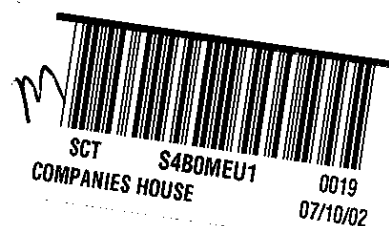


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**Report of the Directors and
Financial Statements for the Year Ended 30 June 2002
for
John Hogarth Limited**



**Contents of the Financial Statements
for the Year Ended 30 June 2002**

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John Hogarth Limited
Company Information
for the Year Ended 30 June 2002

DIRECTORS: J P Murray
I G A Miller
J Stobo
M C Hogg
J D Veitch

SECRETARY: I G A Miller

REGISTERED OFFICE: Kelso Mills
Kelso
Roxburghshire
TD5 7HR

REGISTERED NUMBER: SC18340

AUDITORS: Douglas Home & Co
Chartered Accountants
& Registered Auditor
47-49 The Square
Kelso
Roxburghshire
TD5 7HW

**Report of the Directors
for the Year Ended 30 June 2002**

The directors present their report with the financial statements of the company for the year ended 30 June 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of barley and oat millers, manufacturers of animal feeding stuffs and merchants of agricultural produce.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

Sales, at £5,355,563, were lower than last year. Profit before taxation, at £237,157, was higher than last year. The profit after taxation was £192,689.

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

The directors propose a dividend of 32p per share (2001 - 29p plus a special dividend of 5p per share, making a total of 34p per share).

This leaves a balance £168,689 to be carried to reserves.

DIRECTORS

The directors during the year under review were:

J P Murray
I G A Miller
J Stobo
M C Hogg
J D Veitch

The beneficial interests of the directors holding office on 30 June 2002 in the issued share capital of the company were as follows:

	30.6.02	1.7.01
Ordinary Shares £1 shares		
J P Murray	1,185	1,185
I G A Miller	4,326	4,326
J Stobo	1,364	1,364
M C Hogg	1,391	1,391
J D Veitch	1,075	1,075

AUDITORS

During the year, PricewaterhouseCoopers resigned as auditors to the company and Douglas Home & Co, Kelso, were appointed as auditors to the company.

CHARITABLE DONATIONS

The total amount given for charitable purposes by the company during the year was £230.

**Report of the Directors
for the Year Ended 30 June 2002**

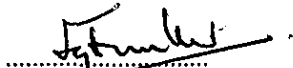
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 then 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.

ON BEHALF OF THE BOARD:



I G A Miller - SECRETARY

Dated: 9th September 2002

**Report of the Independent Auditors to the Shareholders of
John Hogarth Limited**

We have audited the financial statements of John Hogarth Limited for the year ended 30 June 2002 on pages five to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Douglas Home & Co
Chartered Accountants
& Registered Auditor
47-49 The Square
Kelso
Roxburghshire
TD5 7HW

Dated: 18th September 2002

**Profit and Loss Account
for the Year Ended 30 June 2002**

		30.6.02		30.6.01	
	Notes	£	£	£	£
TURNOVER	2		5,355,563		5,672,511
Cost of sales			<u>4,790,355</u>		<u>5,072,372</u>
GROSS PROFIT			565,208		600,139
Distribution costs		267,075		269,754	
Administrative expenses		<u>82,789</u>		<u>164,462</u>	
			<u>349,862</u>		<u>434,216</u>
OPERATING PROFIT	4		215,346		165,923
Interest receivable and similar income			<u>21,884</u>		<u>20,148</u>
			237,230		186,071
Interest payable and similar charges	5		<u>73</u>		<u>307</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			237,157		185,764
Tax on profit on ordinary activities	6		<u>44,468</u>		<u>44,922</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			192,689		140,842
Dividends	7		<u>24,000</u>		<u>25,500</u>
			168,689		115,342
Retained profit brought forward			<u>1,183,790</u>		<u>1,068,448</u>
RETAINED PROFIT CARRIED FORWARD			<u>£1,352,479</u>		<u>£1,183,790</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

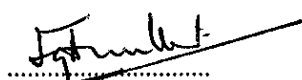
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

The notes form part of these financial statements

Balance Sheet
30 June 2002

		<u>30.6.02</u>		<u>30.6.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		536,691		508,960
CURRENT ASSETS:					
Stocks	9	147,424		139,542	
Debtors	10	630,623		743,700	
Cash at bank and in hand		<u>613,136</u>		<u>542,387</u>	
		1,391,183		1,425,629	
CREDITORS: Amounts falling due within one year	11	<u>453,432</u>		<u>629,238</u>	
NET CURRENT ASSETS:			<u>937,751</u>		<u>796,391</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,474,442		1,305,351
PROVISIONS FOR LIABILITIES AND CHARGES:	13		<u>46,963</u>		<u>46,561</u>
			<u>£1,427,479</u>		<u>£1,258,790</u>
CAPITAL AND RESERVES:					
Called up share capital	14		75,000		75,000
Profit and loss account			<u>1,352,479</u>		<u>1,183,790</u>
SHAREHOLDERS' FUNDS:	16		<u>£1,427,479</u>		<u>£1,258,790</u>

ON BEHALF OF THE BOARD:


.....
DIRECTOR

Approved by the Board on 9th September 2002

The notes form part of these financial statements

**Cash Flow Statement
for the Year Ended 30 June 2002**

		<u>30.6.02</u>	<u>30.6.01</u>
	Notes	£	£
Net cash inflow from operating activities	1	251,946	322,522
Returns on investments and servicing of finance	2	21,811	19,841
Taxation		(37,433)	(29,491)
Capital expenditure	2	(114,050)	(108,348)
Equity dividends paid		<u>(25,500)</u>	<u>(21,750)</u>
Increase in cash in the period		<u>£96,774</u>	<u>£182,774</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>96,774</u>	<u>182,774</u>
Change in net funds resulting from cash flows		<u>96,774</u>	<u>182,774</u>
Movement in net funds in the period		96,774	182,774
Net funds at 1 July		<u>489,792</u>	<u>307,018</u>
Net funds at 30 June		<u>£586,566</u>	<u>£489,792</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 30 June 2002**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30.6.02 £	30.6.01 £
Operating profit	215,346	165,923
Depreciation charges	98,791	92,494
Loss on sale of fixed assets	-	1,163
Profit on sale of fixed assets	(12,472)	-
(Increase)/Decrease in stocks	(7,882)	85,090
Decrease/(Increase) in debtors	113,077	(242,039)
(Decrease)/Increase in creditors	<u>(154,914)</u>	<u>219,891</u>
Net cash inflow from operating activities	<u>251,946</u>	<u>322,522</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	30.6.02 £	30.6.01 £
Returns on investments and servicing of finance		
Interest received	21,884	20,148
Interest paid	<u>(73)</u>	<u>(307)</u>
Net cash inflow for returns on investments and servicing of finance	<u>21,811</u>	<u>19,841</u>
Capital expenditure		
Purchase of tangible fixed assets	(132,127)	(108,648)
Sale of tangible fixed assets	<u>18,077</u>	<u>300</u>
Net cash outflow for capital expenditure	<u>(114,050)</u>	<u>(108,348)</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 30 June 2002**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.01 £	Cash flow £	At 30.6.02 £
Net cash:			
Cash at bank and in hand	542,387	70,749	613,136
Bank overdraft	<u>(52,595)</u>	<u>26,025</u>	<u>(26,570)</u>
	<u>489,792</u>	<u>96,774</u>	<u>586,566</u>
 Total	 <u>489,792</u>	 <u>96,774</u>	 <u>586,566</u>
 Analysed in Balance Sheet			
Cash at bank and in hand	542,387		613,136
Bank overdraft	<u>(52,595)</u>		<u>(26,570)</u>
	<u>489,792</u>		<u>586,566</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 30 June 2002**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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.

Accounting convention

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

Turnover

Turnover represents the net invoiced value of goods and services supplied, excluding VAT and trade discounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	- 2% on reducing balance
Plant and machinery	- At varying rates
Motor vehicles	- At varying rates
Computer equipment	- 25% on cost

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.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

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

An analysis of turnover by geographical market is given below:

	30.6.02	30.6.01
	£	£
United Kingdom	5,233,850	5,542,764
Rest of Europe	<u>121,713</u>	<u>129,747</u>
	<u>5,355,563</u>	<u>5,672,511</u>

**Notes to the Financial Statements
for the Year Ended 30 June 2002**

3. STAFF COSTS

	30.6.02	30.6.01
	£	£
Wages and salaries	470,213	438,767
Social security costs	41,592	39,750
Other pension costs	<u>24,691</u>	<u>24,220</u>
	<u>536,496</u>	<u>502,737</u>

The average monthly number of employees during the year was as follows:

	30.6.02	30.6.01
Office and other departments	<u>27</u>	<u>27</u>

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.

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.6.02	30.6.01
	£	£
Hire of plant and machinery	245	710
Depreciation - owned assets	98,791	92,494
(Profit)/Loss on disposal of fixed assets	(12,472)	1,163
Auditors' remuneration	<u>6,000</u>	<u>9,500</u>
Directors' emoluments	156,608	146,936
Directors' pension contributions to money purchase schemes	<u>6,387</u>	<u>5,969</u>

The number of directors to whom retirement benefits were accruing was as follows:

	30.6.02	30.6.01
Money purchase schemes	<u>3</u>	<u>3</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.02	30.6.01
	£	£
Bank interest	<u>73</u>	<u>307</u>

**Notes to the Financial Statements
for the Year Ended 30 June 2002**

6. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	30.6.02 £	30.6.01 £
Current tax:		
UK corporation tax	44,066	37,561
Deferred tax:		
Deferred taxation	<u>402</u>	<u>7,361</u>
Tax on profit on ordinary activities	<u><u>44,468</u></u>	<u><u>44,922</u></u>

UK corporation tax has been charged at 20% to 31st March 2002 and 19% thereafter. Therefore, the average rate is 19.75%.

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.02 £	30.6.01 £
Profit on ordinary activities before tax	<u>237,157</u>	<u>185,764</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.75% (2001 - 20%)	46,839	37,153
Effects of:		
Depreciation & Gains/Losses on Disposals of Assets	17,048	18,731
Capital Allowances	(20,245)	(18,612)
Non-allowable Expenses	424	160
Prior Year Under Provision	<u>-</u>	<u>129</u>
Current tax charge at an effective rate of 18.75% (2001 – 20.22%)	<u><u>44,066</u></u>	<u><u>37,561</u></u>

7. DIVIDENDS

	30.6.02 £	30.6.01 £
Equity shares:		
75,000 Ordinary Shares shares of £1 each		
Ordinary shares	<u>24,000</u>	<u>25,500</u>
	<u><u>24,000</u></u>	<u><u>25,500</u></u>

**Notes to the Financial Statements
for the Year Ended 30 June 2002**

8. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>	<u>Plant and machinery</u>	<u>Total</u>
	£	£	£
COST:			
At 1 July 2001	132,936	1,286,502	1,419,438
Additions	800	131,327	132,127
Disposals	<u>-</u>	<u>(60,926)</u>	<u>(60,926)</u>
At 30 June 2002	<u>133,736</u>	<u>1,356,903</u>	<u>1,490,639</u>
DEPRECIATION:			
At 1 July 2001	54,576	855,902	910,478
Charge for year	1,583	97,208	98,791
Eliminated on disposals	<u>-</u>	<u>(55,321)</u>	<u>(55,321)</u>
At 30 June 2002	<u>56,159</u>	<u>897,789</u>	<u>953,948</u>
NET BOOK VALUE:			
At 30 June 2002	<u>77,577</u>	<u>459,114</u>	<u>536,691</u>
At 30 June 2001	<u>78,360</u>	<u>430,600</u>	<u>508,960</u>

9. STOCKS

	30.6.02	30.6.01
	£	£
Raw materials & consumables	77,761	62,920
Finished goods	<u>69,663</u>	<u>76,622</u>
	<u>147,424</u>	<u>139,542</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.02	30.6.01
	£	£
V.A.T.	12,875	19,967
Trade debtors	609,520	713,280
Other debtors	1,892	2,219
Prepayments & accrued income	<u>6,336</u>	<u>8,234</u>
	<u>630,623</u>	<u>743,700</u>

Notes to the Financial Statements
for the Year Ended 30 June 2002

11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	30.6.02 £	30.6.01 £
Bank loans and overdrafts (see note 12)	26,570	52,595
Trade creditors	236,914	391,470
Other creditors	42,982	35,765
Dividend proposed	24,000	25,500
Social security & other taxes	17,567	14,603
Taxation	44,066	37,433
Accrued expenses	61,333	71,872
	<u>453,432</u>	<u>629,238</u>

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	30.6.02 £	30.6.01 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>26,570</u>	<u>52,595</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	30.6.02 £	30.6.01 £
Deferred taxation	<u>46,963</u>	<u>46,561</u>
	Deferred tax £	
Balance at 1 July 2001	46,561	
Profit & loss account	<u>402</u>	
Balance at 30 June 2002	<u>46,963</u>	

**Notes to the Financial Statements
for the Year Ended 30 June 2002**

14. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	30.6.02	30.6.01
Number:	Class:		£	£
75,000	Ordinary Shares	£1	75,000	75,000
425,000	Unclassified Shares	£1	<u>425,000</u>	<u>425,000</u>
			<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:		Nominal value:	30.6.02	30.6.01
Number:	Class:		£	£
75,000	Ordinary Shares	£1	<u>75,000</u>	<u>75,000</u>

15. CAPITAL COMMITMENTS

	30.6.02	30.6.01
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>64,980</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.02	30.6.01
	£	£
Profit for the financial year	192,689	140,842
Dividends	<u>(24,000)</u>	<u>(25,500)</u>
Net addition to shareholders' funds	168,689	115,342
Opening shareholders' funds	<u>1,258,790</u>	<u>1,143,448</u>
Closing shareholders' funds	<u>1,427,479</u>	<u>1,258,790</u>
Equity interests	<u>1,427,479</u>	<u>1,258,790</u>