		150,642	116,963
Operating profit	3	120,552	103,579
Interest payable	5	(27,135)	(13,675)
Profit on ordinary activities before taxation		93,417	89,904
Taxation	6	(11,919)	(22,922)
Profit on ordinary activities after taxation		81,498	66,982
Dividends	7	(36,412)	(33,112)
Retained profit for the year	17	45,086	33,870

Movements in reserves are shown in note 17.

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

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

GOOD MORNING FOODS LIMITED

BALANCE SHEET

at 30 January 1998

	Note	1998 £	1997 £
Fixed assets			
Intangible assets	8	-	588
Tangible assets	9	346,788	114,337
		<u>346,788</u>	<u>114,925</u>
Current assets			
Stocks	11	68,264	68,981
Debtors	12	244,932	254,174
Cash at bank and in hand		162	2,596
		<u>313,358</u>	<u>325,751</u>
Creditors: amounts falling due within one year	13	(326,341)	(307,662)
Net current (liabilities)/assets		<u>(12,983)</u>	<u>18,089</u>
Total assets less current liabilities		333,805	133,014
Creditors: amounts falling due after more than one year	14	(189,915)	(34,210)
		<u>143,890</u>	<u>98,804</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	143,790	98,704
Total shareholders' funds	15	<u>143,890</u>	<u>98,804</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 15 were approved by the board of directors on 8.6.98 (date) and signed on its behalf by:



R Cardwell
Director

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 January 1998

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 qualifies as a small company under the Companies Act 1985.

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:

Freehold land	nil
Freehold buildings	nil
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

No provision is made for depreciation of freehold property as it is the directors' policy to maintain these premises in good condition. Costs of repairs and maintenance are charged to the profit and loss account in the year in which they are incurred.

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

30 January 1998

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. (1997 nil)

3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Profit on sale of assets	1,243	938
and after charging		
Auditors' remuneration	3,500	3,525
Operating leases		
Hire of plant and machinery	2,370	1,080
Rent	9,151	16,251
Loss on sale of assets	1,490	-
Depreciation of tangible fixed assets (note 9)		
owned assets	12,590	12,617
leased assets	27,488	24,342
Amortisation of intangible fixed assets (note 8)	588	996
	40,666	37,955
The total amount charged against profits in respect of finance leases and hire purchase contracts is	33,024	30,307
(of which part is shown as depreciation and the balance is shown as interest payable in note 5)		

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 January 1998

4 Directors

	1998 £	1997 £
Directors' emoluments	<u>12,622</u>	<u>9,228</u>

Defined contribution pension 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 £7,123 (1997 £4,312). Contributions totalling £0 (1997 £0) were payable to the fund at 30 January 1998 and are included in creditors.

5 Interest payable

	1998 £	1997 £
Finance lease and hire purchase contracts	5,536	5,965
Other interest payable	<u>21,599</u>	<u>7,710</u>
	<u>27,135</u>	<u>13,675</u>

6 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21.5% (1997 24.17%)	11,992	22,922
Over provision in earlier years	<u>(73)</u>	<u>-</u>
	<u>11,919</u>	<u>22,922</u>

7 Dividends

	1998 £	1997 £
Final	<u>36,412</u>	<u>33,112</u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

30 January 1998

8 Intangible fixed assets

	Goodwill £
Cost	
1 February 1997	10,572
and	
30 January 1998	<u> </u>
Amortisation	
1 February 1997	9,984
Charge for the year	<u>588</u>
30 January 1998	<u>10,572</u>
Net book amount	
30 January 1998	<u><u> </u></u>
1 February 1997	<u><u>588</u></u>

GOOD MORNING FOODS LIMITED
NOTES ON FINANCIAL STATEMENTS

30 January 1998

9 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
1 February 1997	233,725	85,635	3,491	322,851
Additions	36,935	31,076	217,053	285,064
Disposals	(24,270)	(7,000)	(3,491)	(34,761)
30 January 1998	<u>246,390</u>	<u>109,711</u>	<u>217,053</u>	<u>573,154</u>
Depreciation				
1 February 1997	135,674	69,349	3,491	208,514
Charge for year	30,606	9,472	-	40,078
Disposals	(11,735)	(7,000)	(3,491)	(22,226)
30 January 1998	<u>154,545</u>	<u>71,821</u>	<u>-</u>	<u>226,366</u>
Net book amount				
30 January 1998	<u>91,845</u>	<u>37,890</u>	<u>217,053</u>	<u>346,788</u>
1 February 1997	<u>98,051</u>	<u>16,286</u>	<u>-</u>	<u>114,337</u>

The net book amount of fixed assets includes £82,476 (1997 £73,029) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

10 Land and buildings

	1998 £	1997 £
Freehold	<u>217,053</u>	<u>-</u>

11 Stocks

	1998 £	1997 £
Goods for resale	<u>68,264</u>	<u>68,981</u>

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 January 1998

12 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	237,260	240,852
Other debtors	3,165	8,825
Prepayments and accrued income	4,507	4,497
	<u>244,932</u>	<u>254,174</u>

13 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	99,791	86,764
Trade creditors	136,612	135,586
Corporation tax	2,889	14,644
Other taxation and social security	9,853	8,415
Accruals and deferred income	38,484	29,159
ACT payable	957	2,982
Obligations under finance leases and hire purchase contracts - note 14	37,755	30,112
	<u>326,341</u>	<u>307,662</u>

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 January 1998

14 Creditors: amounts falling due
after more than one year

	1998 £	1997 £
Bank loans	161,316	-
Other creditors	28,599	34,210
	<u>189,915</u>	<u>34,210</u>

Maturity of debt included above

In one year or less, or on demand	13,652	-
Between one and two years	27,304	-
Between two and five years	54,608	-
In five years or more	79,404	-
	<u>174,968</u>	<u>-</u>

Creditors other than finance lease
and hire purchase contracts

Amounts falling due after more than five years	<u>79,404</u>	<u>-</u>
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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	37,755	30,112
In the second to fifth years	28,599	34,210
	<u>66,354</u>	<u>64,322</u>

Midland Bank plc hold the following as security:-

- Land known as Units 1 & 7 Netham Industrial Park
- Fixed Charge over book debts and a Floating Charge over all other assets

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 January 1998

15 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	81,498	66,982
Dividends	<u>(36,412)</u>	<u>(33,112)</u>
Net addition to shareholders' funds	45,086	33,870
Opening shareholders' funds	<u>98,804</u>	<u>64,934</u>
Closing shareholders' funds	<u>143,890</u>	<u>98,804</u>

16 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares at £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Allotted called up and fully paid				
Ordinary shares at £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17 Profit and loss account

	1998 £
1 February 1997	98,704
Retained profit for the year	<u>45,086</u>
30 January 1998	<u>143,790</u>

GOOD MORNING FOODS LIMITED

NOTES ON FINANCIAL STATEMENTS

30 January 1998

18 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 1999

	1998 Land and Buildings £	1998 Plant & Other £	1997 Land and Buildings £	1997 Plant & Other £
Expiring				
Within two to five years	-	3,775	-	1,080
After five years	-	-	16,251	-
	<u>-</u>	<u>3,775</u>	<u>16,251</u>	<u>1,080</u>

19 Related parties

Good Morning Disposables is an unincorporated partnership in which all 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. The transactions relate entirely to the allocation of shared costs.

The allocation of shared costs is on an accruals basis and in this year it amounted to £149,028.