

**Report of the Directors and
Financial Statements for the Year Ended 30 June 2012
for
John Hogarth Limited**

THURSDAY



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for the Year Ended 30 June 2012**

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**Company Information
for the Year Ended 30 June 2012**

DIRECTORS:	I G A Miller J Stobo M C Hogg J D Veitch A Douglas Home
SECRETARY:	F M Duncan
REGISTERED OFFICE:	Kelso Mills Kelso Roxburghshire TD5 7HR
REGISTERED NUMBER:	SC018340 (Scotland)
SENIOR STATUTORY AUDITOR:	Lesley Mark FCA DChA
AUDITORS:	Douglas Home & Co Ltd Chartered Accountants & Registered Auditors 47-49 The Square Kelso Roxburghshire TD5 7HW
BANKERS:	Bank of Scotland 8/9 The Square Kelso Roxburghshire TD5 7HG

John Hogarth Limited (Registered number: SC018340)

**Notice of Annual General Meeting
for the Year Ended 30 June 2012**

NOTICE IS HEREBY GIVEN that the seventy-eighth annual general meeting for John Hogarth Ltd will be held at Ednam House Hotel, Kelso on 5th November 2012 at 2.30pm for the purpose of receiving the director's report and the audited accounts for the year ended 30th June 2012, 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



F M Duncan
Secretary
Kelso Mills
Kelso

**Report of the Directors
for the Year Ended 30 June 2012**

The directors present their report with the financial statements of the company for the year ended 30 June 2012.

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

Sales, at £10,208,948 were higher than the previous year, but profit before taxation, at £360,666 was lower due to high grain prices during the year. The profit after taxation was £294,595.

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 future prospects to be sound.

Fluctuations in cereal and commodity markets continue to challenge operations giving rise to uncertainty in future markets.

DIVIDENDS

The directors propose a dividend of £1.20 per share (2011 - £1.20 per share) to be approved at this year's Annual General Meeting.

FIXED ASSETS

The directors estimate that the open market value of the freehold properties, stated at a book value of £438,081 in the balance sheet at 30 June 2011, to be in excess of £1 million.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2011 to the date of this report.

I G A Miller
J Stobo
M C Hogg
J D Veitch
A Douglas Home

A Douglas Home has no conflict of interest having had no interest in the firm of Douglas Home & Co Ltd for many years.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**Report of the Directors
for the Year Ended 30 June 2012**

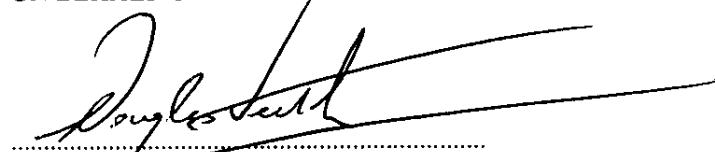
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Douglas Home & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J D Veitch', is written over a horizontal dotted line.

J D Veitch - Director

Date: 27th Sept 12.

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

We have audited the financial statements of John Hogarth Limited for the year ended 30 June 2012 on pages six to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Notice of Annual General Meeting and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Douglas Home & Co Ltd

Lesley Mark FCA DChA (Senior Statutory Auditor)
for and on behalf of Douglas Home & Co Ltd
Chartered Accountants & Registered Auditors
47-49 The Square
Kelso
Roxburghshire
TD5 7HW

Date: *28 September 2012*

**Profit and Loss Account
for the Year Ended 30 June 2012**

	Notes	30.6.12 £	£	30.6.11 £	£
TURNOVER	2		10,208,948		9,436,686
Cost of sales			<u>9,295,483</u>		<u>8,577,548</u>
GROSS PROFIT			913,465		859,138
Distribution costs		359,473		296,959	
Administrative expenses		<u>210,915</u>		<u>178,505</u>	
			<u>570,388</u>		<u>475,464</u>
			343,077		383,674
Other operating income			<u>9,629</u>		<u>10,073</u>
OPERATING PROFIT	4		352,706		393,747
Interest receivable and similar income			<u>7,993</u>		<u>10,832</u>
			360,699		404,579
Interest payable and similar charges	5		<u>33</u>		<u>22</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			360,666		404,557
Tax on profit on ordinary activities	6		<u>66,071</u>		<u>94,127</u>
PROFIT FOR THE FINANCIAL YEAR			<u><u>294,595</u></u>		<u><u>310,430</u></u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

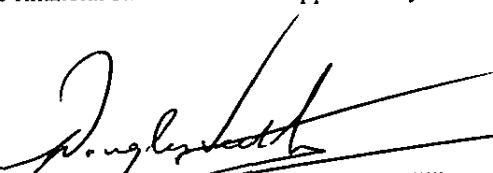
NOTE OF HISTORICAL COST PROFITS AND LOSSES

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.

Balance Sheet
30 June 2012

	Notes	30.6.12 £	30.6.11 £
FIXED ASSETS			
Tangible assets	8	963,594	1,019,363
CURRENT ASSETS			
Stocks	9	712,801	441,050
Debtors	10	1,146,746	1,236,978
Cash at bank and in hand		<u>1,490,578</u>	<u>1,702,257</u>
		3,350,125	3,380,285
CREDITORS			
Amounts falling due within one year	11	<u>748,673</u>	<u>1,016,966</u>
NET CURRENT ASSETS		<u>2,601,452</u>	<u>2,363,319</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,565,046	3,382,682
PROVISIONS FOR LIABILITIES	13	(79,096)	(91,698)
ACCRUALS AND DEFERRED INCOME	14	<u>(183,512)</u>	<u>(193,141)</u>
NET ASSETS		<u><u>3,302,438</u></u>	<u><u>3,097,843</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	75,000	75,000
Profit and loss account	16	<u>3,227,438</u>	<u>3,022,843</u>
SHAREHOLDERS' FUNDS	18	<u><u>3,302,438</u></u>	<u><u>3,097,843</u></u>

The financial statements were approved by the Board of Directors on 24 September 2012 and were signed on its behalf by:


.....
J D Veitch Director

**Cash Flow Statement
for the Year Ended 30 June 2012**

	Notes	30.6.12 £	30.6.11 £
Net cash inflow from operating activities	1	44,484	119,822
Returns on investments and servicing of finance	2	7,960	10,810
Taxation		(96,432)	(94,067)
Capital expenditure	2	(21,427)	(68,232)
Equity dividends paid		<u>(90,000)</u>	<u>(75,000)</u>
Decrease in cash in the period		<u>(155,415)</u>	<u>(106,667)</u>
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(155,415)</u>	<u>(106,667)</u>
Change in net funds resulting from cash flows		<u>(155,415)</u>	<u>(106,667)</u>
Movement in net funds in the period		<u>(155,415)</u>	<u>(106,667)</u>
Net funds at 1 July		<u>1,491,751</u>	<u>1,598,418</u>
Net funds at 30 June		<u>1,336,336</u>	<u>1,491,751</u>

Notes to the Cash Flow Statement
for the Year Ended 30 June 2012

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

	30.6.12 £	30.6.11 £
Operating profit	352,706	393,747
Depreciation charges	94,112	109,875
Profit on disposal of fixed assets	(16,916)	(2,644)
Government grants	(9,629)	(10,073)
Increase in stocks	(271,751)	(119,305)
Decrease/(increase) in debtors	90,232	(322,275)
(Decrease)/increase in creditors	(194,270)	70,497
Net cash inflow from operating activities	<u>44,484</u>	<u>119,822</u>

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

	30.6.12 £	30.6.11 £
Returns on investments and servicing of finance		
Interest received	7,993	10,832
Interest paid	(33)	(22)
Net cash inflow for returns on investments and servicing of finance	<u>7,960</u>	<u>10,810</u>
Capital expenditure		
Purchase of tangible fixed assets	(43,252)	(71,440)
Sale of tangible fixed assets	21,825	3,208
Net cash outflow for capital expenditure	<u>(21,427)</u>	<u>(68,232)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.11 £	Cash flow £	At 30.6.12 £
Net cash:			
Cash at bank and in hand	1,702,257	(211,679)	1,490,578
Bank overdraft	(210,506)	56,264	(154,242)
	<u>1,491,751</u>	<u>(155,415)</u>	<u>1,336,336</u>
Total	<u>1,491,751</u>	<u>(155,415)</u>	<u>1,336,336</u>

Notes to the Financial Statements
for the Year Ended 30 June 2012

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.

Land & Buildings	- 2% on cost
Plant and machinery	- At varying rates

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 tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Government grants

Government grants received are treated as deferred credits and credited to profit and loss account over the estimated useful life of the relevant fixed assets.

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:

	30.6.12 £	30.6.11 £
United Kingdom	10,004,612	9,244,865
Rest of Europe	204,336	191,821
	<u>10,208,948</u>	<u>9,436,686</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2012

3. STAFF COSTS

	30/6/12	30/6/11
	£	£
Wages and Salaries	722,415	673,317
Social security costs	70,331	64,369
Other pension costs	<u>39,519</u>	<u>38,123</u>
	<u>832,265</u>	<u>775,809</u>

The average monthly number of employees during the year was as follows: 27 26

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.

The company also operates an additional group personal pension. The company's contribution is currently 2% of pensionable earnings and all premiums due under this scheme for the year have been paid. For new employees, company contributions to this scheme are 7.5% of pensionable earnings.

4. OPERATING PROFIT

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

	30.6.12	30.6.11
	£	£
Depreciation - owned assets	94,112	109,875
Profit on disposal of fixed assets	(16,916)	(2,644)
Auditors' remuneration	<u>7,500</u>	<u>7,600</u>
Directors' remuneration	171,227	164,507
Directors' pension contributions to money purchase schemes	<u>6,640</u>	<u>6,103</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.12	30.6.11
	£	£
Bank interest	<u>33</u>	<u>22</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2012**

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

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

	30.6.12 £	30.6.11 £
Current tax:		
UK corporation tax	76,543	94,299
Previous year under/over	<u>2,130</u>	<u>-</u>
Total current tax	78,673	94,299
Deferred tax	<u>(12,602)</u>	<u>(172)</u>
Tax on profit on ordinary activities	<u>66,071</u>	<u>94,127</u>

UK corporation tax has been charged at 21.08% (2011 - 23.30%).

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:

	30.6.12 £	30.6.11 £
Profit on ordinary activities before tax	<u>360,666</u>	<u>404,557</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.502% (2011 - 27.501%)	91,977	111,257
Effects of:		
Depreciation & Gains/Losses on Disposals of Assets	19,687	29,490
Capital Allowances	(19,490)	(26,830)
Non-allowable Expenses	2,642	1,551
Prior Year Under Provision	2,130	-
Non-taxable Income	(2,613)	(2,770)
Marginal Relief	<u>(15,660)</u>	<u>(18,399)</u>
Current tax charge	<u>78,673</u>	<u>94,299</u>

7. DIVIDENDS

	30.6.12 £	30.6.11 £
Ordinary Shares shares of £1 each		
Final	<u>90,000</u>	<u>75,000</u>

The directors have proposed a final dividend for 2012 of £1.20 per share. This dividend is subject to approval by shareholders at the Annual General Meeting in November 2012 and, in accordance with FRS 21 has not been included as a liability in these financial statements.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2012

8. TANGIBLE FIXED ASSETS

	Land & Buildings £	Plant and machinery £	Totals £
COST			
At 1 July 2011	542,335	1,990,396	2,532,731
Additions	-	43,252	43,252
Disposals	-	(75,010)	(75,010)
At 30 June 2012	<u>542,335</u>	<u>1,958,638</u>	<u>2,500,973</u>
DEPRECIATION			
At 1 July 2011	104,254	1,409,114	1,513,368
Charge for year	10,846	83,266	94,112
Eliminated on disposal	-	(70,101)	(70,101)
At 30 June 2012	<u>115,100</u>	<u>1,422,279</u>	<u>1,537,379</u>
NET BOOK VALUE			
At 30 June 2012	<u>427,235</u>	<u>536,359</u>	<u>963,594</u>
At 30 June 2011	<u>438,081</u>	<u>581,282</u>	<u>1,019,363</u>

9. STOCKS

	30.6.12 £	30.6.11 £
Raw materials & consumables	617,335	371,296
Finished goods	<u>95,466</u>	<u>69,754</u>
	<u>712,801</u>	<u>441,050</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.12 £	30.6.11 £
Trade debtors	1,112,044	1,222,219
Other debtors	660	844
VAT	27,201	7,027
Prepayments and accrued income	<u>6,841</u>	<u>6,888</u>
	<u>1,146,746</u>	<u>1,236,978</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.12 £	30.6.11 £
Bank loans and overdrafts (see note 12)	154,242	210,506
Trade creditors	399,318	600,928
Tax	76,543	94,302
Social security and other taxes	21,141	17,625
Other creditors	69,578	68,383
Accrued expenses	<u>27,851</u>	<u>25,222</u>
	<u>748,673</u>	<u>1,016,966</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2012

12. LOANS

An analysis of the maturity of loans is given below:

	30.6.12 £	30.6.11 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>154,242</u>	<u>210,506</u>

13. PROVISIONS FOR LIABILITIES

	30.6.12 £	30.6.11 £
Deferred tax	<u>79,096</u>	<u>91,698</u>

	Deferred tax £
Balance at 1 July 2011	91,698
Credit to profit and loss account during year	(12,602)
Profit & loss account	<u>79,096</u>
Balance at 30 June 2012	<u>79,096</u>

Deferred tax is provided in respect of accelerated capital allowances.

14. ACCRUALS AND DEFERRED INCOME

	Government Grants £
At 1 July 2011	193,141
Received during the year	-
Released to profit for the year	<u>(9,629)</u>
At 30 June 2012	<u>183,512</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.6.12	30.6.11
Number:	Class:	Nominal value:	£	£
75,000	Ordinary Shares	£1	<u>75,000</u>	<u>75,000</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2012

16. RESERVES

	Profit and loss account £
At 1 July 2011	3,022,843
Profit for the year	294,595
Dividends	<u>(90,000)</u>
At 30 June 2012	<u>3,227,438</u>

17. TRANSACTIONS WITH DIRECTORS

During the year the following dividends were paid to the company directors -

I G A Miller £13,510

J Stobo, M C Hogg, J D Veitch and A Douglas Home collectively received dividends totalling £9,817.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.12 £	30.6.11 £
Profit for the financial year	294,595	310,430
Dividends	<u>(90,000)</u>	<u>(75,000)</u>
Net addition to shareholders' funds	204,595	235,430
Opening shareholders' funds	<u>3,097,843</u>	<u>2,862,413</u>
Closing shareholders' funds	<u>3,302,438</u>	<u>3,097,843</u>