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**SCOBIE & JUNOR (HOLDINGS) LIMITED
AND SUBSIDIARIES**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
29 JUNE 2002**

COMPANY NUMBER: 47779 (SCOTLAND)



SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

CONTENTS

	PAGE
OFFICERS AND PROFESSIONAL ADVISERS	1
DIRECTORS' REPORT	2/3
AUDITORS' REPORT	4
CONSOLIDATED PROFIT AND LOSS ACCOUNT	5
COMPANY PROFIT AND LOSS ACCOUNT	6
CONSOLIDATED BALANCE SHEET	7
COMPANY BALANCE SHEET	8
CONSOLIDATED CASH FLOW STATEMENT	9
NOTES TO THE FINANCIAL STATEMENTS	10/23
COMPANY DETAILED PROFIT AND LOSS ACCOUNT	24

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
W T L WICKLOW BSc (Econ), M Inst M (Chairman)
MRS C F C WICKLOW M Ed

SECRETARY
W J M SECRETARIES LIMITED

BANKERS
THE ROYAL BANK OF SCOTLAND PLC
11 PRINCES SQUARE
EAST KILBRIDE
G74 1LR

AUDITORS
SINCLAIR WOOD & CO
CHARTERED ACCOUNTANTS
90 MITCHELL STREET
GLASGOW
G1 3NQ

SOLICITORS
WRIGHT, JOHNSTON & MACKENZIE
SOLICITORS
302 ST VINCENT STREET
GLASGOW
G2 5RZ

REGISTERED OFFICE
302 ST VINCENT STREET
GLASGOW
G2 5RZ

COMPANY NUMBER
47779 (SCOTLAND)

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the company and group for the year ended 29 June 2002.

Results and dividends

The results for the group for the period are detailed in the consolidated profit and loss account.

Dividends of £20,948 were paid during the period (2001: £10,740).

Principal activities

The principal activities of the company are those of a holding company.

The principal activities of the group have continued to be the manufacture and sale of elastic meat netting, the sale of food casings, packaging materials, food ingredients and other items associated with these activities.

Fixed assets

Movements of fixed assets during the period are detailed in notes 9 and 10 of the financial statements.

Directors and their interests

The directors of the company during the period and their beneficial interests (including family interests) in the share capital were as follows:

	<u>Ordinary Shares of 5 Pence Each</u>	
	<u>At 29/06/02</u>	<u>At 29/06/01</u>
	<u>Number</u>	<u>Number</u>
W T L Wicklow		
BSc (Econ), M Inst M (Chairman)	468,000	468,000
Mrs C F E Wicklow M Ed	132,000	132,000

Directors' responsibilities for the financial statements

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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

Auditors

A resolution to re-appoint Messrs Sinclair Wood & Co., Chartered Accountants as auditors to the company and group will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD


DIRECTOR, FOR AND ON BEHALF OF
W J M Secretaries Limited

Secretary

Date: 20 December 2002

302 St Vincent Street
Glasgow
G2 5RZ

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

We have audited the financial statements of Scobie & Junor (Holdings) Limited and Subsidiaries for the year ended 29 June 2002 on pages five to twenty-three which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two, the group's directors are responsible for the preparation of the 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 group has not kept proper 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.

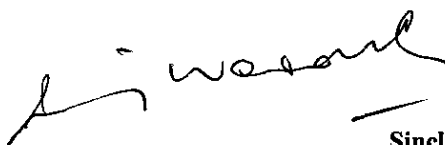
Basis of opinion

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 group'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 and group's affairs as at 29 June 2002 and of their results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Sinclair Wood & Co.,
Chartered Accountants
& Registered Auditors**

90 Mitchell Street
Glasgow G1 3NQ

Date: 23 December 2002

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 29 JUNE 2002**

		Year to 29/06/02	Period 01/07/00 to 29/06/01
	Note	£	£
TURNOVER – Continuing operations	2	12,056,224	12,285,090
Cost of sales		(9,056,297)	(9,188,047)
GROSS PROFIT		<u>2,999,927</u>	<u>3,097,043</u>
Other operating expenses (net)	4	(2,934,920)	(2,957,118)
OPERATING PROFIT – Continuing operations		<u>65,007</u>	<u>139,925</u>
Interest payable less receivable	5	(130,649)	(121,980)
		<u>(65,642)</u>	<u>17,945</u>
Exceptional items	6	(143,708)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(209,350)</u>	<u>17,945</u>
Taxation	7	(12,490)	23,805
(Loss)/Profit on ordinary activities after taxation		<u>(221,840)</u>	<u>41,750</u>
Dividends	8	(20,948)	(10,740)
		<u>(242,788)</u>	<u>31,010</u>
Retained (loss)/profit transferred to reserves		<u>(242,788)</u>	<u>31,010</u>

There are no recognised gains and losses in 2002 or 2001 other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 23 form part of these financial statements.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**COMPANY PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29 JUNE 2002**

		Year to 29/06/02	Period 01/07/00 to 29/06/01
	Note	£	£
TURNOVER – Continuing operations	2	-	-
Other operating income (net)	4	61,044	(24,128)
		<u>61,044</u>	<u>(24,128)</u>
Interest receivable less payable	5	89	682
		<u>61,133</u>	<u>(23,446)</u>
Exceptional items	6	(229,027)	-
		<u>(167,894)</u>	<u>(23,446)</u>
Loss on ordinary activities before taxation		(167,894)	(23,446)
Taxation	7	(10,544)	15,403
		<u>(178,438)</u>	<u>(8,043)</u>
Loss on ordinary activities after taxation		(178,438)	(8,043)
Dividends	8	(20,948)	(10,740)
		<u>(199,386)</u>	<u>(18,783)</u>
Retained loss transferred to reserves		<u>(199,386)</u>	<u>(18,783)</u>

There are no recognised gains and losses in 2002 or 2001 other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

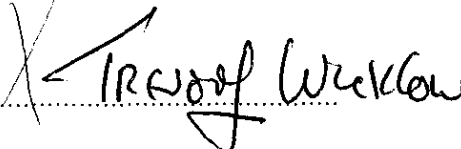
The notes on pages 10 to 23 form part of these financial statements.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**GROUP BALANCE SHEET
AS AT 29 JUNE 2002**

			2002	2001
	Note	£	£	£
FIXED ASSETS				
Tangible assets	9.1		2,395,338	2,853,970
CURRENT ASSETS				
Stocks	11	1,931,856		1,656,272
Debtors	12	2,565,304		2,639,613
Cash at bank and in hand		482,706		720,400
		<u>4,979,866</u>		<u>5,016,285</u>
CREDITORS DUE WITHIN ONE YEAR				
Loans and overdrafts	13	(1,196,505)		(1,383,655)
Other creditors	14	(2,606,833)		(2,613,993)
		<u>(3,803,338)</u>		<u>(3,997,648)</u>
NET CURRENT ASSETS			1,176,528	1,018,637
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,571,866</u>	<u>3,872,607</u>
CREDITORS DUE AFTER ONE YEAR				
Loans and overdrafts	15	(963,333)		(946,666)
Other creditors	16	(116,254)		(128,726)
		<u>(1,079,587)</u>		<u>(1,075,392)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	17	(38,823)		(88,905)
DEFERRED INCOME	18	(69,230)		(81,296)
			<u>(1,187,640)</u>	<u>(1,245,593)</u>
TOTAL NET ASSETS			<u>2,384,226</u>	<u>2,627,014</u>
CAPITAL AND RESERVES				
Called up share capital	19		30,000	30,000
Reserves	20		2,354,226	2,597,014
Shareholders' funds	21		<u>2,384,226</u>	<u>2,627,014</u>

These financial statements were approved by the board of directors on 20 December 2002 and signed on its behalf by:

Director W T L Wicklow 

Date : 20 December 2002

The notes on pages 10 to 23 form part of these financial statements.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**COMPANY BALANCE SHEET
AS AT 29 JUNE 2002**

	Note	£	2002 £	2001 £
FIXED ASSETS				
Tangible fixed assets	9.2		1,645,160	1,672,580
Investments	10		62,535	62,635
			<u>1,707,695</u>	<u>1,735,215</u>
CURRENT ASSETS				
Debtors	12	860,621		1,126,788
CREDITORS DUE WITHIN ONE YEAR				
Loans and overdrafts	13	(591,683)		(406,274)
Other creditors	14	(333,862)		(564,792)
		<u>(925,545)</u>		<u>(971,066)</u>
Net current (liabilities)/assets			(64,924)	155,722
DEBTORS DUE AFTER ONE YEAR	12		105,000	340,000
Total assets less current liabilities			<u>1,747,771</u>	<u>2,230,937</u>
CREDITORS DUE AFTER ONE YEAR				
Loans and overdrafts	15	(663,333)		(946,666)
Provision for liabilities and charges	17	(10,305)		(10,752)
			<u>(673,638)</u>	<u>(957,418)</u>
TOTAL NET ASSETS			<u>1,074,133</u>	<u>1,273,519</u>
CAPITAL RESERVES				
Called up share capital	19		30,000	30,000
Capital redemption reserve	20		30,000	30,000
Profit and loss account	20		1,014,133	1,213,519
Shareholders' funds	21		<u>1,074,133</u>	<u>1,273,519</u>

These financial statements were approved by the board of directors on 20 December 2002 and signed on its behalf:

W T L Wicklow
Director.....

Trevor Wicklow

Date : 20 December 2002

The notes on pages 10 to 23 form part of these financial statements

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 29 JUNE 2002**

		2002	2001
	Notes	£	£
Reconciliation of operating profit to net			
Cash inflow from operating activities:			
Operating profit		65,007	139,925
Depreciation charges		375,052	325,366
(Gain)/loss on sale of fixed assets		(6,002)	(11,834)
Write back of deferred income		(12,066)	(12,248)
(Increase)/Decrease in stocks		(275,584)	60,316
Decrease/(increase) in debtors		16,913	74,634
Increase/(decrease) in creditors		59,507	(274,891)
Net cash inflow from operating activities		222,827	301,268

CASH FLOW STATEMENT

Net cash inflow from operating activities		222,827	301,268
Returns on investments and servicing of finance	22	(151,597)	(132,720)
Taxation		39,690	(92,339)
Capital expenditure	22	(54,126)	(836,215)
Cash inflow/(outflow) before use of liquid resources and financing		56,794	(760,006)
Financing	22	(154,838)	1,104,958
(Decrease)/increase in cash in the period		(98,044)	344,952

**Reconciliation of net cash flow
to movement in net debt (Note 23)**

(Decrease)/increase in cash in the period		(98,044)	344,952
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		154,838	(1,104,958)
Movement in net debt in the period		56,794	(760,006)
Net debt at beginning of period		(2,007,401)	(1,247,395)
Net debt at end of period		(1,950,607)	(2,007,401)

The notes on pages 10 to 23 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
AT 29 JUNE 2002**

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's and group's financial statements.

a. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

The group financial statements consolidate the financial statements of Scobie & Junor (Holdings) Limited and its subsidiaries made up to 29 June 2002.

b. Depreciation

Depreciation is provided by the group to write off the cost or valuation of fixed tangible assets evenly over their estimated useful economic lives as follows:

Freehold land & buildings	- over 50 years
Leasehold land & buildings	- over the period of the lease
Automation equipment	- over 4 years
Plant & fittings	- over 4 to 20 years
Motor vehicles	- over 4 years

c. Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a fixed tangible asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest and the capital element, which reduces the outstanding obligation from the future instalments.

All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

d. Government grants

Government grants are credited to deferred income and are written off to trading profit over the estimated useful economic lives of the assets to which they relate.

e. Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumable and goods for resale, the average purchase price is used. Cost of work in progress and finished goods stocks includes an appropriate proportion of production overheads.

f. Deferred taxation

Provision is made for taxation deferred by accelerated capital allowances and other timing differences to the extent that a liability is likely to arise in the foreseeable future.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002

(Continued)

g. Investments

Fixed asset investments are stated at cost less any amounts written off for permanent diminution in value.

h. Foreign currencies

Income and expenditure in foreign currencies is converted to Sterling at rates approximating to those ruling at the date of each transaction. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date.

i. Pension costs

Accounting policies for pension costs are explained in note 25 to the financial statements.

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, mainly within the United Kingdom, and is stated net of Value Added Tax.

3. STAFF COSTS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Wages and salaries	1,760,849	1,737,437	189,856	185,948
Social security costs	148,799	150,128	21,949	20,370
Other pension costs	148,574	127,608	28,951	35,610
	<u>2,058,222</u>	<u>2,015,173</u>	<u>240,756</u>	<u>241,928</u>

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

	Number	Number	Number	Number
Full-time	<u>90</u>	<u>95</u>	<u>2</u>	<u>2</u>

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002 (Continued)

4. OTHER OPERATING EXPENSES/(INCOME) (NET)

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Distribution costs and administrative expenses	2,435,655	2,476,783	20,339	20,370
Depreciation of tangible assets (note 9)	375,052	325,366	27,420	27,420
Less depreciation included in cost of sales	(130,915)	(105,645)	-	-
Auditors' remuneration – Audit services	22,020	16,380	-	-
Directors' remuneration – (see below)	257,251	262,205	191,466	185,948
Directors' pension – (see below)	34,768	41,251	28,951	35,610
(Gain)/Loss on sale of fixed assets	(6,002)	(11,834)	-	-
Sundry income	(40,843)	(35,140)	(329,220)	(245,220)
Government grant release (note 18)	(12,066)	(12,248)	-	-
	<u>2,934,920</u>	<u>2,957,118</u>	<u>(61,044)</u>	<u>24,128</u>
	£	£	£	£
Directors' remuneration consists of:				
Fees	-	-	-	-
Other emoluments	257,251	262,205	191,466	185,948
	<u>257,251</u>	<u>262,205</u>	<u>191,466</u>	<u>185,948</u>
Directors' pension consists of:				
	£	£	£	£
Pension	34,768	41,251	28,951	35,610
Additional voluntary contributions	-	-	-	-
	<u>34,768</u>	<u>41,251</u>	<u>28,951</u>	<u>35,610</u>

The emoluments, excluding pension contributions of the chairman, amounted to £70,707 (2001 : £65,051) and the highest paid director earned £ 70,707 (2001 : £76,257).

The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	Number of Directors	
	2002	2001
£Nil - £ 5,000	1	1
£ 20,001 - £ 25,000	-	1
£ 25,001 - £ 30,000	1	-
£ 35,001 - £ 40,000	-	1
£ 40,001 - £ 45,000	1	-
£ 55,001 - £ 60,000	1	1
£ 65,001 - £ 70,000	1	1
£ 70,001 - £ 75,000	1	-
£ 75,001 - £ 80,000	-	1

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
AT 29 JUNE 2002 (Continued)**

5. INTEREST PAYABLE LESS RECEIVABLE

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Interest on bank loans, overdrafts and other loans wholly repayable within five years	157,230	157,705	6,165	12,152
Finance charges payable under finance leases or hire purchase contracts	27,568	22,788	-	-
Bank interest receivable	(17,630)	(19,168)	-	-
Interest receivable from group companies	-	-	(6,254)	(12,834)
Interest on overdue tax	505	-	-	-
	<u>167,673</u>	<u>161,325</u>	<u>(89)</u>	<u>(682)</u>
Interest included in cost of sales	(37,024)	(39,345)	-	-
	<u><u>130,649</u></u>	<u><u>121,980</u></u>	<u><u>(89)</u></u>	<u><u>(682)</u></u>

6. EXCEPTIONAL ITEMS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Write-off of inter-company loans	-	-	228,927	-
Write-off of investment	-	-	100	-
Write-off of plant and machinery	143,708	-	-	-
	<u>143,708</u>	<u>-</u>	<u>229,027</u>	<u>-</u>

7. TAXATION

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
U.K. corporation tax on results for the period at 0.00% (2001 : 0.00%)	-	-	-	-
Deferred taxation at 30% (2000 : 30%)	(50,082)	32,448	(447)	(2,853)
Under/(over) provision from prior years	62,572	(56,253)	10,991	(12,550)
	<u>12,490</u>	<u>(23,805)</u>	<u>10,544</u>	<u>(15,403)</u>

8. DIVIDENDS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Ordinary – Interim paid	<u>20,948</u>	<u>10,740</u>	<u>20,948</u>	<u>10,740</u>

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
AT 29 JUNE 2002 (Continued)**

9.1 TANGIBLE FIXED ASSETS - GROUP

	Land and Buildings			Automation Equipment	Plant & Fittings	Motor Vehicles	Total
	Freehold	Long Leasehold	Short Leasehold				
	£	£	£	£	£	£	£
Cost or valuation:							
At beginning of period	950,000	750,000	5,274	228,294	1,940,724	351,551	4,225,843
Additions	-	-	-	-	83,310	55,130	138,440
(Disposals)	-	-	-	-	(250,000)	(115,661)	(365,661)
At end of period	<u>950,000</u>	<u>750,000</u>	<u>5,274</u>	<u>228,294</u>	<u>1,774,034</u>	<u>291,020</u>	<u>3,998,622</u>
Depreciation:							
At beginning of period	19,020	8,400	4,540	49,730	1,068,347	221,836	1,371,873
Provided during the period	19,020	8,400	288	34,244	260,046	53,054	375,052
(Disposals)	-	-	-	-	(63,625)	(80,016)	(143,641)
At end of period	<u>38,040</u>	<u>16,800</u>	<u>4,828</u>	<u>83,974</u>	<u>1,264,768</u>	<u>194,874</u>	<u>1,603,284</u>
Net book value:							
At end of period	<u>911,960</u>	<u>733,200</u>	<u>446</u>	<u>144,320</u>	<u>509,266</u>	<u>96,146</u>	<u>2,395,338</u>
At beginning of period	<u>930,980</u>	<u>741,600</u>	<u>734</u>	<u>178,564</u>	<u>872,377</u>	<u>129,715</u>	<u>2,853,970</u>
Comparable amounts according to the historical cost convention:							
Cost:	444,488	432,717	5,274	228,294	1,774,034	291,020	3,175,827
Depreciation:	(68,345)	(144,225)	(4,828)	(83,974)	(1,264,768)	(194,874)	(1,761,014)
Net book value:							
At end of year	<u>376,143</u>	<u>288,492</u>	<u>446</u>	<u>144,320</u>	<u>509,266</u>	<u>96,146</u>	<u>1,414,813</u>
At beginning of year	<u>385,013</u>	<u>293,228</u>	<u>734</u>	<u>178,564</u>	<u>872,377</u>	<u>129,715</u>	<u>1,859,631</u>

The freehold and long leasehold land and buildings were valued at 24 May 2000 on an open market basis by Knight Frank, Chartered Surveyors, Glasgow. If the land and buildings were sold at their valuation a maximum tax charge of £245,256 would arise.

The net book value of the group's fixed assets includes £352,430 (2001 : £462,303) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge for the period includes £ 178,935 (2001 : £151,388) for these assets.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002 (Continued)

9.2 TANGIBLE FIXED ASSETS – COMPANY

	Land and Buildings		
	Freehold	Long Leasehold	Total
	£	£	£
Cost:			
At beginning of period	950,000	750,000	1,700,000
Additions	-	-	-
(Disposals)	-	-	-
At end of period	<u>950,000</u>	<u>750,000</u>	<u>1,700,000</u>
Depreciation:			
At beginning of period	19,020	8,400	27,420
Provided during the period	19,020	8,400	27,420
(Disposals)	-	-	-
At end of period	<u>38,040</u>	<u>16,800</u>	<u>54,840</u>
Net book value:			
At end of period	<u>911,960</u>	<u>733,200</u>	<u>1,645,160</u>
At beginning of period	<u>930,980</u>	<u>741,600</u>	<u>1,672,580</u>

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002 (Continued)

	2002	2001
	£	£
10. INVESTMENTS HELD AS FIXED ASSETS - COMPANY		
Shares in unlisted subsidiary companies at cost:		
At beginning of period – at cost	62,635	62,535
Additions	-	100
(Disposals)	-	-
Investments written off	(100)	-
At end of period	<u>62,535</u>	<u>62,635</u>

The companies in which the group has an interest are as follows:

Company name, country of registration and nature of business	Class of Shares	Percentage held	Aggregate capital and reserves £	Profit/(Loss) for period after tax £
Scobie & Junor (Estd. 1919) Ltd., Scotland, Food industry supplies	Ordinary	100%	<u>88,107</u>	<u>8,671</u>
Scobie & Junor (Ireland) Ltd., Scotland, Food industry supplies	Ordinary	100%	<u>1,056,824</u>	<u>103,664</u>
Scotnet (1974) Ltd., Scotland, Food industry supplies	Ordinary	100%	<u>233,636</u>	<u>(195,805)</u>
Ankanet Ltd., Scotland, Food Industry supplies	Ordinary	100%	<u>(5,935)</u>	<u>39,969</u>

	2002	2001
	£	£
11. STOCKS - GROUP		
Raw materials	122,928	159,472
Work in progress	82,105	61,544
Finished goods and goods for resale	1,726,823	1,435,256
	<u>1,931,856</u>	<u>1,656,272</u>

The replacement cost of stocks is not materially different from the amounts shown above.

NOTES TO THE FINANCIAL STATEMENTS
AT 29 JUNE 2002 (Continued)

12. DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
<u>Due within one year</u>				
Trade debtors	2,341,984	2,370,225	-	-
Prepayments and accrued income	121,650	26,173	-	-
Amounts owed by associated companies	-	-	860,621	1,114,238
Corporation tax recoverable	-	57,396	-	12,550
Other debtors	101,670	185,819	-	-
	<u>2,565,304</u>	<u>2,639,613</u>	<u>860,621</u>	<u>1,126,788</u>
<u>Due after one year</u>				
	£	£	£	£
Amounts owed by associated companies	-	-	105,000	340,000
	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>340,000</u>

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
<u>Loans and overdrafts</u>				
Bank overdrafts	886,505	1,026,155	281,683	136,274
Directors' pension scheme loans	-	87,500	-	-
Royal Bank of Scotland plc term loans	310,000	270,000	310,000	270,000
	<u>1,196,505</u>	<u>1,383,655</u>	<u>591,683</u>	<u>406,274</u>

The bank loans and overdraft facilities are secured by standard securities over the freehold and long leasehold properties, by a bond and floating charges over the assets of each group company, by cross-guarantees and by the personal guarantee of director W T L Wicklow supported by the assignation of a life policy.

The directors' pension scheme No. 3 loan is unsecured and repayable on 30 June 2006 and bears interest at 3% above the Royal Bank of Scotland plc's base rate.

The Royal Bank of Scotland plc No. 1 loan is repayable by monthly instalments, the last of which is due in June 2003 and bears interest at 2% above the Royal Bank of Scotland plc's base rate.

The Royal Bank of Scotland plc No. 3 loan is repayable by monthly instalments, the last of which is due in August 2005 and bears interest at 2% above the LIBOR base rate.

The Royal Bank of Scotland plc No. 4 loan is repayable by monthly instalments, the last of which is due in December 2005 and bears interest at 2% above the Royal Bank of Scotland plc's base rate.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
AT 29 JUNE 2002 (Continued)**

14. CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
<u>Other creditors</u>				
Trade creditors	1,889,359	1,553,865	-	-
Obligations under finance leases or hire purchase contracts	157,221	268,754	-	-
Amounts owed to associated companies	-	-	309,789	439,507
Current corporation tax	44,926	59	-	-
Social security and other taxes	85,449	223,159	22,033	106,633
Accruals and deferred income	429,878	568,156	2,040	18,652
	<u>2,606,833</u>	<u>2,613,993</u>	<u>333,862</u>	<u>546,792</u>
Payments under operating leases which are due to be made in the next year are:				
	£	£	£	£
Lease expiring within one year	3,072	672	-	-
Leases expiring between one and five years	66,436	92,591	-	-
Lease expiring after five years	31,338	32,505	24,750	24,750
	<u>100,846</u>	<u>125,768</u>	<u>24,750</u>	<u>24,750</u>

15. CREDITORS DUE AFTER ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
<u>Loans and overdrafts</u>				
Royal Bank of Scotland plc term loans (see note 13)	<u>963,333</u>	<u>946,666</u>	<u>663,333</u>	<u>946,666</u>

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002

(Continued)

16. CREDITORS DUE AFTER ONE YEAR - GROUP

	2002	2001
	£	£
<u>Other creditors</u>		
Obligations under finance leases or hire purchase contracts	116,254	128,726

The above amounts are repayable within five years.

17. PROVISION FOR LIABILITIES AND CHARGES

	Group	Company
	£	£
<u>Deferred taxation</u> – Accelerated Capital Allowances		
At beginning of period	88,905	10,752
(Released)/charged to profit and loss account - ordinary activities	(50,082)	(447)
At end of period	38,823	10,305

Full provision has been made for deferred taxation in respect of all timing differences except in respect of taxation estimated at £245,256 which would arise on disposal of the company's land and buildings at the value included in the financial statements.

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
AT 29 JUNE 2002 (Continued)

18. DEFERRED INCOME - GROUP

	Government Grants
	£
At beginning of period	81,296
Released to profit and loss account	(12,066)
Grants received during period	-
At end of period	<u>69,230</u>

19. SHARE CAPITAL

	Authorised		Allotted, Called Up and Fully Paid	
	2002 Number	2001 Number	2002 £	2001 £
Ordinary shares of 5 pence each	<u>600,000</u>	<u>600,000</u>	<u>30,000</u>	<u>30,000</u>

20. MOVEMENTS IN RESERVES

	Group				Company		
	Total	Profit and Loss Account	Revaluation Reserve	Capital Redemption Reserve	Total	Profit and Loss Account	Capital Redemption Reserve
	£	£	£	£	£	£	£
At beginning of period	2,597,014	1,539,168	1,027,846	30,000	1,263,519	1,213,519	30,000
Retained (loss)/profit transferred to reserves	(242,788)	(242,788)	-	-	(199,386)	(199,386)	-
At end of period	<u>2,354,226</u>	<u>1,297,309</u>	<u>1,027,846</u>	<u>30,000</u>	<u>1,044,133</u>	<u>1,014,133</u>	<u>30,000</u>

**21. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS**

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Retained (loss)/profit transferred to reserves	<u>(242,788)</u>	<u>31,010</u>	<u>(199,386)</u>	<u>(18,783)</u>
Net (decrease)/increase in shareholders' funds for period	(242,788)	31,010	(199,386)	(18,783)
Opening shareholders' funds	2,627,014	2,596,004	1,273,519	1,292,302
Closing shareholders' funds	<u>2,384,226</u>	<u>2,627,014</u>	<u>1,074,133</u>	<u>1,273,519</u>

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002 (Continued)

22. GROSS CASH FLOWS - GROUP

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	17,630	19,168
Interest paid	(120,711)	(118,360)
Interest element of finance lease rental payments	(27,568)	(22,788)
Dividends paid	(20,948)	(10,740)
	<u>(151,597)</u>	<u>(132,720)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(138,440)	(863,358)
Receipts from sales of tangible fixed assets	84,314	27,243
Payments to acquire fixed asset investments	-	(100)
	<u>(54,126)</u>	<u>(836,215)</u>
Financing		
Finance leases advanced	195,273	438,449
Directors' loan (repaid)/advanced	-	(8,198)
Pension fund loan advanced/(repaid)	212,500	(62,500)
Other loans (repaid)/advanced	(243,333)	1,036,667
Capital element of finance lease rental payments	(319,278)	(299,460)
	<u>(154,838)</u>	<u>1,104,958</u>

23. ANALYSIS OF CHANGES IN NET DEBT - GROUP

	At beginning of period £	Cash flows £	At end of period £
Cash at bank and in hand	720,400	(237,694)	482,706
Overdrafts and bank loan accounts	(1,026,155)	139,650	(886,505)
		<u>(98,044)</u>	
Debt due within one year	(357,500)	47,500	(310,000)
Debt due after one year	(946,666)	(16,667)	(963,333)
Finance leases	(397,480)	124,005	(273,475)
		<u>154,838</u>	
	<u>(2,007,401)</u>	<u>56,794</u>	<u>(1,950,607)</u>

24. CAPITAL COMMITMENTS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Contracted	-	-	-	-
Authorised by the directors	-	-	-	-

SCOBIE & JUNOR (HOLDINGS) LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002

(Continued)

24. PENSION SCHEMES – GROUP

The group operates a pension scheme providing defined benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group and are invested by the Scheme Trustees in an insurance company exempt managed fund.

A full actuarial valuation of the Scheme was carried out as at 30 June 2002 and amended as at that date by a qualified independent actuary in accordance with the valuation methods of Financial Reporting Standard 17. These methods reflect that as a closed scheme, the age profile of the membership is rising and that the current service cost will increase as the members approach retirement. The main financial assumptions of the updated valuation include:

- (a) an annual inflation rate of 2.6%;
- (b) an annual rate of increase in salaries of 4.1%;
- (c) pension increases: pension accrued before April 1997 - 0% per annum
 pension accrued after April 1997 - 2.6% per annum
 revaluation of deferred pensions - 2.6% per annum
- (d) discount rate of 5.8% per annum.

The fair value of the assets held by the pension Scheme at 30 June 2002 and the expected rate of return assumed for each class for the period and subsequent period are:

	£	%
(a) equities	2,875,000	7.50%
(b) cash deposits	22,000	4.50%
(c) prepayments and other net assets	N/A	
	2,897,000	

The present value of the Scheme's liabilities as at 30 June 2002, based on the above accounting assumptions is £4,736,000 which results in an actuarial deficit for the Scheme of £1,839,000.

The contributions made in respect of the period ended 29 June 2002, including employee contributions and AVC's, amounted to £147,038 in accordance with the previously recommended contribution rate of 18.7% of pensionable salaries.

NOTES TO THE FINANCIAL STATEMENTS

AT 29 JUNE 2002 (Continued)

25. RELATED PARTY TRANSACTIONS – GROUP

The company and group are under the ultimate control of WTL Wicklow, a director, who together with members of his close family holds 100% (2001 : 100%) of the issued share capital of Scobie & Junor (Holdings) Limited.

During the period group companies paid £18,000 of rental charges (2001 : £18,000) to the Scobie & Junor (Holdings) Limited Directors' Pension Scheme in respect of property owned by the Scheme. Group companies also paid £18,642 of interest (2001 : £9,582) to the Pension Scheme in respect of loans made by the Scheme to the group. At 29 June 2002 these loans amounted to £ 300,000 (2001 : £87,500). The group also made net sales of £46,130 to and purchases of £65,441 from IDAS Europe Limited, or company in which WTC Wicklow also had an interest (2001 : nil). At 29 July 2002 the group owed £2,156 (net) to IDAS Europe Limited (2001 : nil). It is the policy of the group to negotiate all related party transactions on an arm's-length basis.

26. CONTINGENT LIABILITIES – GROUP

Scobie & Junor (Estd. 1919) Limited have granted a Duty Deferment Bond to H M Customs and Excise for £25,000 (maximum liability £50,000) with similar arrangements for £15,000 being in place for Scotnet (1979) Limited (maximum liability £30,000).

Scotnet (1974) Limited is involved in ongoing legal proceedings in protecting its worldwide intellectual property rights. The directors remain confident of a satisfactory outcome, however, in the event of losing the case, the company may become liable for an as yet indeterminate level of costs.