

COMPANY REGISTRATION NUMBER 2090261

Good Morning Foods Limited
Financial Statements
For
31 January 2004



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

Good Morning Foods Limited

Financial Statements

Year ended 31 January 2004

Contents	Pages
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7 to 8
Notes to the financial statements	9 to 15

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
BS5 9PJ

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 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2004.

Principal activities and business review

The principal activity of the company during the year was that of food distributors. On 30 October 2003, Good Morning Disposables Limited purchased 100% of the share capital of Good Morning Foods Limited. On 31 January 2004, the trade of Good Morning Foods was hived up to Good Morning Disposables Limited.

The company's balance sheet as detailed on page 5 shows a satisfactory position, shareholders' funds amounting to £100.

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 recommended the following dividends:

	2004 £	2003 £
Dividends paid on ordinary shares	<u>1,737,161</u>	<u>—</u>

The directors and their interests in shares of the company

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

		At 31 January 2004	At 1 February 2003
R Cardwell	Ordinary	-	50
M Cardwell	Ordinary	-	50

The directors and their interests in shares of the parent company

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

		At 31 January 2004	At 1 February 2003
R Cardwell	Ordinary	500	500
M Cardwell	Ordinary	500	500
	Preference	<u>120,000</u>	<u>120,000</u>

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.

Good Morning Foods Limited**The Directors' Report** *(continued)***Year ended 31 January 2004**

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.

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 *5/4/04*

Good Morning Foods Limited**Independent Auditors' Report to the Shareholders****Year ended 31 January 2004**

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 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

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 2004 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 BS2 8SJ

Date: 8 April 2004

Good Morning Foods Limited**Profit and Loss Account****Year ended 31 January 2004**

	Note	2004 £	2003 £
Turnover	2	5,651,665	5,179,240
Cost of sales		<u>4,219,451</u>	<u>3,829,176</u>
Gross profit		1,432,214	1,350,064
Distribution costs		307,551	164,458
Administrative expenses		598,358	1,098,608
Other operating income		<u>(313,097)</u>	<u>(247,453)</u>
Operating profit	3	839,402	334,451
Interest receivable and similar income		–	114
Interest payable and similar charges	6	<u>(16,684)</u>	<u>(22,317)</u>
Profit on ordinary activities before taxation		822,718	312,248
Tax on profit on ordinary activities	7	<u>85,842</u>	<u>80,530</u>
Profit on ordinary activities after taxation		736,876	231,718
Dividends	8	<u>1,737,161</u>	–
(Loss)/retained profit for the financial year		(1,000,285)	231,718
Balance brought forward		<u>1,000,285</u>	<u>768,567</u>
Balance carried forward		<u>–</u>	<u>1,000,285</u>

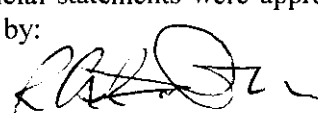
All of the activities of the company are classed as continuing.

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

Good Morning Foods Limited**Balance Sheet****31 January 2004**

	Note	2004	2003
		£	£
Fixed assets			
Intangible assets	9	—	—
Tangible assets	10	—	518,768
		—	518,768
Current assets			
Stocks	11	—	146,976
Debtors	12	100	810,044
Cash at bank		—	159,105
		100	1,116,125
Creditors: Amounts falling due within one year	13	—	479,324
Net current assets		100	636,801
Total assets less current liabilities		100	1,155,569
Creditors: Amounts falling due after more than one year	14	—	155,184
		100	1,000,385
Capital and reserves			
Called-up equity share capital	18	100	100
Profit and loss account		—	1,000,285
Shareholders' funds	19	100	1,000,385

These financial statements were approved by the directors on the 31/01/04 and are signed on their behalf by:


 R Cardwell
 Director

Good Morning Foods Limited**Cash Flow Statement****Year ended 31 January 2004**

	2004	2003
	£	£
Net cash inflow from operating activities	1,074,030	287,307
Returns on investments and servicing of finance		
Interest received	—	114
Interest paid	(5,039)	(12,781)
Interest element of hire purchase	(11,645)	(9,536)
Net cash outflow from returns on investments and servicing of finance	(16,684)	(22,203)
Taxation	(166,372)	(94,775)
Capital expenditure		
Payments to acquire tangible fixed assets	(122,865)	(126,016)
Receipts from sale of fixed assets	1,050,529	17,500
Net cash inflow/(outflow) from capital expenditure	927,664	(108,516)
Equity dividends paid	(1,737,161)	—
Cash inflow before financing	81,477	61,813
Financing		
Repayment of bank loans	(93,628)	(17,692)
Capital element of hire purchase	(146,954)	8,761
Net cash outflow from financing	(240,582)	(8,931)
(Decrease)/increase in cash	(159,105)	52,882
Reconciliation of operating profit to net cash inflow from operating activities		
	2004	2003
	£	£
Operating profit	839,402	334,451
Depreciation	94,495	78,395
Profit on disposal of fixed assets	(503,391)	(1,618)
Decrease in stocks	146,976	6,509
Decrease/(increase) in debtors	809,944	(114,637)
Decrease in creditors	(313,396)	(15,793)
Net cash inflow from operating activities	1,074,030	287,307

Good Morning Foods Limited**Cash Flow Statement** *(continued)***Year ended 31 January 2004****Reconciliation of net cash flow to movement in net debt**

	2004		2003	
	£	£	£	£
(Decrease)/increase in cash in the period	(159,105)		52,882	
Net cash outflow from bank loans	93,628		17,692	
Cash outflow in respect of hire purchase	146,954		(8,761)	
		81,477		61,813
Change in net funds		81,477		61,813
Net debt at 1 February 2003		(81,477)		(143,290)
Net funds at 31 January 2004		—		(81,477)

Analysis of changes in net debt

	At 1 Feb 2003 £	Cash flows £	At 31 Jan 2004 £
Net cash:			
Cash in hand and at bank	159,105	(159,105)	—
Debt:			
Debt due within 1 year	(19,286)	19,286	—
Debt due after 1 year	(74,342)	74,342	—
Hire purchase agreements	(146,954)	146,954	—
	(240,582)	240,582	—
Net debt	(81,477)	81,477	—

Good Morning Foods Limited

Notes to the Financial Statements

Year ended 31 January 2004

1. Accounting policies

Basis of accounting

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

Turnover

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

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

Fixed assets

All fixed assets are initially recorded at cost.

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

Stocks

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

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.

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.

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 £14,526 (2003: £14,718). Contributions totalling £nil (2003: £1,665) were payable to the fund at 31 January 2004 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:

	2004	2003
	£	£
United Kingdom	<u>5,651,665</u>	<u>5,179,240</u>

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2004****3. Operating profit**

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Depreciation of owned fixed assets	25,605	29,213
Depreciation of assets held under hire purchase agreements	68,890	49,182
Profit on disposal of fixed assets	(503,391)	(1,618)
Auditors' remuneration		
- as auditors	3,770	3,400
- for other services	-	835
	<u> </u>	<u> </u>

4. Particulars of employees

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

	2004	2003
	No	No
Number of distribution staff	17	17
Number of administrative staff	18	18
Number of management staff	4	4
	<u> </u>	<u> </u>
	39	39

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	653,185	632,502
Social security costs	64,986	57,388
Other pension costs	160,591	58,743
	<u> </u>	<u> </u>
	878,762	748,633

5. Directors' emoluments

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

	2004	2003
	£	£
Emoluments receivable	47,800	47,800
Value of company pension contributions to money purchase schemes	146,065	44,025
	<u> </u>	<u> </u>
	193,865	91,825

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

	2004	2003
	No	No
Money purchase schemes	<u> </u>	<u> </u>
	2	2

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2004****6. Interest payable and similar charges**

	2004	2003
	£	£
Interest payable on bank borrowing	1,204	1,657
Finance charges	11,645	9,536
Other similar charges payable	3,835	11,124
	<u>16,684</u>	<u>22,317</u>

7. Tax on profit on ordinary activities**(a) Analysis of charge in the year**

	2004	2003
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	85,842	80,530
Total current tax	<u>85,842</u>	<u>80,530</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>822,718</u>	<u>312,248</u>
Profit on ordinary activities by rate of tax	246,815	93,674
Disallowed expenses	2,859	2,182
Excess of depreciation over capital allowances	(152,147)	(3,359)
Marginal relief	(11,685)	(11,967)
Total current tax (note 7(a))	<u>85,842</u>	<u>80,530</u>

8. Dividends

The following dividends have been paid in respect of the year:

	2004	2003
	£	£
Dividend paid on ordinary shares	<u>1,737,161</u>	<u>—</u>

Good Morning Foods Limited

Notes to the Financial Statements

Year ended 31 January 2004

9. Intangible fixed assets

	Goodwill £
Cost	
At 1 February 2003	10,572
Disposals	(10,572)
At 31 January 2004	<u>—</u>
Amortisation	
At 1 February 2003	10,572
On disposals	(10,572)
At 31 January 2004	<u>—</u>
Net book value	
At 31 January 2004	<u>—</u>
At 31 January 2003	<u>—</u>

10. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 February 2003	275,591	369,816	245,389	890,796
Additions	—	30,189	92,676	122,865
Disposals	(275,591)	(400,005)	(338,065)	(1,013,661)
At 31 January 2004	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Depreciation				
At 1 February 2003	16,536	205,778	149,714	372,028
Charge for the year	5,512	33,925	55,058	94,495
On disposals	(22,048)	(239,703)	(204,772)	(466,523)
At 31 January 2004	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net book value				
At 31 January 2004	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 January 2003	<u>259,055</u>	<u>164,038</u>	<u>95,675</u>	<u>518,768</u>

Hire purchase agreements

Included within the net book value of £Nil is £220,518 (2003 - £164,842) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £68,890 (2003 - £49,182).

11. Stocks

	2004 £	2003 £
Finished goods	<u>—</u>	<u>146,976</u>

Good Morning Foods Limited**Notes to the Financial Statements****Year ended 31 January 2004****12. Debtors**

	2004	2003
	£	£
Trade debtors	—	457,105
Other debtors	100	347,572
Prepayments and accrued income	—	5,367
	<u>100</u>	<u>810,044</u>

13. Creditors: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	—	19,286
Trade creditors	—	243,892
Corporation tax	—	80,530
PAYE and social security	—	15,233
VAT	—	6,098
Hire purchase agreements	—	66,112
Pension control account	—	1,665
Accruals and deferred income	—	46,508
	<u>—</u>	<u>479,324</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	—	74,342
Hire purchase agreements	—	80,842
	<u>—</u>	<u>155,184</u>

15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	—	66,112
Amounts payable between 2 to 5 years	—	80,842
	<u>—</u>	<u>146,954</u>

Good Morning Foods Limited

Notes to the Financial Statements

Year ended 31 January 2004

16. Commitments under operating leases

At 31 January 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2004	2003
	£	£
Operating leases which expire:		
Within 1 year	282	11,480
Within 2 to 5 years	14,558	5,995
	<u>14,840</u>	<u>17,475</u>

17. 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. Until 30 October 2003, Mr and Mrs Cardwell each held 50% of the company's share capital.

Both Mr and Mrs Cardwell are directors of Good Morning Disposables Limited and own 100% of the ordinary 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 £315,021, payable by Good Morning Disposables Limited to the company.

At the year end, and following the hive up, Good Morning Foods Limited was owed £100 (2003: £347,097) by Good Morning Disposables Limited. This amount is included in 'other debtors'.

18. Share capital

Authorised share capital:

	2004	2003
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

19. Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit for the financial year	736,876	231,718
Dividends	(1,737,161)	—
	<u>(1,000,285)</u>	<u>231,718</u>
Opening shareholders' equity funds	1,000,385	768,667
Closing shareholders' equity funds	<u>100</u>	<u>1,000,385</u>

Good Morning Foods Limited

Notes to the Financial Statements

Year ended 31 January 2004

20. Ultimate parent company

The parent company is Good Morning Disposables Limited, a company incorporated in England.