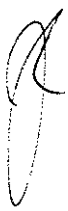
CHALMERS BAKERY LIMITED (FORMERLY CHALMERS OF BUCKSBURN LIMITED)

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 1997

Company Registration Number 92467

RITSON SMITH
Chartered Accountants
16 Carden Place
Aberdeen





CHALMERS BAKERY LIMITED (FORMERLY CHALMERS OF BUCKSBURN LIMITED)

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 1997

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

On 18 February 1997 the company changed its name to Chalmers Bakery Limited. The principal activity of the company during the year was the manufacture and retailing of bakery produce.

The directors consider the company's financial position at the end of the year to be satisfactory and intend to continue to expand the company's activity in the area in which it currently operates.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1.00 each	
	At 31 Mar 97	At 1 Apr 96
Ronald M Chalmers	70,000	70,000
Annabella M Chalmers	70,000	70,000
John A Chalmers	20,000	20,000
Alastair Rait	-	-
Pamela Chalmers	20,000	20,000

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

DONATIONS

During the year the company made the following contributions:-

	1997	1996
	£	£
Charitable	250	861

AUDITORS

A resolution to re-appoint Ritson Smith as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed on behalf of the directors on 13th October 1997

BURNETT AND REID
Company secretaries

Registered office:
15 Golden Square
Aberdeen

CHALMERS BAKERY LIMITED (FORMERLY CHALMERS OF BUCKSBURN LIMITED)

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 1997

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the accounts. 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the company's state of affairs as at 31 March 1997 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

RITSON SMITH
Chartered Accountants
& Registered Auditors
16 Carden Place
Aberdeen

15-9-1997

CHALMERS BAKERY LIMITED (FORMERLY CHALMERS OF BUCKSBURN LIMITED)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 1997

	Note	1997 £	1996 £
TURNOVER	2	2,939,061	2,783,433
Cost of sales		1,432,193	1,316,344
GROSS PROFIT		1,506,868	1,467,089
Distribution costs		597,930	563,839
Administrative expenses		867,840	775,512
		41,098	127,738
Other operating income		-	6,000
OPERATING PROFIT	3	41,098	133,738
Interest receivable and similar income	6	3,197	6,111
		44,295	139,849
Interest payable and similar charges	7	999	1,869
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		43,296	137,980
Tax on profit on ordinary activities	8	12,739	42,762
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		30,557	95,218
Balance brought forward		342,648	247,430
BALANCE CARRIED FORWARD		373,205	342,648

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 16 form part of these accounts.

CHALMERS BAKERY LIMITED (FORMERLY CHALMERS OF BUCKSBURN LIMITED)

BALANCE SHEET

AS AT 31 MARCH 1997

	Note	1997 £	1997 £	1996 £	1996 £
FIXED ASSETS					
Tangible assets	9		630,284		548,613
Investments	10		75,000		75,000
			705,284		623,613
CURRENT ASSETS					
Stocks	11	61,819		55,314	
Debtors	12	183,991		112,976	
Cash at bank and in hand		137,595		165,900	
		383,405		334,190	
CREDITORS: Amounts falling due within one year	13	499,735		415,155	
NET CURRENT LIABILITIES			(116,330)		(80,965)
TOTAL ASSETS LESS CURRENT LIABILITIES			588,954		542,648
CREDITORS: Amounts falling due after more than one year	14		15,749		-
NET ASSETS			573,205		542,648
CAPITAL AND RESERVES					
Equity share capital	18		200,000		200,000
Profit and loss account			373,205		342,648
SHAREHOLDERS' FUNDS	19		573,205		542,648

Approved by the directors on 18th September 1997

Ronald M Chalmers

RONALD M CHALMERS
Director

The notes on pages 8 to 16 form part of these accounts.

CHALMERS BAKERY LIMITED (FORMERLY CHALMERS OF BUCKSBURN LIMITED)

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 1997

	1997		1996	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		208,136		276,649
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	3,197		6,111	
Interest paid	-		(204)	
Interest element of finance lease rental payments	(999)		(1,665)	
Net cash inflow from returns on investments and servicing of finance		2,198		4,242
TAXATION		(37,524)		(24,344)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(222,608)		(135,344)	
Receipts from sale of fixed assets	494		10,192	
Net cash outflow from capital expenditure		(222,114)		(125,152)
Cash (outflow)/inflow before financing		(49,304)		131,395
FINANCING				
Net inflow/(outflow) in respect of finance leases	20,999		(12,706)	
Net cash inflow/(outflow) from financing		20,999		(12,706)
(DECREASE)/INCREASE IN CASH		(28,305)		118,689

This cash flow statement has been prepared in accordance with the revised Statement of Standard Accounting Practice set out in Financial Reporting Standard 1 (Revised 1996) issued by the Accounting Standards Board in October 1996.
All comparatives have been restated to comply with the new Standard.

The notes on pages 8 to 16 form part of these accounts.

CASH FLOW STATEMENT (continued)

YEAR ENDED 31 MARCH 1997

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	41,098	133,738
Depreciation	140,937	112,725
Profit on disposal of fixed assets	(494)	(2,130)
(Increase)/Decrease in stocks	(6,505)	7,314
Increase in debtors	(71,015)	(12,877)
Increase in creditors	104,115	37,879
Net cash inflow from operating activities	208,136	276,649

RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS

	1997		1996	
	£	£	£	£
Decrease/Increase in cash in the period	(28,305)		118,689	
Net outflow/inflow in respect of finance leases	(20,999)		12,706	
Change in net funds		(49,304)		131,395
Net funds at 1 April 1996		165,900		122,211
Net funds at 31 March 1997		116,596		165,900

ANALYSIS OF CHANGES IN NET FUNDS

	1 Apr 96 £	Cash flows £	31 Mar 97 £
Cash in hand, at bank	165,900	(28,305)	137,595
Debt due within 1 year	-	(20,999)	(5,250)
Debt due after 1 year	-	-	(15,749)
	165,900	(49,304)	116,596

The notes on pages 8 to 16 form part of these accounts.

1. ACCOUNTING POLICIES

Basis of accounting
The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation
In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover
The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Heritable property	- 5% straight line
Bakery plant	- 15% straight line
Shop & office fittings	- 15% / 20% straight line
Motor vehicles	- 25% straight line
Tenants improvements	- 5% straight line
Lease premium	- over period of lease

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

Finance lease agreements
Where the company 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 tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs
The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. TURNOVER

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

An analysis of turnover is given below:

	1997 £	1996 £
United Kingdom	2,939,061	2,783,433

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1997 £	1996 £
Depreciation	140,937	112,725
Profit on disposal of fixed assets	(494)	(2,130)
Auditors' remuneration		
- as auditors	5,000	5,000
Operating lease costs:		
Plant and equipment	2,500	2,466
Vehicles	5,544	5,544

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1997 No.	1996 No.
Production	18	15
Distribution	150	121
Administrative	9	9
	177	145

The aggregate payroll costs of the above were:

	1997 £	1996 £
Wages and salaries	1,055,932	968,447
Social security costs	70,460	65,511
Other pension costs	19,731	19,952
	1,146,123	1,053,910

5. DIRECTORS' EMOLUMENTS

The directors' emoluments, including pension contributions, were:

	1997 £	1996 £
Remuneration as directors	164,750	158,075
Pension contributions	15,561	15,561
Other benefits	14,721	21,761
	195,032	195,397

Emoluments excluding pension contributions:

	1997 £	1996 £
Chairman and highest paid director	42,614	45,701

5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors, including the above, whose emoluments, excluding pension contributions, fell within the following ranges, were:

	1997 No.	1996 No.
£25,001 to £30,000	-	1
£30,001 to £35,000	2	1
£35,001 to £40,000	2	2
£40,001 to £45,000	1	-
£45,001 to £50,000	-	1

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Bank interest receivable	3,197	6,111

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Other similar charges payable	999	1,869

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax based on the results for the year at 24% (1996 - 33%)	15,241	43,253
Adjustment to provision in previous years	(2,502)	-
Decrease in deferred tax provision		
Capital allowances	-	(1,601)
Other	-	1,110
	12,739	42,762

9. TANGIBLE FIXED ASSETS

	Property	Bakery plant	Shop & office fittings	Motor vehicles	Lease premium & tenants improvements	Total
	£	£	£	£	£	£
COST						
At 1 Apr 1996	200,336	429,095	343,390	166,971	241,925	1,381,717
Additions	-	28,831	143,702	50,075	-	222,608
Disposals	-	-	-	(4,815)	-	(4,815)
At 31 Mar 1997	200,336	457,926	487,092	212,231	241,925	1,599,510
DEPRECIATION						
At 1 Apr 1996	52,709	322,640	236,741	127,970	93,044	833,104
Charge for the year	10,016	34,077	52,873	30,958	13,013	140,937
On disposals	-	-	-	(4,815)	-	(4,815)
At 31 Mar 1997	62,725	356,717	289,614	154,113	106,057	969,226
NET BOOK VALUE						
At 31 Mar 1997	137,611	101,209	197,478	58,118	135,868	630,284
At 31 Mar 1996	147,627	106,455	106,649	39,001	148,881	548,613

Finance lease agreements

Included within the net book value £630,284 is £20,400 (1996 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £3,600 (1996 - £Nil).

Capital commitments

	1997	1996
	£	£
Contracted but not provided for in the accounts	20,000	-

10. INVESTMENTS

	Shares in group company £
COST	
At 1 April 1996 and 31 March 1997	75,000
NET BOOK VALUE	
At 31 March 1997	75,000
At 31 March 1996	75,000

The subsidiary company is as follows:

	Country of incorporation	Nature of business	Percentage of ordinary shares held
Chalmers of Deeside Limited	Scotland	Bakers	75%

The accounts of the subsidiary company for the period to 31 March 1997 show the following.

	£
Profit for the year	110,046
Equity share capital	100,000
Profit and loss account	37,743
Shareholders' funds	137,743

The auditors report on the accounts of the subsidiary for the year to 31 March 1997 was qualified due to limitation in audit scope in relation to cash sales.

11. STOCKS

	1997 £	1996 £
Stock	61,819	55,314

12. DEBTORS

	1997 £	1996 £
Trade debtors	101,737	76,948
Amounts owed by group undertakings	28,923	8,173
VAT recoverable	17,799	13,831
Other debtors	239	2,079
Prepayments and accrued income	35,293	11,945
	183,991	112,976

13. CREDITORS: Amounts falling due within one year

	1997		1996	
	£	£	£	£
Trade creditors		143,099		96,582
Other creditors including taxation and social security:				
Taxation and social security	43,768		90,714	
Finance leases	5,250		-	
Other creditors	105,640		67,894	
Directors current accounts	103,211		65,128	
		257,869		223,736
Accruals and deferred income		98,767		94,837
		499,735		415,155

14. CREDITORS: Amounts falling due after more than one year

	1997 £	1996 £
Other creditors:		
Finance leases	15,749	-

15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	1997 £	1996 £
Amounts payable within 1 year	6,240	-
Amounts payable between 2 to 5 years	18,720	-
	24,960	-
Less interest and finance charges relating to future periods	(3,961)	-
	20,999	-

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as set out below.

	1997		1996	
	Land and buildings **£**	**Other items** **£**	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	9,200	1,583	-	1,560
Within 2 to 5 years	74,195	-	52,695	6,332
After more than 5 years	118,100	-	-	-
	201,495	1,583	52,695	7,892

17. CONTINGENCIES

The company has guaranteed all sums due by Chalmers of Deeside Limited in respect of their lease of 56 High Street, Banchory.

18. SHARE CAPITAL

Authorised share capital:

	1997 £	1996 £
200,000 Ordinary shares of £1 each	200,000	200,000

Allotted, called up and fully paid:

	1997 £	1996 £
Ordinary share capital	200,000	200,000

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	30,557	95,218
Opening shareholders' equity funds	542,648	447,430
Closing shareholders' equity funds	573,205	542,648

20. RELATED PARTY TRANSACTIONS

During the year sales of £62,341 were made to Chalmers of Deeside Limited.

At 31 March 1997 there was a balance of £28,923 due from Chalmers of Deeside Limited.