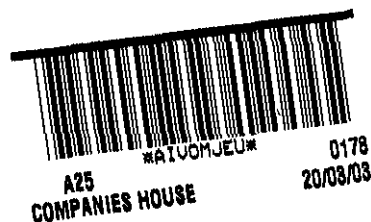


Good Morning Foods Limited
Financial Statements
for
31 January 2003

Company Registration Number 2090261



BISHOP FLEMING
Chartered Accountants & Registered Auditors
19 Portland Square
Bristol
BS2 8SJ

Good Morning Foods Limited

Financial Statements

Year ended 31 January 2003

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Good Morning Foods Limited**Officers and Professional Advisers**

The Board of Directors

R Cardwell
M Cardwell

Company Secretary

M Cardwell

Registered Office

Unit 2
Netham Industrial Park
Redfield
Bristol
BS15 3HS

Auditors

Bishop Fleming
Chartered Accountants
& Registered Auditors
19 Portland Square
Bristol
BS2 8SJ

Bankers

HSBC Bank Plc
79 Regent Street
Kingswood
Bristol
BS15 8LH

Good Morning Foods Limited

The Directors' Report

Year ended 31 January 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2003.

Principal activities and business review

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

The company's balance sheet as detailed on page 5 shows a satisfactory position, shareholders' funds amounting to £1,000,385.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 January 2003	At 1 February 2002
R Cardwell	50	50
M Cardwell	50	50

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

Good Morning Foods Limited

The Directors' Report *(continued)*

Year ended 31 January 2003

Auditors

The auditors, Bishop Fleming, 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 on 8 March 2001.

Registered office:

Unit 2

Netham Industrial Park

Redfield

Bristol

BS15 3HS

Signed by order of the directors

M. Cardwell

M Cardwell

Company Secretary

Approved by the directors on 12/3/03.....

Good Morning Foods Limited**Independent Auditors' Report to the Shareholders****Year ended 31 January 2003**

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

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 auditors 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 the directors and the 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 on page 2.

Our responsibility is to audit the financial statements in accordance with 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. Our responsibilities do not extend to any other information.

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 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 the company's affairs as at 31 January 2003 and of the profit of the company 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
BS2 8SJ

Date: 18 March 2003

Good Morning Foods Limited**Profit and Loss Account****Year ended 31 January 2003**

	Note	2003 £	2002 £
Turnover	2	5,179,240	5,251,013
Cost of sales		3,829,176	3,926,510
Gross profit		1,350,064	1,324,503
Distribution costs		164,458	163,849
Administrative expenses		1,098,608	1,027,379
Other operating income		(247,453)	(216,128)
Operating profit	3	334,451	349,403
Interest receivable and similar income		114	—
Interest payable and similar charges		(22,317)	(20,520)
Profit on ordinary activities before taxation		312,248	328,883
Tax on profit on ordinary activities	7	80,530	97,481
Retained profit for the financial year		231,718	231,402
Balance brought forward		768,567	537,165
Balance carried forward		1,000,285	768,567

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

Good Morning Foods Limited**Balance Sheet****31 January 2003**

	Note	2003 £	2002 £
Fixed assets			
Intangible assets	8	—	—
Tangible assets	9	518,768	487,029
		<u>518,768</u>	<u>487,029</u>
Current assets			
Stocks	10	146,976	153,485
Debtors	11	810,044	695,407
Cash at bank		159,105	106,223
		<u>1,116,125</u>	<u>955,115</u>
Creditors: Amounts falling due within one year	12	<u>479,324</u>	<u>506,119</u>
Net current assets		<u>636,801</u>	<u>448,996</u>
Total assets less current liabilities		<u>1,155,569</u>	<u>936,025</u>
Creditors: Amounts falling due after more than one year	13	<u>155,184</u>	<u>167,358</u>
		<u>1,000,385</u>	<u>768,667</u>
Capital and reserves			
Called-up equity share capital	17	100	100
Profit and loss account		1,000,285	768,567
Shareholders' funds	18	<u>1,000,385</u>	<u>768,667</u>

These financial statements were approved by the directors on the 12/3/03 and are signed on their behalf by:


R Cardwell
Director

Good Morning Foods Limited**Cash Flow Statement****Year ended 31 January 2003**

	2003	2002
	£	£
Net cash inflow from operating activities	287,307	277,129
Returns on investments and servicing of finance		
Interest received	114	—
Interest paid	(12,781)	(8,688)
Interest element of hire purchase	(9,536)	(11,832)
Net cash outflow from returns on investments and servicing of finance	(22,203)	(20,520)
Taxation	(94,775)	(77,342)
Capital expenditure		
Payments to acquire tangible fixed assets	(126,016)	—
Receipts from sale of fixed assets	17,500	6,200
Net cash (outflow)/inflow from capital expenditure	(108,516)	6,200
Cash inflow before financing	61,813	185,467
Financing		
Repayment of bank loans	(17,692)	(18,236)
Capital element of hire purchase	8,761	(75,412)
Net cash outflow from financing	(8,931)	(93,648)
Increase in cash	52,882	91,819
Reconciliation of operating profit to net cash inflow from operating activities		
	2003	2002
	£	£
Operating profit	334,451	349,403
Depreciation	78,395	72,639
(Profit)/Loss on disposal of fixed assets	(1,618)	1,740
Decrease/(Increase) in stocks	6,509	(18,388)
Increase in debtors	(114,637)	(147,571)
(Decrease)/Increase in creditors	(15,793)	19,306
Net cash inflow from operating activities	287,307	277,129

Good Morning Foods Limited**Cash Flow Statement** *(continued)***Year ended 31 January 2003****Reconciliation of net cash flow to movement in net debt**

	2003		2002	
	£	£	£	£
Increase in cash in the period	52,882		91,819	
Net cash outflow from bank loans	17,692		18,236	
Cash outflow in respect of hire purchase	(8,761)		75,412	
		61,813		185,467
Change in net debt		61,813		185,467
Net debt at 1 February 2002		(143,290)		(328,757)
Net debt at 31 January 2003		(81,477)		(143,290)

Analysis of changes in net debt

	At 1 Feb 2002 £	Cash flows £	At 31 Jan 2003 £
Net cash:			
Cash in hand and at bank	106,223	52,882	159,105
Debt:			
Debt due within 1 year	(17,966)	(1,320)	(19,286)
Debt due after 1 year	(93,354)	19,012	(74,342)
Hire purchase agreements	(138,193)	(8,761)	(146,954)
	(249,513)	8,931	(240,582)
Net debt	(143,290)	61,813	(81,477)

Good Morning Foods Limited

Notes to the Financial Statements

Year ended 31 January 2003

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Amortisation

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Goodwill - 10 years straight line

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Leasehold land and buildings	- 2% straight line
Plant and equipment	- 20% reducing balance
Motor vehicles	- 25% reducing balance

(e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(f) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

(g) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(h) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account and amounted to £14,718 (2002: £11,014). Contributions totalling £1,665 (2002: £1,352) were payable to the fund at 31 January 2002 and are included in 'other creditors'.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	<u>5,179,240</u>	<u>5,251,013</u>

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2003****3. Operating profit**

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation	78,395	72,639
(Profit)/loss on disposal of fixed assets	(1,618)	1,740
Auditors' remuneration		
- as auditors	3,400	3,400
- for other services	835	1,503
	<u> </u>	<u> </u>

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No.	No.
Number of distribution staff	17	16
Number of administrative staff	18	18
Number of management staff	4	4
	<u> </u>	<u> </u>
	39	38

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	632,502	583,356
Social security costs	57,388	52,951
Other pension costs	58,743	55,039
	<u> </u>	<u> </u>
	748,633	691,346

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	47,800	48,597
Value of company pension contributions to money purchase schemes	44,025	44,025
	<u> </u>	<u> </u>
	91,825	92,622

The number of directors who are accruing benefits under company pension schemes were as follows:

	2003	2002
	No.	No.
Money purchase schemes	<u> </u>	<u> </u>
	2	2

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2003****6. Interest payable and similar charges**

	2003	2002
	£	£
Interest payable on bank borrowing	1,657	1,807
Finance charges	9,536	11,832
Other similar charges payable	11,124	6,881
	<u>22,317</u>	<u>20,520</u>

7. Tax on profit on ordinary activities**Taxation**

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	80,530	94,775
Over/under provision in prior year	—	2,706
Total current tax	<u>80,530</u>	<u>97,481</u>
Tax on profit on ordinary activities	<u>80,530</u>	<u>97,481</u>

8. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 February 2002 and 31 January 2003	<u>10,572</u>
Amortisation	
At 1 February 2002	<u>10,572</u>
At 31 January 2003	<u>10,572</u>
Net book value	
At 31 January 2003	—
At 31 January 2002	—

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2003****9. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 February 2002	275,591	256,375	298,483	830,449
Additions	—	126,016	—	126,016
Disposals	—	(12,575)	(53,094)	(65,669)
At 31 January 2003	275,591	369,816	245,389	890,796
Depreciation				
At 1 February 2002	11,024	172,134	160,262	343,420
Charge for the year	5,512	40,993	31,890	78,395
On disposals	—	(7,349)	(42,438)	(49,787)
At 31 January 2003	16,536	205,778	149,714	372,028
Net book value				
At 31 January 2003	259,055	164,038	95,675	518,768
At 31 January 2002	264,567	84,241	138,221	487,029

Hire purchase agreements

Included within the net book value of £518,768 is £164,842 (2002 - £158,220) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £49,182 (2002 - £50,180).

10. Stocks

	2003 £	2002 £
Finished goods	146,976	153,485

11. Debtors

	2003 £	2002 £
Trade debtors	457,105	452,921
VAT recoverable	—	2,593
Other debtors	347,572	233,277
Prepayments and accrued income	5,367	6,616
	810,044	695,407

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2003****12. Creditors: Amounts falling due within one year**

	2003	2002
	£	£
Bank loans and overdrafts	19,286	17,966
Trade creditors	243,892	278,846
Other creditors including taxation and social security:		
Corporation tax	80,530	94,775
PAYE and social security	15,233	13,146
VAT	6,098	—
Hire purchase agreements	66,112	64,189
Pension control account	1,665	1,352
Accruals and deferred income	46,508	35,845
	<u>479,324</u>	<u>506,119</u>

13. Creditors: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	74,342	93,354
Other creditors:		
Hire purchase agreements	80,842	74,004
	<u>155,184</u>	<u>167,358</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2003	2002
	£	£
Bank loans and overdrafts	<u>—</u>	<u>21,489</u>

HSBC Bank Plc holds the following as security:-

-First Mortgage dated 30 June 1997 over leasehold property known as Units 1 and 7 Netham Industrial Park, Netham Road, Bristol.

-Fixed charge over Book Debts and a Floating Charge over all other assets dated 29 December 1988.

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2003****14. Commitments under hire purchase agreements**

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	66,112	64,189
Amounts payable between 1 and 2 years	46,799	46,659
Amounts payable between 3 and 5 years	34,043	27,345
	<u>146,954</u>	<u>138,193</u>
Hire purchase agreements are analysed as follows:		
Current obligations	66,112	64,189
Non-current obligations	80,842	74,004
	<u>146,954</u>	<u>138,193</u>

15. Commitments under operating leases

At 31 January 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	11,480	4,423
Within 2 to 5 years	5,995	18,786
	<u>17,475</u>	<u>23,209</u>

16. Related party transactions

The company was under the control of the directors, Mr R Cardwell and Mrs M Cardwell, throughout the current and previous year. Mr and Mrs Cardwell are each personally interested in 50% of the company's share capital.

Both Mr and Mrs Cardwell are directors of Good Morning Disposables Limited and own 100% of the share capital between them. Transactions between the company and Good Morning Disposables Limited 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 £246,532, payable by Good Morning Disposables Limited to the company.

At the year end, Good Morning Foods Limited was owed £347,097 (2002:£233,277) by Good Morning Disposables Limited. This amount is included in 'other debtors'.

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2003****17. Share capital****Authorised share capital:**

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003	2002
	£	£
100 Ordinary share capital of £1 each	<u>100</u>	<u>100</u>

18. Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	231,718	231,402
Opening shareholders' equity funds	768,667	537,265
Closing shareholders' equity funds	<u>1,000,385</u>	<u>768,667</u>