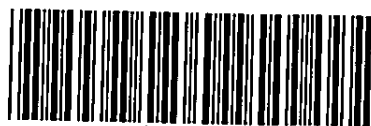


**Report of the Directors and
Consolidated Financial Statements
for the Period 1 August 2011 to 28 July 2012
for
D McGhee & Sons Limited**

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D McGhee & Sons Limited (Registered number: SC028084)

**Contents of the Consolidated Financial Statements
for the Period 1 August 2011 to 28 July 2012**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Company Balance Sheet	9
Notes to the Consolidated Financial Statements	11

D McGhee & Sons Limited

**Company Information
for the Period 1 August 2011 to 28 July 2012**

DIRECTORS:

G McGhee
S McGhee
I C McGhee

SECRETARY:

I C McGhee

REGISTERED OFFICE:

10 Keppochhill Drive
M8 Food Park
Glasgow
G21 1HX

REGISTERED NUMBER:

SC028084

AUDITORS:

Campbell Dallas LLP
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

**Report of the Directors
for the Period 1 August 2011 to 28 July 2012**

The directors present their report with the financial statements of the company and the group for the period 1 August 2011 to 28 July 2012.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of production of morning goods and flour confectionery.

REVIEW OF BUSINESS

The results for the year show an operating profit of £1,533k (2011 - £944k (before non-recurring costs)). After the exceptional costs incurred over the last two years in integrating new companies acquired, the Directors are delighted to report the current results which show that these investments are now bearing fruit.

The results are especially gratifying considering the difficult economic conditions the company has experienced, particularly from raw materials cost increases due to global commodity price movements.

RESEARCH AND DEVELOPMENT

The group continues to invest in the development of new bakery products which the directors consider to be integral to the success of the group and to ensuring we can offer our customers an attractive product range.

FUTURE OUTLOOK

We believe that the group is well positioned to strengthen its position in the market place with the aim of becoming the leading supplier of rolls in Scotland.

PRINCIPAL RISKS AND UNCERTAINTIES

We believe that the group can meet its key business risks of competition, both local and national, and of employee retention. In addition, it is company policy to limit net exposure to any one customer to below 10% of net turnover.

KEY PERFORMANCE INDICATORS ("KPI's")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPI's is not necessary in this report for an understanding of the development, performance or position of the business.

DIVIDENDS

An interim dividend of £72,000 was paid on 31st March 2012. A final dividend of £42,000 has been proposed.

DIRECTORS

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

G McGhee
S McGhee
I C McGhee

**Report of the Directors
for the Period 1 August 2011 to 28 July 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

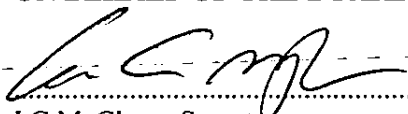
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group'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 group's auditors are aware of that information.

AUDITORS

The auditors, Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
I C McGhee - Secretary

Date: 19/10/12

Report of the Independent Auditors to the Members of D McGhee & Sons Limited

We have audited the financial statements of D McGhee & Sons Limited for the period ended 28 July 2012 on pages six to twenty seven. 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 group's and the parent 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 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 group's and of the parent company's affairs as at 28 July 2012 and of the group's profit for the period 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.

**Report of the Independent Auditors to the Members of
D McGhee & Sons Limited**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Fraser W J Campbell (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 24/10/12

D McGhee & Sons Limited (Registered number: SC028084)**Consolidated Profit and Loss Account
for the Period 1 August 2011 to 28 July 2012**

	Notes	Period 1.8.11 to 28.7.12		Year Ended 31.7.11	
		£	£	£	£
TURNOVER			20,636,618		20,563,553
Cost of sales			<u>13,856,833</u>		<u>14,236,617</u>
GROSS PROFIT			6,779,785		6,326,936
Distribution costs		2,719,190		2,810,951	
Administrative expenses		<u>2,585,720</u>		<u>2,955,916</u>	
			<u>5,304,910</u>		<u>5,766,867</u>
			1,474,875		560,069
Other operating income			<u>57,720</u>		<u>48,420</u>
OPERATING PROFIT	3		1,532,595		608,489
Cost of restructuring			-		(118,899)
Loss on sale of tangible fixed assets			-		(2,249,463)
Gain on disposal of subsidiary			<u>-</u>		<u>268,162</u>
			1,532,595		(1,491,711)
Interest payable and similar charges	4		<u>156,881</u>		<u>163,211</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			1,375,714		(1,654,922)
Tax on profit/(loss) on ordinary activities	5		<u>231,318</u>		<u>255,282</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD FOR THE GROUP			<u>1,144,396</u>		<u>(1,910,204)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit for the current period and the loss for the previous year.

The notes form part of these financial statements

D McGhee & Sons Limited (Registered number: SC028084)**Consolidated Balance Sheet
28 July 2012**

		2012		2011	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		475,012		468,900
Tangible assets	9		5,868,712		5,719,784
Investments	10		<u>-</u>		<u>-</u>
			6,343,724		6,188,684
CURRENT ASSETS					
Stocks	11	347,451		253,132	
Debtors	12	2,367,430		2,150,679	
Cash at bank and in hand		<u>1,061,240</u>		<u>729,005</u>	
		3,776,121		3,132,816	
CREDITORS					
Amounts falling due within one year	13	<u>4,002,129</u>		<u>3,949,873</u>	
NET CURRENT LIABILITIES			<u>(226,008)</u>		<u>(817,057)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,117,716		5,371,627
CREDITORS					
Amounts falling due after more than one year	14		(2,358,485)		(2,501,915)
PROVISIONS FOR LIABILITIES	18		(641,828)		(724,985)
ACCRUALS AND DEFERRED INCOME	19		<u>(103,460)</u>		<u>(161,180)</u>
NET ASSETS			<u>3,013,943</u>		<u>1,983,547</u>

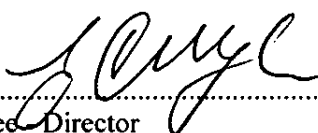
The notes form part of these financial statements

D McGhee & Sons Limited (Registered number: SC028084)

Consolidated Balance Sheet - continued
28 July 2012

		2012	2011
	Notes	£	£
CAPITAL AND RESERVES			
Called up share capital	20	42,000	42,000
Capital redemption reserve	21	18,000	18,000
Profit and loss account	21	<u>2,953,943</u>	<u>1,923,547</u>
SHAREHOLDERS' FUNDS	24	<u>3,013,943</u>	<u>1,983,547</u>

The financial statements were approved by the Board of Directors on 19/10/12 and were signed on its behalf by:


.....
G McGhee Director

The notes form part of these financial statements

D McGhee & Sons Limited (Registered number: SC028084)**Company Balance Sheet
28 July 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	475,012	468,900
Tangible assets	9	4,912,727	4,683,798
Investments	10	<u>236,000</u>	<u>236,000</u>
		5,623,739	5,388,698
CURRENT ASSETS			
Stocks	11	293,057	191,787
Debtors	12	2,061,784	2,084,951
Cash at bank and in hand		<u>1,051,194</u>	<u>722,756</u>
		3,406,035	2,999,494
CREDITORS			
Amounts falling due within one year	13	<u>3,507,438</u>	<u>3,617,197</u>
NET CURRENT LIABILITIES		<u>(101,403)</u>	<u>(617,703)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,522,336	4,770,995
CREDITORS			
Amounts falling due after more than one year	14	(2,398,478)	(2,359,027)
PROVISIONS FOR LIABILITIES	18	(542,820)	(653,585)
ACCRUALS AND DEFERRED INCOME	19	<u>(103,460)</u>	<u>(161,180)</u>
NET ASSETS		<u>2,477,578</u>	<u>1,597,203</u>

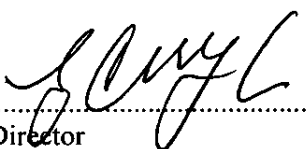
The notes form part of these financial statements

D McGhee & Sons Limited (Registered number: SC028084)

Company Balance Sheet - continued
28 July 2012

		2012		2011	
	Notes	£	£	£	£
CAPITAL AND RESERVES					
Called up share capital	20		42,000		42,000
Capital redemption reserve	21		18,000		18,000
Profit and loss account	21		<u>2,417,578</u>		<u>1,537,203</u>
SHAREHOLDERS' FUNDS	24		<u>2,477,578</u>		<u>1,597,203</u>

The financial statements were approved by the Board of Directors on 19/10/12 and were signed on its behalf by:


.....
G McGhee - Director

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Period 1 August 2011 to 28 July 2012**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

The group accounts incorporate the audited accounts of D McGhee & Sons Limited and its subsidiary as at 31 July 2012. The results of companies acquired during a financial year are dealt with from the date of acquisition using the principles of acquisition accounting.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of various businesses, is being amortised in line with group policy over a period of between four and twenty years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- Over the period of the lease
Plant and machinery	- 25% on cost and at varying rates on cost
Motor vehicles	- 25% on cost

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

1. ACCOUNTING POLICIES - continued

Deferred tax

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

Deferred tax is provided at the average rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Contributions to employees' stakeholder pension schemes are charged to the profit and loss account in the year they become payable.

Government grants

Regional development and other capital grants are allocated to deferred grants account and released to profit evenly over the estimated useful lives of the assets concerned or over the relevant period of job creation and retention.

Grants of a revenue nature are credited to the profit and loss account so as to match them with the expenditure to which they relate.

Employee Benefit Trust (EBT)

The company has established an EBT for the benefit of employees. The trust has independent offshore trustees and monies held in the EBT is managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

2. STAFF COSTS

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Wages and salaries	5,888,204	6,419,579
Social security costs	444,475	362,476
Other pension costs	<u>108,256</u>	<u>59,803</u>
	<u>6,440,935</u>	<u>6,841,858</u>

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

	Period 1.8.11 to 28.7.12	Year Ended 31.7.11
Production	103	101
Sales and distribution	104	92
Administration	<u>28</u>	<u>28</u>
	<u>235</u>	<u>221</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Hire of plant and machinery	21,873	18,044
Depreciation - owned assets	586,303	538,318
Depreciation - assets on hire purchase contracts	251,914	201,149
Loss on disposal of fixed assets	12,851	-
Goodwill amortisation	<u>42,888</u>	<u>454,655</u>
Directors' remuneration	<u>340,873</u>	<u>333,007</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

3. OPERATING PROFIT - continued

Auditors fees

	Year ended 28.7.12 £	Year ended to 31.7.11 £
Audit of these financial statements	12,250	12,250
Audit of financial statements of subsidiaries pursuant to legislation	5,500	5,500
Taxation compliance services	5,000	2,500
Other services	<u>5,315</u>	<u>12,585</u>

Information regarding the highest paid director is as follows:

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Emoluments etc	<u>125,832</u>	<u>122,792</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Bank interest	102,585	118,531
Hire purchase	<u>54,296</u>	<u>44,680</u>
	<u>156,881</u>	<u>163,211</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

5. TAXATION

Analysis of the tax charge

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

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Current tax:		
UK corporation tax	408,775	130,208
Prior year under provision	<u>(94,300)</u>	<u>-</u>
Total current tax	314,475	130,208
Deferred tax	<u>(83,157)</u>	<u>125,074</u>
Tax on profit/(loss) on ordinary activities	<u><u>231,318</u></u>	<u><u>255,282</u></u>

Factors affecting the tax charge

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

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Profit/(loss) on ordinary activities before tax	<u>1,375,714</u>	<u>(1,654,922)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2011 - 28%)	343,929	(463,378)
Effects of:		
Loss/(gain) on sale of assets	3,213	654,856
Disallowed expenses	41,966	15,785
Capital allowances in excess of depreciation	16,856	3,128
Gain on disposal of subsidiary	-	(75,085)
Marginal relief	(2,643)	(1,947)
R&D tax credits in respect of previous periods	(86,826)	-
Other	5,454	(3,151)
Prior year over provision	<u>(7,474)</u>	<u>-</u>
Current tax charge	<u><u>314,475</u></u>	<u><u>130,208</u></u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

6. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £994,375 (2011 - £(1,948,114) loss).

7. DIVIDENDS

	Period 1.8.11 to 28.7.12 £	Year Ended 31.7.11 £
Ordinary shares of £1 each		
Final	42,000	-
Interim	<u>72,000</u>	<u>1,410,000</u>
	<u>114,000</u>	<u>1,410,000</u>

8. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 August 2011	2,276,926
Additions	<u>49,000</u>
At 28 July 2012	<u>2,325,926</u>
AMORTISATION	
At 1 August 2011	1,808,026
Amortisation for period	<u>42,888</u>
At 28 July 2012	<u>1,850,914</u>
NET BOOK VALUE	
At 28 July 2012	<u>475,012</u>
At 31 July 2011	<u>468,900</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

8. INTANGIBLE FIXED ASSETS - continued

Company

	Goodwill £
COST	
At 1 August 2011	1,959,263
Additions	<u>49,000</u>
At 28 July 2012	<u>2,008,263</u>
AMORTISATION	
At 1 August 2011	1,490,363
Amortisation for period	<u>42,888</u>
At 28 July 2012	<u>1,533,251</u>
NET BOOK VALUE	
At 28 July 2012	<u>475,012</u>
At 31 July 2011	<u>468,900</u>

9. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Improvements to property £	Plant and machinery £	Motor vehicles £	Totals £
COST					
At 1 August 2011	548,184	19,259	7,966,153	545,384	9,078,980
Additions	16,975	57,223	729,004	244,453	1,047,655
Disposals	<u>-</u>	<u>-</u>	<u>(117,032)</u>	<u>(53,724)</u>	<u>(170,756)</u>
At 28 July 2012	<u>565,159</u>	<u>76,482</u>	<u>8,578,125</u>	<u>736,113</u>	<u>9,955,879</u>
DEPRECIATION					
At 1 August 2011	155,135	327	2,868,191	335,543	3,359,196
Charge for period	49,140	1,441	679,233	108,403	838,217
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(64,300)</u>	<u>(45,946)</u>	<u>(110,246)</u>
At 28 July 2012	<u>204,275</u>	<u>1,768</u>	<u>3,483,124</u>	<u>398,000</u>	<u>4,087,167</u>
NET BOOK VALUE					
At 28 July 2012	<u>360,884</u>	<u>74,714</u>	<u>5,095,001</u>	<u>338,113</u>	<u>5,868,712</u>
At 31 July 2011	<u>393,049</u>	<u>18,932</u>	<u>5,097,962</u>	<u>209,841</u>	<u>5,719,784</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

9. TANGIBLE FIXED ASSETS - continued

Group

The net book value of tangible fixed assets includes an amount of £2,357,089 (2011 - £2,130,004) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £316,964 (2011 - £201,149).

Company

	Improvements to property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 August 2011	19,259	6,831,739	459,317	7,310,315
Additions	57,223	665,609	202,142	924,974
Disposals	-	(117,032)	(8,988)	(126,020)
At 28 July 2012	<u>76,482</u>	<u>7,380,316</u>	<u>652,471</u>	<u>8,109,269</u>
DEPRECIATION				
At 1 August 2011	327	2,335,415	290,775	2,626,517
Charge for period	1,441	553,540	85,351	640,332
Eliminated on disposal	-	(64,300)	(6,007)	(70,307)
At 28 July 2012	<u>1,768</u>	<u>2,824,655</u>	<u>370,119</u>	<u>3,196,542</u>
NET BOOK VALUE				
At 28 July 2012	<u>74,714</u>	<u>4,555,661</u>	<u>282,352</u>	<u>4,912,727</u>
At 31 July 2011	<u>18,932</u>	<u>4,496,324</u>	<u>168,542</u>	<u>4,683,798</u>

The net book value of tangible fixed assets includes an amount of £2,040,395 (2011 - £1,813,310) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £232,634 (2011 - £185,138).

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

10. FIXED ASSET INVESTMENTS

Company

Unlisted
investments
£

COST

At 1 August 2011
and 28 July 2012

236,000

NET BOOK VALUE

At 28 July 2012

236,000

At 31 July 2011

236,000

Fixed asset investments of the Company include the following:

Company	Country of Incorporation	Trade	Ownership
Fergusons Bakers Limited	Scotland	Bakers	100%

11. STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Stocks	323,220	228,042	268,826	166,697
Work-in-progress	22,352	23,897	22,352	23,897
Finished goods	<u>1,879</u>	<u>1,193</u>	<u>1,879</u>	<u>1,193</u>
	<u>347,451</u>	<u>253,132</u>	<u>293,057</u>	<u>191,787</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	2,056,912	1,901,061	1,835,355	1,666,504
Other debtors	153,957	110,677	152,764	108,576
Amount due from group undertakings	-	-	-	241,447
Directors' current accounts	-	4,041	-	4,041
VAT	34,861	35,481	-	-
Prepayments	121,700	99,419	73,665	64,383
	<u>2,367,430</u>	<u>2,150,679</u>	<u>2,061,784</u>	<u>2,084,951</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 15)	254,699	863,356	254,699	1,092,031
Hire purchase contracts (see note 16)	423,326	347,080	358,570	290,657
Trade creditors	2,249,939	1,846,419	1,934,398	1,533,445
Amounts owed to group undertakings	-	-	91,204	-
Tax	321,949	130,208	252,427	50,859
Social security and other taxes	241,827	248,464	241,827	200,217
Other creditors	231,841	88,173	231,695	87,777
Amount owed to parent undertaking	42,000	-	-	-
Directors' current accounts	5,427	551	5,427	551
Accrued expenses	231,121	425,622	137,191	361,660
	<u>4,002,129</u>	<u>3,949,873</u>	<u>3,507,438</u>	<u>3,617,197</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 15)	1,447,976	1,702,675	1,447,976	1,702,675
Hire purchase contracts (see note 16)	790,509	769,240	680,502	626,352
No description	-	-	150,000	-
Accruals and deferred income	90,000	-	90,000	-
Other creditors	30,000	30,000	30,000	30,000
	<u>2,358,485</u>	<u>2,501,915</u>	<u>2,398,478</u>	<u>2,359,027</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	608,657	-	837,332
Bank loans	<u>254,699</u>	<u>254,699</u>	<u>254,699</u>	<u>254,699</u>
	<u>254,699</u>	<u>863,356</u>	<u>254,699</u>	<u>1,092,031</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>254,699</u>	<u>254,699</u>	<u>254,699</u>	<u>254,699</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>462,459</u>	<u>462,459</u>	<u>462,459</u>	<u>462,459</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>730,818</u>	<u>985,517</u>	<u>730,818</u>	<u>985,517</u>

The bank loans falling due after more than 5 years are split between three loans, and are repayable in monthly instalments with the final instalments due in February 2019, June 2019 and February 2024. Interest on these loans is fixed at between 5.13% and 5.99%.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable:		
Within one year	477,176	387,971
Between one and five years	<u>867,919</u>	<u>864,266</u>
	<u>1,345,095</u>	<u>1,252,237</u>
Finance charges repayable:		
Within one year	53,850	40,891
Between one and five years	<u>77,410</u>	<u>95,026</u>
	<u>131,260</u>	<u>135,917</u>
Net obligations repayable:		
Within one year	423,326	347,080
Between one and five years	<u>790,509</u>	<u>769,240</u>
	<u>1,213,835</u>	<u>1,116,320</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable:		
Within one year	412,420	331,548
Between one and five years	<u>757,912</u>	<u>721,378</u>
	<u>1,170,332</u>	<u>1,052,926</u>
Finance charges repayable:		
Within one year	53,850	40,891
Between one and five years	<u>77,410</u>	<u>95,026</u>
	<u>131,260</u>	<u>135,917</u>
Net obligations repayable:		
Within one year	358,570	290,657
Between one and five years	<u>680,502</u>	<u>626,352</u>
	<u>1,039,072</u>	<u>917,009</u>

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	2012	2011	2012	2011
	£	£	£	£
Expiring:				
Within one year	-	-	327,479	27,670
Between one and five years	74,242	-	203,205	352,426
In more than five years	<u>-</u>	<u>70,500</u>	<u>-</u>	<u>-</u>
	<u>74,242</u>	<u>70,500</u>	<u>530,684</u>	<u>380,096</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Other operating leases	
	2012	2011
	£	£
Expiring:		
Within one year	262,103	24,507
Between one and five years	<u>155,987</u>	<u>281,324</u>
	<u>418,090</u>	<u>305,831</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank overdraft	-	608,657	-	837,332
Bank loans	<u>1,702,675</u>	<u>1,957,374</u>	<u>1,702,675</u>	<u>1,957,374</u>
	<u>1,702,675</u>	<u>2,566,031</u>	<u>1,702,675</u>	<u>2,794,706</u>

The bank loans and overdraft are secured by a standard security over the group's heritable property, a floating charge over the group's assets and a cross guarantee between group companies.

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>641,828</u>	<u>724,985</u>	<u>542,820</u>	<u>653,585</u>

Group

	Deferred tax
	£
Balance at 1 August 2011	724,985
Movement in the year	<u>(83,157)</u>
Balance at 28 July 2012	<u>641,828</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

18. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £
Balance at 1 August 2011	653,585
Movement in year	<u>(110,765)</u>
Balance at 28 July 2012	<u>542,820</u>

19. ACCRUALS AND DEFERRED INCOME

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Deferred government grants	<u>103,460</u>	<u>161,180</u>	<u>103,460</u>	<u>161,180</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2012 £	2011 £
42,000	Ordinary	£1	<u>42,000</u>	<u>42,000</u>

21. RESERVES

Group

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 August 2011	1,923,547	18,000	1,941,547
Profit for the period	1,144,396		1,144,396
Dividends	<u>(114,000)</u>		<u>(114,000)</u>
At 28 July 2012	<u>2,953,943</u>	<u>18,000</u>	<u>2,971,943</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

21. RESERVES - continued

Company

	Profit and loss account £	Capital redemption reserve £	Totals £
At 1 August 2011	1,537,203	18,000	1,555,203
Profit for the period	994,375		994,375
Dividends	(114,000)		(114,000)
At 28 July 2012	<u>2,417,578</u>	<u>18,000</u>	<u>2,435,578</u>

22. ULTIMATE PARENT COMPANY

The ultimate parent company is McGhee Group Limited, a company registered in Scotland. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

The group was under the control of the directors throughout the period. The directors of D McGhee & Sons Limited are also directors of the ultimate parent company.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2012 £	2011 £
Profit/(loss) for the financial period	1,144,396	(1,910,204)
Dividends	<u>(114,000)</u>	<u>(1,410,000)</u>
Net addition/(reduction) to shareholders' funds	1,030,396	(3,320,204)
Opening shareholders' funds	<u>1,983,547</u>	<u>5,303,751</u>
Closing shareholders' funds	<u>3,013,943</u>	<u>1,983,547</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2011 to 28 July 2012**

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2012	2011
	£	£
Profit/(loss) for the financial period	994,375	(1,948,114)
Dividends	<u>(114,000)</u>	<u>(1,410,000)</u>
Net addition/(reduction) to shareholders' funds	880,375	(3,358,114)
Opening shareholders' funds	<u>1,597,203</u>	<u>4,955,317</u>
Closing shareholders' funds	<u>2,477,578</u>	<u>1,597,203</u>