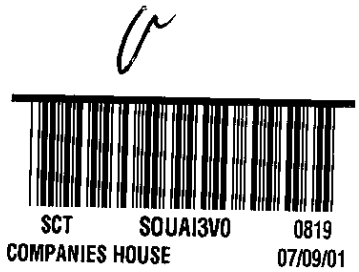
CHALMERS BAKERY LIMITED

ACCOUNTS

31 MARCH 2001

Company Registration Number 92467



RITSON SMITH
Chartered Accountants & Registered Auditors
16 Carden Place
Aberdeen
AB10 1FX

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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 in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2001	At 1 April 2000
Ronald M Chalmers	62,500	62,500
Annabella M Chalmers	62,500	62,500
John A Chalmers	25,000	25,000
Alistair Rait	-	-
Pamela Chalmers	25,000	25,000

EMPLOYMENT POLICIES

The company recognises its obligations to give disabled persons full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain newly disabled employees and at the same time provide full and fair opportunities for the career development of disabled people.

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 pages 7 to 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.

DIRECTORS' RESPONSIBILITIES (continued)

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.

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.

Registered office:
15 Golden Square
Aberdeen

Signed on behalf of the directors

BURNETT AND REID
Secretaries

Approved by the directors on 28/8/01.

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2001

We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 1 to 2, 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 state of the company's affairs as at 31 March 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

16 Carden Place
Aberdeen
AB10 1FX

29/8/01

RITSON SMITH
Chartered Accountants
& Registered Auditors

CHALMERS BAKERY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2001

	Note	2001 £	2000 £
TURNOVER	2	4,833,245	4,899,945
Cost of sales		2,418,319	2,479,124
GROSS PROFIT		2,414,926	2,420,821
Distribution costs		1,119,148	1,123,084
Administrative expenses		1,323,697	1,371,653
Other operating income		(65,601)	(35,859)
OPERATING PROFIT/(LOSS)	3	37,682	(38,057)
Interest receivable		(908)	8,458
Interest payable	6	(9,110)	(12,553)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		27,664	(42,152)
Tax on profit/(loss) on ordinary activities	7	(7,219)	(10,135)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		20,445	(52,287)
Balance brought forward		590,805	643,092
Balance carried forward		611,250	590,805

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 7 to 15 form part of these accounts.

BALANCE SHEET

31 MARCH 2001

	Note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		1,277,431		1,340,622
CURRENT ASSETS					
Stocks	9	78,505		75,097	
Debtors	10	193,118		199,765	
Cash at bank and in hand		3,055		8,451	
		274,678		283,313	
CREDITORS: Amounts falling due within one year	11	(725,529)		(828,419)	
NET CURRENT LIABILITIES			(450,851)		(545,106)
TOTAL ASSETS LESS CURRENT LIABILITIES			826,580		795,516
CREDITORS: Amounts falling due after more than one year	12		(15,330)		-
			811,250		795,516
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	14		-		(4,711)
			811,250		790,805
CAPITAL AND RESERVES					
Called-up equity share capital	19		200,000		200,000
Profit and Loss Account			611,250		590,805
SHAREHOLDERS' FUNDS	20		811,250		790,805

These accounts were approved by the directors on the 28/8/01, and are signed on their behalf by:

Ronald M Chalmers

RONALD M CHALMERS
Director

The notes on pages 7 to 15 form part of these accounts.

CHALMERS BAKERY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2001

	Note	2001		2000	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	**21**		145,252		144,725
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		3,764		8,458	
Interest paid		(7,118)		(10,712)	
Interest element of hire purchase and finance lease		(1,992)		(1,841)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(5,346)		(4,095)
TAXATION			(10,734)		(33,881)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(153,965)		(156,120)	
Receipts from sale of fixed assets		981		28,905	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(152,984)		(127,215)
CASH OUTFLOW BEFORE FINANCING			(23,812)		(20,466)
FINANCING					
Capital element of hire purchase and finance lease		14,257		(10,250)	
Net outflow from other long-term creditors		-		(104,384)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			14,257		(114,634)
DECREASE IN CASH	**22**		(9,555)		(135,100)

The notes on pages 7 to 15 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.

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 fittings	- 15% 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.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

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 on a straight line basis, 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 on a straight line basis over the period of the lease.

1. ACCOUNTING POLICIES *(continued)*

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.

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.

Government grants

Grant income is credited to the profit and loss account as received.

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:

	2001	2000
	£	£
United Kingdom	4,833,245	4,899,945

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2001	2000
	£	£
Depreciation	217,156	229,087
(Profit)/Loss on disposal of fixed assets	(981)	1,756
Auditors' remuneration		
- as auditors	10,875	9,987
Operating lease costs:		
Land and buildings	205,060	205,680
Plant and equipment	1,146	633

4. PARTICULARS OF EMPLOYEES

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

	2001 No.	2000 No.
Number of production staff	40	40
Number of distribution staff	202	215
Number of administrative staff	10	10
	252	265

The aggregate payroll costs of the above were:

	2001 £	2000 £
Wages and salaries	1,781,825	1,791,810
Social security costs	103,611	104,405
Other pension costs	14,510	15,425
	1,899,946	1,911,640

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2001 £	2000 £
Emoluments receivable	99,691	89,343
Value of company pension contributions to money purchase schemes	3,561	3,561
	103,252	92,904

The number of directors who are accruing benefits under company pension schemes were as follows:

	2001 No.	2000 No.
Money purchase schemes	3	3

6. INTEREST PAYABLE

	2001 £	2000 £
Interest payable on bank borrowing	1,437	1,514
Finance charges	1,992	1,841
Other similar charges payable	5,681	9,198
	9,110	12,553

7. TAX ON PROFIT OR LOSS ON ORDINARY ACTIVITIES

	2001 £	2000 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (2000 - 20%)	24,527	7,160
Decrease in deferred tax provision	(4,711)	(482)
	19,816	6,678
Adjustment in respect of previous years:		
Corporation Tax	(12,597)	3,457
	7,219	10,135

8. TANGIBLE FIXED ASSETS

	Property £	Bakery plant £	Shop & office fittings £	Motor vehicles £	Lease premium & tenants improve. £	Total £
COST						
At 1 Apr 2000	951,835	706,851	634,366	297,718	342,864	2,933,634
Additions	105,022	12,166	9,240	26,000	1,537	153,965
Disposals	-	(372,380)	(250,187)	(176,098)	-	(798,665)
At 31 Mar 2001	1,056,857	346,637	393,419	147,620	344,401	2,288,934
DEPRECIATION						
At 1 Apr 2000	178,288	536,685	470,876	254,841	152,322	1,593,012
Charge for the year	52,842	49,611	59,662	36,905	18,136	217,156
On disposals	-	(372,380)	(250,187)	(176,098)	-	(798,665)
At 31 Mar 2001	231,130	213,916	280,351	115,648	170,458	1,011,503
NET BOOK VALUE						
At 31 Mar 2001	825,727	132,721	113,068	31,972	173,943	1,277,431
At 31 Mar 2000	773,547	170,166	163,490	42,877	190,542	1,340,622

8. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase and finance lease agreements
Included within the net book value of £1,277,431 is £19,500 (2000 - £6,000) relating to assets held under hire purchase agreements, and £Nil (2000 - £9,600) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £6,500 (2000 - £6,000), and £Nil (2000 - £3,600) in respect of assets held under finance lease agreements.

9. STOCKS

	2001	2000
	£	£
	78,505	75,097

10. DEBTORS

	2001	2000
	£	£
Trade debtors	123,648	133,153
Other debtors	16,162	5,631
Prepayments and accrued income	53,308	60,981
	193,118	199,765

11. CREDITORS: Amounts falling due within one year

	2001		2000	
	£	£	£	£
Bank loans and overdrafts		4,159		-
Trade creditors		218,841		232,361
Other creditors including taxation and social security:				
Corporation tax	11,856		10,660	
Other taxation and social security	26,554		72,685	
HP and finance leases	8,760		9,833	
Small Business Enterprise Loans	-		4,693	
Directors current accounts	292,987		264,337	
Other creditors	97,820		97,281	
		437,977		459,489
Accruals and deferred income		64,552		136,569
		725,529		828,419

11. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2001 £	2000 £
Bank loans and overdrafts	4,159	-
Accruals and deferred income	-	100,000
	4,159	100,000

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

	2001 £	2000 £
Other creditors:		
HP and finance leases	15,330	-

13. *CREDITORS - CAPITAL INSTRUMENTS*

Creditors include finance capital which is due for repayment as follows:

	2001 £	2000 £
In one year or less, or on demand	-	4,693

The above liabilities comprise Small Business Enterprise Scheme loans.

14. DEFERRED TAXATION

	2001 £	2000 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	4,711	5,193
Increase in provision	(4,711)	(482)
Provision carried forward	-	4,711

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2001 £	2000 £
Excess of taxation allowances over depreciation on fixed assets	-	4,711

15. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	2001 £	2000 £
Amounts payable within 1 year	9,741	11,580
Amounts payable between 2 to 5 years	17,047	-
	26,788	11,580
Less interest and finance charges relating to future periods	(2,698)	(1,747)
	24,090	9,833

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	2001		2000	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	9,200	-	6,280	-
Within 2 to 5 years	120,850	-	87,600	1,718
After more than 5 years	76,030	-	111,800	-
	206,080	-	205,680	1,718

17. CONTINGENCIES

The company has guaranteed amounts due to Aberdeenshire Council concerning a factory unit taken on lease in Peterhead.

18. RELATED PARTY TRANSACTIONS

The company was under the control of Mr and Mrs R M Chalmers and members of their close family throughout the current and previous year. Mr Chalmers and his wife are personally interested in 62.5% (2000 - 62.5%) of the company's share capital. In addition, his adult children control in aggregate a further 25% (2000 - 25%) of the company's issued share capital.

One of the properties used by the company is personally owned by Mr R and Mrs A Chalmers, directors of the company. No rent is charged for this use.

Mr R M Chalmers purchased a car from the company at its book value of £6,500 at 31 March 2001.

19. SHARE CAPITAL

Authorised share capital:

	2001 £	2000 £
200,000 Ordinary shares of £1.00 each	200,000	200,000

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	200,000	200,000

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit/(Loss) for the financial year	20,445	(52,287)
Opening shareholders' equity funds	790,805	843,092
Closing shareholders' equity funds	811,250	790,805

21. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit/(loss)	37,682	(38,057)
Depreciation	217,156	229,087
(Profit)/Loss on disposal of fixed assets	(981)	1,756
(Increase)/Decrease in stocks	(3,408)	6,752
Decrease in debtors	1,975	9,600
Decrease in creditors	(107,172)	(64,413)
Net cash inflow from operating activities	145,252	144,725

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001		2000	
	£	£	£	£
Decrease in cash in the period	(9,555)		(135,100)	
Net cash (inflow)/outflow in respect of hire purchase and finance lease	(14,257)		10,250	
Net cash outflow from other long-term creditors	-		104,384	
		(23,812)		(20,466)
Change in net debt		(23,812)		(20,466)
Net debt at 1 Apr 2000		(1,382)		19,084
Net debt at 31 Mar 2001		(25,194)		(1,382)

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2000	Cash flows	At 31 Mar 2001
	£	£	£
Net cash:			
Cash in hand and at bank	8,451	(5,396)	3,055
Overdrafts	-	(4,159)	(4,159)
	8,451	(9,555)	(1,104)
HP and finance leases	(9,833)	(14,257)	(24,090)
Net debt	(1,382)	(23,812)	(25,194)