# John Hogarth Limited

# Report and accounts

# for the year ended 30 June 2000

Registered Number SC18340



# John Hogarth Limited

# Report and accounts

# for the year ended 30 June 2000

## Contents


Notice of Annual General Meeting ..... 1
Directors and Advisors for the year ended 30 June 2000 ..... 2
Directors' report for the year ended 30 June 2000 ..... 3
Auditors' report to the members of John Hogarth Limited ..... 5
Profit and loss account for the year ended 30 June 2000 ..... 6
Balance sheet as at 30 June 2000 ..... 7
Cash flow statement for the year ended 30 June 2000 ..... 8
Notes to the financial statements for the year ended 30 June 2000 ..... 9

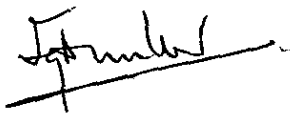
# John Hogarth Limited

## Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the sixty-sixth annual general meeting of John Hogarth Limited will be held at Ednam House Hotel, Kelso, on Monday 13 November 2000 at 2.00pm for the purpose of receiving the directors' report and the audited accounts for the year ended 30 June 2000, re-appointing the auditors and transacting any other competent business.

A member of the company entitled to attend and vote may appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the company.

**By order of the Board**



Secretary
Kelso Mills
Kelso.
6 October 2000.

# John Hogarth Limited

## Directors and Advisors for the year ended 30 June 2000

**Directors**
J P Murray, Chairman
I G A Miller
J Stobo
M C Hogg
J D Veitch

**Secretary and Registered Office**
I G A Miller,
Kelso Mills, Kelso.

**Auditors**
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
PO Box 90
Erskine House
68 -73 Queen Street
Edinburgh
EH2 4NH

# John Hogarth Limited

## Directors' report for the year ended 30 June 2000

The directors present their report and the accounts for the year ended 30 June 2000.

**Principal Activities**
The company carried on business as barley and oat millers, manufacturers of animal feeding stuffs and merchants of agricultural produce.

**Review of the business and future developments**
Sales at £5,315,901 were higher and profit before taxation at £134,150 was lower than last year. The profit after taxation was £106,918.

The directors are satisfied with the progress of the business during the year and consider the state of affairs at the end of the year and the future prospects of the company to be sound.

**Dividends and transfers to reserves**
The directors propose a dividend of 29p per share (1999 – 29p) absorbing £21,750 and leaving £85,168 as the balance to be carried to reserves.

***Directors' interests***
The interests of the directors and their families in the ordinary shares of the company at 1 July 1999 and 30 June 2000 were as follows:

| | **2000** | 1999 |
|---|---|---|
| J P Murray | **1,180** | 1,015 |
| I G A Miller | **3,576** | 3,410 |
| J Stobo | **1,359** | 1,194 |
| M C Hogg | **1,386** | 1,221 |
| J D Veitch | **1,070** | 905 |

**Directors' responsibilities**
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable, prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# John Hogarth Limited

**Auditors**

In accordance with Section 384 of the Companies Act 1985 a resolution to reappoint the auditors PricewaterhouseCoopers will be proposed at the annual general meeting.

***Charitable Donations***

The total amount given for charitable purposes by the company during the year was £433.

**By order of the Board**

Secretary
Kelso
27 September 2000

# John Hogarth Limited

## Auditors' report to the members of John Hogarth Limited

We have audited the financial statements on pages 6 to 15.

**Respective responsibilities of directors and auditors**
The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit 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 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 at 30 June 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**PricewaterhouseCoopers**
Chartered Accountants and Registered Auditors
Edinburgh
3 October 2000

# John Hogarth Limited

## Profit and loss account for the year ended 30 June 2000

| | Notes | 2000 | 1999 |
|---|---|---|---|
| | | £ | £ |
| **Turnover** | 2 | **5,315,901** | 5,136,819 |
| Cost of sales | | **4,832,922** | 4,638,984 |
| Gross profit | | **482,979** | 497,835 |
| Net operating expenses | 3 | **(357,324)** | (366,586) |
| **Operating profit** | | **125,655** | 131,249 |
| Interest receivable and similar income | | **8,957** | 15,944 |
| | | **134,612** | 147,193 |
| Interest payable and similar charges | | **(462)** | (268) |
| **Profit on ordinary activities before taxation** | | **134,150** | 146,925 |
| Tax on profit on ordinary activities | 6 | **(27,232)** | (29,412) |
| **Profit on ordinary activities after taxation** | | **106,918** | 117,513 |
| Proposed dividend on equity shares | | **(21,750)** | (21,750) |
| **Retained profit for the financial year** | 13 | **85,168** | 95,763 |

All operations are continuing.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalent.

# John Hogarth Limited

## Balance sheet as at 30 June 2000

| | Notes | 2000 | 1999 |
|---|---|---|---|
| | | £ | £ |
| **Fixed assets** | | | |
| Tangible assets | 7 | **494,269** | 554,114 |
| **Current assets** | | | |
| Stocks | 8 | **224,632** | 155,255 |
| Debtors | 9 | **501,661** | 637,773 |
| Cash on deposit | | **269,393** | 260,746 |
| Cash at bank and in hand | | **37,625** | 66 |
| | | **1,033,311** | 1,053,840 |
| **Creditors:** amounts falling due within one year | 10 | **344,932** | 508,407 |
| **Net current assets** | | **688,379** | 545,433 |
| **Total assets less current liabilities** | | **1,182,648** | 1,099,547 |
| **Provisions for liabilities and charges** | | | |
| Deferred taxation | 11 | **39,200** | 41,267 |
| **Net Assets** | | **1,143,448** | 1,058,280 |
| **Capital and reserves** | | | |
| Called up share capital | 12 | **75,000** | 75,000 |
| Profit and loss account | 13 | **1,068,448** | 983,280 |
| **Equity shareholders' funds** | | **1,143,448** | 1,058,280 |

The financial statements on pages 6 to 15 were approved by the board of directors on 27 September 2000 and are signed on its behalf by:

**Director**

27 September 2000

# John Hogarth Limited

## Cash flow statement for the year ended 30 June 2000

| | Notes | 2000 | 1999 |
|---|---|---|---|
| | | £ | £ |
| **Net cash inflow from operating activities** | 16(a) | **201,645** | 105,676 |
| **Returns on investments and servicing of finance** | | | |
| Interest received | | **8,957** | 15,944 |
| Interest paid | | **(462)** | (268) |
| Finance lease interest refund | | **-** | 2,686 |
| **Net cash inflow from returns on investments and servicing of finance** | | **8,495** | 18,362 |
| **Taxation** | | | |
| Corporation tax paid | | **(22,052)** | (22,746) |
| **Capital expenditure** | | | |
| Payments to acquire tangible fixed assets | | **(31,930)** | (150,013) |
| Receipts from sales of tangible fixed assets | | **-** | 1,050 |
| | | **(31,930)** | (148,963) |
| ***Equity dividends paid*** | | **(21,750)** | (21,750) |
| **Net cash (outflow)/inflow before financing** | | **134,408** | (69,421) |
| **Financing** | | | |
| Capital elements of finance lease instalments | | **-** | (8,129) |
| **(Decrease)/Increase in cash** | 16(b) | **134,408** | (77,550) |

# John Hogarth Limited

# Notes to the financial statements for the year ended 30 June 2000

## 1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**
The company prepares its accounts on the historical cost basis.

**Turnover**
Turnover, which excludes Value Added Tax and trade discounts, represents the invoiced value of goods and services supplied.

**Stocks**
Stocks are valued at the lower of cost and net realisable value. The cost of products manufactured by the company consists of direct material and labour costs, together with relevant production overheads.

**Fixed assets**
Tangible fixed assets are stated at cost less accumulated depreciation.

**Depreciation**
Depreciation is calculated on the written down value of the following fixed assets at the rates indicated:

| | |
|---|---|
| Buildings | 2% Reducing balance |
| General Plant | 10% Reducing balance |
| Motor vehicles: Commercial | 25% Reducing balance |

Depreciation is calculated on cost values of the following fixed assets at rates indicated.

| | |
|---|---|
| Special plant | Straight line over expected operating life |
| Motor cars | 25% Straight line |
| Computers | 25% Straight line |

**Deferred taxation**
Provision is made for deferred taxation liabilities that may arise in the foreseeable future.

**Pension costs**
Pension costs represent the amount of contributions paid by the company to a defined contribution scheme in each accounting period. The company provides no other post retirement benefits to its employees.

**Finance leases**
For tangible fixed assets operated under the terms of finance leases, an amount equal to the original cost of the asset is capitalised and depreciated under the above depreciation policy. Outstanding obligations due under the leases, net of finance charges, are included as liabilities. The finance element of repayments is charged to the profit and loss account evenly over the term of the lease.

## 2 Turnover

| Geographical segment | 2000 Sales by Destination £'000 | 1999 Sales by Destination £'000 |
|---|---|---|
| United Kingdom | **5,202** | 5,044 |
| Rest of Europe | **114** | 93 |
| | **5,316** | 5,137 |

## 3 Net operating expenses

| | 2000 £ | 1999 £ |
|---|---|---|
| **Continuing operations** | | |
| Distribution costs | **274,494** | 255,707 |
| Administrative expenses | **82,830** | 110,879 |
| | **357,324** | 366,586 |

## 4 Directors and employees

The average weekly number of persons (including directors) employed during the year was 27 (1999: 27).

| | 2000 £ | 1999 £ |
|---|---|---|
| Staff costs for the above persons: | | |
| Wages and salaries | **426,546** | 415,675 |
| Social security costs | **37,013** | 39,136 |
| *Other pension costs* | **19,386** | 18,553 |
| | **482,945** | 473,364 |

The company operates the John Hogarth Limited 1991 Retirement Benefits Scheme on the "money purchase" principle. The company's contribution is currently 5.5% of pensionable earnings and all premiums due under this scheme for the year have been paid.

| | 2000 £ | 1999 £ |
|---|---|---|
| **Directors Emoluments** | | |
| Aggregate emoluments | **132,463** | 129,400 |
| Company pension contributions to money purchase schemes | **5,663** | 5,367 |

Retirement benefits are accruing to three directors under a money purchase pension scheme.

## 5 Profit on ordinary activities before taxation

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| After charging: | | |
| Depreciation charge for the year | | |
| - on owned assets | 91,723 | 99,622 |
| Auditors' remuneration - audit | 6,200 | 6,000 |
| - non audit services | 950 | 900 |
| Hire of plant | 445 | 5,352 |
| Loss on disposal of tangible fixed assets | 52 | 1,776 |
| Finance Lease (Recovery) | - | (2,686) |

## 6 Taxation

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Corporation tax at 20% (1999: 20.75%) | **29,299** | 27,897 |
| Deferred taxation – current year | **(2,067)** | 1,515 |
| | **27,232** | 29,412 |

## 7 Tangible fixed assets

| | Land and buildings | Plant and machinery | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 July 1999 | 129,756 | 1,173,506 | 1,303,262 |
| Additions | - | 31,930 | 31,930 |
| Disposals | - | (724) | (724) |
| **At 30 June 2000** | **129,756** | **1,204,712** | **1,334,468** |
| **Depreciation** | | | |
| At 1 July 1999 | 51,411 | 697,737 | 749,148 |
| Amount provided | 1,566 | 90,157 | 91,723 |
| Disposals | - | (672) | (672) |
| ***At 30 June 2000*** | **52,977** | **787,222** | **840,199** |
| **Net book value** | | | |
| **At 30 June 2000** | **76,779** | **417,490** | **494,269** |
| **Net book value** | | | |
| *At 30 June 1999* | 78,345 | 475,769 | 554,114 |

The net book value of assets held under finance lease amounts to £Nil (1999: £Nil).

## 8 Stocks

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Raw materials and consumables | **144,335** | 86,362 |
| Finished goods and goods for resale | **80,297** | 68,893 |
| | **224,632** | 155,255 |

## 9 Debtors

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | **473,879** | 599,181 |
| Other debtors | **16,866** | 30,230 |
| Prepayments and accrued income | **10,916** | 8,362 |
| | **501,661** | 637,773 |

## 10 Creditors: amounts falling due within one year

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Bank overdraft | **-** | 88,202 |
| Trade creditors | **202,147** | 266,364 |
| Proposed dividend | **21,750** | 21,750 |
| Corporation tax | **29,363** | 22,116 |
| Other taxation and social security costs | **10,048** | 13,666 |
| Other creditors | **23,729** | 25,540 |
| Accruals | **57,895** | 70,769 |
| | **344,932** | 508,407 |

## 11 Deferred taxation

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Provided on fixed asset timing differences at 20% (1999: 20%) | | |
| At 1 July 1999 | **41,267** | 39,752 |
| Profit and loss account | **(2,067)** | 1,515 |
| At 30 June 2000 | **39,200** | 41,267 |

Unprovided contingent liability on fixed asset timing differences amounts to £7,406 (1999: £7,503).

## 12 Called-up share capital

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| **Authorised:** | | |
| 75,000 Ordinary shares of £1 each | **75,000** | 75,000 |
| 425,000 Unclassified shares of £1 each | **425,000** | 425,000 |
| | **500,000** | 500,000 |
| **Allotted, called-up and fully paid:** | | |
| 75,000 Ordinary shares of £1 each | **75,000** | 75,000 |

## 13 Profit and loss account

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| At 1 July 1999 | **983,280** | 887,517 |
| Retained profit for year | **85,168** | 95,763 |
| ***At 30 June 2000*** | **1,068,448** | 983,280 |

## 14 Reconciliation of shareholders' funds

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Opening shareholders' funds | **1,058,280** | 962,517 |
| Profit for the year | **85,168** | 95,763 |
| Closing shareholders' funds | **1,143,448** | 1,058,280 |

## 15 Capital Commitments

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Capital expenditure contracted but not provided for | **5,200** | 0 |

## 16 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Operating profit | **125,655** | 131,249 |
| Depreciation | **91,723** | 99,622 |
| Loss on disposal of fixed assets | **52** | 1,776 |
| (Increase) in stocks | **(69,377)** | (39,464) |
| Decrease/(increase) in debtors | **136,112** | (120,437) |
| (Decrease)/increase in trade creditors | **(40,750)** | 22,167 |
| (Decrease)/increase in other tax and social security | **(3,618)** | 1,356 |
| (Decrease)/increase in other creditors | **(1,811)** | 2,590 |
| (Decrease)/increase in accruals | **(36,341)** | 6,817 |
| Net cash inflow from operating activities | **201,645** | 105,676 |

(b) Reconciliation of net cash flow to movement in net funds

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Increase/(decrease) in cash in the period | **134,408** | (77,550) |
| Repayments of capital instalments on finance leases | **-** | 10,028 |
| **Movement in net funds in the period** | **134,408** | (67,522) |
| Net funds at 1 July 1999 | **172,610** | 240,132 |
| **Net funds at 30 June 2000** | **307,018** | 172,610 |

## 16 Notes to the cash flow statement (continued)

(c) *Analysis of net funds*

| | At 1 July 1999 | Cash Flow | **At 30 June 2000** |
|---|---|---|---|
| | £ | £ | **£** |
| Cash at bank and in hand | 66 | 37,559 | **37,625** |
| Cash on deposit | 260,746 | 8,647 | **269,393** |
| Overdraft | (88,202) | 88,202 | - |
| | 172,610 | 134,408 | **307,018** |
| **Net funds** | 172,610 | 134,408 | **307,018** |