

77607

**CASTLE MACLELLAN FOODS LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**31ST AUGUST 1996**

CARSON & TROTTER, DUMFRIES

*Handwritten signature*



## CASTLE MACLELLAN FOODS LIMITED

## Company information

|           |                                        |
|-----------|----------------------------------------|
| Directors | C.S.WARDEN<br>J.CARSWELL<br>C.G.WILSON |
|-----------|----------------------------------------|

|           |            |
|-----------|------------|
| Secretary | C.S.WARDEN |
|-----------|------------|

|                   |                                                   |
|-------------------|---------------------------------------------------|
| Registered Office | Riverside<br>Dee Walk<br>Kirkcudbright<br>DG6 4DR |
|-------------------|---------------------------------------------------|

|          |                                                                                                                        |
|----------|------------------------------------------------------------------------------------------------------------------------|
| Auditors | Messrs Carson & Trotter<br>Chartered Accountants<br>and Registered Auditors<br>123 Irish Street<br>Dumfries<br>DG1 2PE |
|----------|------------------------------------------------------------------------------------------------------------------------|

|                |                 |
|----------------|-----------------|
| Company Number | 77607(Scotland) |
|----------------|-----------------|

CASTLE MACLELLAN FOODS LIMITED

NOTICE OF MEETING

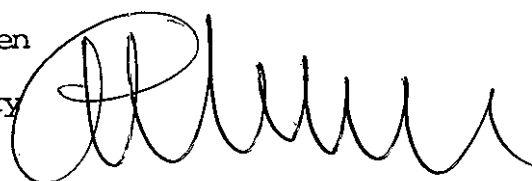
NOTICE IS HEREBY GIVEN that the Annual General Meeting of CASTLE MACLELLAN FOODS LIMITED will be held at Riverside, Dee Walk, Kirkcudbright on Tuesday, 26th November, 1996 at 12.00 pm for the following purposes :

- 1.To receive and adopt the Reports of the Directors and Auditors and Accounts for the year ended 31ST AUGUST 1996.
- 2.To re appoint the Auditors and to authorise the Directors to fix their remuneration.
- 3.To transact any other ordinary business of the company.

BY ORDER OF THE BOARD

C.S.Warden

Secretary



22nd November, 1996.

Riverside,  
Dee Walk,  
Kirkcudbright.

Note A member entitled to attend and vote at the meeting may appoint a proxy , or proxies , to attend and vote instead of him. A proxy need not be a member of the company.

CASTLE MACLELLAN FOODS LIMITEDDIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31ST AUGUST 1996.

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Principal activity and review of the business

The company's principal activity during the year was the manufacture and sale of pate. As acknowledged in the Directors' Report for the year ended 31st August, 1995, the confidence expressed in maintaining positive growth was realised and results for the year were most encouraging. Early results for the current year show further substantial growth in our core business and we remain confident this trend will continue. Plans are currently in hand for further extension to our operations providing increased cold and chilled goods storage. Space released will allow for additional production capacity catering for our planned development into new market sectors.

## Directors and their interests

The directors at 31ST AUGUST 1996 and their interests in the share capital of the company (all beneficially held) were as follows:

|               | At 31st August 1996 | At 31st August 1995 |
|---------------|---------------------|---------------------|
|               | Ordinary shares     | Ordinary shares     |
| Mr.C.S.Warden | 66,500              | 66,500              |
| Mr.J.Carswell | 52,500              | 52,500              |
| Mr.C.G.Wilson | 25,000              | 20,000              |

The Directors are all permanent and consequently no Director requires to be re-elected at the Annual General Meeting.

## Close company status

The company is a close company within the meaning of the Income & Corporation Taxes Act 1988.

## Auditors

A resolution to re-appoint as auditors Messrs. Carson & Trotter, C.A. will be put to the Annual General Meeting.

This report, which has been prepared taking advantage of special exemptions applicable to small companies, was approved by the board on 15th November, 1996 and signed on their behalf.

By order of the Board  
C.S.Warden  
Secretary.



22nd November, 1996

CASTLE MACLELLAN FOODS LIMITEDAuditors' report to the shareholders of CASTLE MACLELLAN FOODS LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

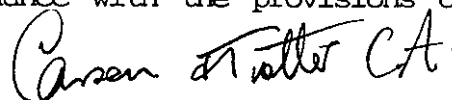
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31ST AUGUST 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



CARSON & TROTTER,  
Chartered Accountants and  
Registered Auditors.

123, Irish Street,  
Dumfries.

22nd November, 1996.

## CASTLE MACLELLAN FOODS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1996

|                                               | Notes   | 1996<br>£ | 1995<br>£ |
|-----------------------------------------------|---------|-----------|-----------|
| TURNOVER                                      | 2       | 1,748,794 | 1,633,230 |
| Cost of sales                                 |         | 1,209,634 | 1,160,051 |
| GROSS PROFIT                                  |         | 539,160   | 473,179   |
| Distribution costs                            | 29,647  |           | 22,809    |
| Administration expenses                       | 386,359 |           | 385,081   |
|                                               |         | 416,006   | 407,890   |
| OPERATING PROFIT                              | 3       | 123,154   | 65,289    |
| Other interest receivable and similar income  | 4       | 857       | 874       |
|                                               |         | 124,011   | 66,163    |
| Interest payable and similar charges          | 5       | 39,972    | 36,388    |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION |         | 84,039    | 29,775    |
| Tax on profit on ordinary activities          | 6       | 20,161    | 11,633    |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION  |         | 63,878    | 18,142    |
| Premium on redemption of preference shares    |         | -         | 3,600     |
| RETAINED PROFITS FOR YEAR                     |         | 63,878    | 14,542    |
| Revenue deficit brought forward               |         | (25,098)  | (40)      |
| Transfer from revaluation reserve             | 15      | 400       | 400       |
| Redemption of preference shares               |         | -         | (40,000)  |
|                                               |         | (24,698)  | (39,640)  |
| RETAINED PROFITS as at 31ST AUGUST 1996       |         | 39,180    | (25,098)  |

There were no recognised gains or losses for 1996 or 1995 other than those included in the profit and loss account.

The attached notes form part of these accounts.

## CASTLE MACLELLAN FOODS LIMITED

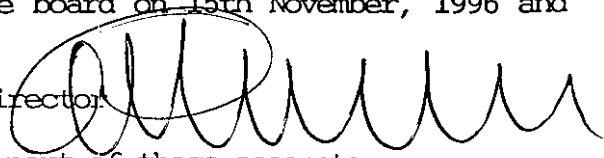
## BALANCE SHEET

as at 31ST AUGUST 1996

|                                              | Notes | 1996<br>£ | 1995<br>£ |
|----------------------------------------------|-------|-----------|-----------|
| FIXED ASSETS                                 |       |           |           |
| Tangible assets                              | 7     | 690,967   | 623,598   |
| CURRENT ASSETS                               |       |           |           |
| Stocks                                       | 8     | 119,814   | 95,163    |
| Debtors                                      | 9     | 281,998   | 264,048   |
| Cash at bank and in hand                     |       | 27,118    | 31,203    |
|                                              |       | 428,930   | 390,414   |
| CREDITORS:                                   |       |           |           |
| Amounts falling due within one year          | 10    | 659,153   | 638,312   |
| NET CURRENT (LIABILITIES)                    |       | (230,223) | (247,898) |
| TOTAL ASSETS LESS CURRENT LIABILITIES        |       | 460,744   | 375,700   |
| CREDITORS:                                   |       |           |           |
| Amounts falling due after more than one year | 11    | 34,099    | 31,482    |
| Deferred taxation                            | 12    | 33,476    | 24,611    |
| ACCRUALS AND DEFERRED INCOME                 |       |           |           |
| Capital grants                               | 13    | 85,789    | 81,105    |
| NET ASSETS                                   |       | 307,380   | 238,502   |
| CAPITAL AND RESERVES                         |       |           |           |
| Called up share capital                      | 14    | 145,000   | 140,000   |
| Other reserves                               | 15    | 123,200   | 123,600   |
| Profit and loss account                      | 16    | 39,180    | (25,098)  |
| SHAREHOLDERS FUNDS                           | 17    | 307,380   | 238,502   |

The directors have taken advantage, in the preparation of these accounts, of special exemptions applicable to small companies on the grounds that the company qualifies as a small company by virtue of section 247 of the Companies Act 1985. The accounts were approved by the board on 15th November, 1996 and signed on its behalf.

C.S.Warden - Director



The attached notes form part of these accounts.

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

---

1. ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with items which are considered to be material to the company's accounts.

## A) Basis of accounting

The financial statements are prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

## B) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

|                                |                                                       |
|--------------------------------|-------------------------------------------------------|
| Freehold buildings             | - 0.25% reducing balance                              |
| Equipment under finance leases | - over the primary lease term or expected useful life |
| Plant and machinery            | - 10/20% straight line                                |
| Motor vehicles                 | - 25% reducing balance                                |

## C) Stock and work in progress

Stock and work in progress, as detailed in note 8, is valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises:

- 1) invoice price of materials purchased
- 2) costs included in arriving at stock condition

## D) Repairs and renewals

All expenditure of this nature is written off as incurred.

## E) Leasing

Tangible Fixed Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible assets. The related obligations, net of future finance charges, are included in creditors.

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

## F) Deferred taxation

Provision has been made, under the liability method, at current rates of taxation on all timing differences, other than those likely to continue for the foreseeable future.

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

## G) Government grants

Government grants amounting to £105,000 are being released to profit and loss account over the expected useful life of the assets concerned.

## H) Pension Costs

The Company operates pension schemes for certain of its employees. The funds of the schemes are administered by Trustees and are separate from the Company.

## 2. TURNOVER

In the year ended 31st August, 1996 none of the company's turnover was to markets outside the United Kingdom (1995 Nil).

## 3. OPERATING PROFIT

|                                                       | 1996<br>£ | 1995<br>£ |
|-------------------------------------------------------|-----------|-----------|
| This is stated after charging:                        |           |           |
| Directors' remuneration:                              |           |           |
| Fees                                                  | -         | -         |
| Other emoluments (including pension contributions)    | 85,734    | 73,264    |
|                                                       | -----     | -----     |
|                                                       | 85,734    | 73,264    |
|                                                       | =====     | =====     |
| Hire of plant and machinery                           | 7,588     | 10,909    |
|                                                       | =====     | =====     |
| Auditors' remuneration                                | 3,750     | 3,900     |
|                                                       | =====     | =====     |
| Depreciation of tangible fixed assets:-               |           |           |
| owned by the company                                  | 17,797    | 14,646    |
| held under finance leases and hire purchase contracts | 15,128    | 8,993     |
|                                                       | -----     | -----     |
|                                                       | 32,925    | 23,639    |
|                                                       | =====     | =====     |

## 4. INCOME FROM INVESTMENTS

|                           | 1996<br>£ | 1995<br>£ |
|---------------------------|-----------|-----------|
| Building Society interest | 857       | 874       |
|                           | =====     | =====     |

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

## 5. INTEREST PAYABLE

|                                            | 1996   | 1995   |
|--------------------------------------------|--------|--------|
|                                            | £      | £      |
| Bank interest                              | 31,535 | 30,060 |
| Loan interest                              | 182    | 236    |
| Hire purchase interest and leasing charges | 8,255  | 6,092  |
|                                            | -----  | -----  |
|                                            | 39,972 | 36,388 |
|                                            | =====  | =====  |

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

|                                   | 1996   | 1995   |
|-----------------------------------|--------|--------|
|                                   | £      | £      |
| Based on the profit for the year: |        |        |
| Corporation tax at current rates  | 11,076 | -      |
| Deferred taxation                 | 9,085  | 11,633 |
|                                   | -----  | -----  |
|                                   | 20,161 | 11,633 |
|                                   | =====  | =====  |

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

## 7. TANGIBLE ASSETS

## Cost or valuation:

|                                | Opening<br>balance<br>£ | Additions<br>£ | Disposals<br>£ | Closing<br>balance<br>£ |
|--------------------------------|-------------------------|----------------|----------------|-------------------------|
| Freehold buildings             | 410,896                 | 1,112          | -              | 412,008                 |
| Freehold land                  | 8,735                   | -              | -              | 8,735                   |
| Equipment under finance leases | 16,967                  | -              | -              | 16,967                  |
| Plant and machinery            | 334,945                 | 76,938         | 3,330          | 408,553                 |
| Motor Vehicles                 | 13,006                  | 28,658         | 13,006         | 28,658                  |
|                                | -----                   | -----          | -----          | -----                   |
|                                | 784,549                 | 106,708        | 16,336         | 874,921                 |
|                                | =====                   | =====          | =====          | =====                   |

## Depreciation:

|                                | Opening<br>balance<br>£ | Charge<br>for year<br>£ | Disposals<br>£ | Closing<br>balance<br>£ |
|--------------------------------|-------------------------|-------------------------|----------------|-------------------------|
| Freehold buildings             | 4,613                   | 1,018                   | -              | 5,631                   |
| Equipment under finance leases | 13,166                  | 1,901                   | -              | 15,067                  |
| Plant and machinery            | 134,395                 | 26,423                  | 1,144          | 159,674                 |
| Motor Vehicles                 | 8,777                   | 3,582                   | 8,777          | 3,582                   |
|                                | -----                   | -----                   | -----          | -----                   |
|                                | 160,951                 | 32,924                  | 9,921          | 183,954                 |
|                                | =====                   | =====                   | =====          | =====                   |

## Net book value:

|                                | Opening<br>balance<br>£ | Closing<br>balance<br>£ |
|--------------------------------|-------------------------|-------------------------|
| Freehold buildings             | 406,283                 | 406,377                 |
| Freehold land                  | 8,735                   | 8,735                   |
| Equipment under finance leases | 3,801                   | 1,900                   |
| Plant and machinery            | 200,550                 | 248,879                 |
| Motor Vehicles                 | 4,229                   | 25,076                  |
|                                | -----                   | -----                   |
|                                | 623,598                 | 690,967                 |
|                                | =====                   | =====                   |

Included in the total net book value of tangible fixed assets held at 31st August, 1996 was £133,540 (1995 £92,219) in respect of assets held under finance leases and hire purchase contracts.

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

## 8. STOCKS

|                                                 | 1996<br>£ | 1995<br>£ |
|-------------------------------------------------|-----------|-----------|
| Finished goods, raw materials, dishes and boxes | 119,814   | 95,163    |
|                                                 | =====     | =====     |

## 9. DEBTORS

|                      | 1996<br>£ | 1995<br>£ |
|----------------------|-----------|-----------|
| Due within one year: |           |           |
| Trade debtors        | 245,009   | 216,574   |
| Other debtors        | 36,989    | 47,474    |
|                      | -----     | -----     |
|                      | 281,998   | 264,048   |
|                      | =====     | =====     |

## 10. CREDITORS: Amounts falling due within one year

|                                                              | 1996<br>£ | 1995<br>£ |
|--------------------------------------------------------------|-----------|-----------|
| Obligations under finance leases and hire purchase contracts | 34,433    | 23,287    |
| Bank overdraft (Secured)                                     | 362,741   | 365,010   |
| Trade creditors                                              | 213,647   | 216,226   |
| Corporation tax                                              | 5,497     | -         |
| Other taxes and social security                              | 9,231     | 10,792    |
| Other creditors                                              | 33,604    | 22,997    |
|                                                              | -----     | -----     |
|                                                              | 659,153   | 638,312   |
|                                                              | =====     | =====     |

## 11. CREDITORS : Amounts falling due after more than one year

|                                                              | 1996<br>£ | 1995<br>£ |
|--------------------------------------------------------------|-----------|-----------|
| Obligations under finance leases and hire purchase contracts | 32,524    | 29,007    |
| Other creditors                                              | 1,575     | 2,475     |
|                                                              | -----     | -----     |
|                                                              | 34,099    | 31,482    |
|                                                              | =====     | =====     |

## 12. DEFERRED TAXATION

|                                               | Provision |           | Potential |           |
|-----------------------------------------------|-----------|-----------|-----------|-----------|
|                                               | 1996<br>£ | 1995<br>£ | 1996<br>£ | 1995<br>£ |
| Capital allowances in advance of depreciation | 33,476    | 47,963    | 33,476    | 47,963    |
| Less:                                         |           |           |           |           |
| Unrelieved losses                             | -         | 23,352    | -         | 23,352    |
|                                               | -----     | -----     | -----     | -----     |
|                                               | 33,476    | 24,611    | 33,476    | 24,611    |
|                                               | =====     | =====     | =====     | =====     |

## CASTLE MACLELLAN FOODS LIMITED

## NOTES TO THE ACCOUNTS

At 31ST AUGUST 1996

## 13. CAPITAL GRANTS

This represents the balance of a) a Department of Trade and Industry grant and b) a Scottish Office Industrial Development grant, received for the development of the Riverside, Dee Walk, Kirkcudbright premises of the company. The grants are being released to the profit and loss account over the expected useful lives of the assets to which they relate.

## 14. SHARE CAPITAL

|                                                                            | Authorised  |             | Allotted, issued<br>and fully paid |           |
|----------------------------------------------------------------------------|-------------|-------------|------------------------------------|-----------|
|                                                                            | 1996<br>No. | 1995<br>No. | 1996<br>£                          | 1995<br>£ |
| Ordinary shares of £1 each                                                 | 250,000     | 250,000     | 145,000                            | 140,000   |
|                                                                            | =====       | =====       | =====                              | =====     |
| 12% Cumulative Redeemable<br>Participating Preference shares<br>of £1 each | 120,000     | 120,000     | -                                  | -         |
|                                                                            | =====       | =====       | =====                              | =====     |

During the year the Company issued 5000 Ordinary £1 Shares at par value.

## 15. OTHER RESERVES

|                                        | 1996<br>£ | 1995<br>£ |
|----------------------------------------|-----------|-----------|
| (a) Revaluation Reserve                |           |           |
| Balance as at 1st September, 1995      | 3,600     | -         |
| Arising on revaluation during the year | -         | 4,000     |
| Amortisation during the year           | (400)     | (400)     |
|                                        | -----     | -----     |
| Balance as at 31st August, 1996        | 3,200     | 3,600     |
|                                        | =====     | =====     |

The revaluation reserve represents the surplus which has arisen on the revaluation of items of plant and machinery. The amount amortised has been transferred to the profit and loss account, and represents that part of the depreciation charge for the year on plant and machinery which is attributable to the surplus on revaluation.

|                                   |         |         |
|-----------------------------------|---------|---------|
| (b) Capital Redemption Reserve    |         |         |
| Balance as at 1st September, 1995 | 120,000 | 80,000  |
| Transferred during the year       | -       | 40,000  |
|                                   | -----   | -----   |
| Balance as at 31st August, 1996   | 120,000 | 120,000 |
|                                   | =====   | =====   |

The capital redemption reserve represents the nominal value of preference shares redeemed.

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

## 16. PROFIT AND LOSS ACCOUNT

|                                        | 1996     | 1995     |
|----------------------------------------|----------|----------|
|                                        | £        | £        |
| Balance as at 1st September, 1995      | (25,098) | (40)     |
| Transfer from revaluation reserve      | 400      | 400      |
| Transfer to capital redemption reserve | -        | (40,000) |
| Retained profits for year              | 63,878   | 14,542   |
|                                        | -----    | -----    |
| Balance as at 31st August, 1996        | 39,180   | (25,098) |
|                                        | =====    | =====    |

## 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

|                                           | 1996    | 1995     |
|-------------------------------------------|---------|----------|
|                                           | £       | £        |
| Profit for the year                       | 63,878  | 18,142   |
| <u>Add:-</u> Issue of share capital       | 5,000   | -        |
|                                           | -----   | -----    |
|                                           | 68,878  | 18,142   |
| <u>Add:-</u> Revaluation of fixed assets  | -       | 4,000    |
|                                           | -----   | -----    |
|                                           | 68,878  | 22,142   |
| <u>Less:-</u> Redemption of share capital | -       | 43,600   |
|                                           | -----   | -----    |
|                                           | 68,878  | (21,458) |
| Opening shareholders funds                | 238,502 | 259,960  |
|                                           | -----   | -----    |
| Closing shareholders funds                | 307,380 | 238,502  |
|                                           | =====   | =====    |

## 18. LEASING COMMITMENTS

At 31st August, 1996 the company had annual commitments under non-cancellable operating leases as detailed below:-

|                                 | 1996              | 1995              |
|---------------------------------|-------------------|-------------------|
|                                 | Plant & Machinery | Plant & Machinery |
|                                 | £                 | £                 |
| Operating leases which expire:- |                   |                   |
| Within one year                 | -                 | 653               |
| Within two to five years        | 3,265             | 3,265             |
|                                 | -----             | -----             |
|                                 | 3,265             | 3,918             |
|                                 | =====             | =====             |

## 19. CAPITAL COMMITMENTS

Commitments to capital expenditure at the end of the year were as follows:-

|                               | 1996  | 1995   |
|-------------------------------|-------|--------|
|                               | £     | £      |
| Authorised and contracted for | -     | 27,790 |
|                               | ===== | =====  |

## CASTLE MACLELLAN FOODS LIMITED

NOTES TO THE ACCOUNTS  
At 31ST AUGUST 1996

---

## 20. PENSIONS

The company operates a contributory pension scheme. It is a funded defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £10,093 (1995 £8,534).