REGISTERED NUMBER: 92467 (Scotland)

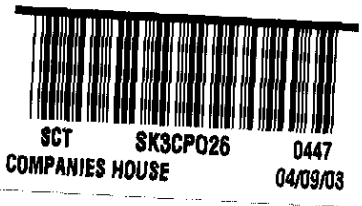
ACUMEN
accountants + advisors

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

FOR

CHALMERS BAKERY LIMITED



CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2003

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors on the Abbreviated Financial Statements	3
Abbreviated Profit and Loss Account	4
Abbreviated Balance Sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the Abbreviated Financial Statements	9

COMPANY INFORMATION
for the Year Ended 31 March 2003

DIRECTORS:	R M Chalmers MBE Mrs A M Chalmers J A Chalmers A A Rait Mrs P Leggett
SECRETARY:	Burnett & Reid
REGISTERED OFFICE:	15 Golden Square Aberdeen
REGISTERED NUMBER:	92467 (Scotland)
AUDITORS:	*Acumen Accountants and Advisors Limited* Bon Accord House Riverside Drive Aberdeen AB11 7SL
SOLICITORS:	Burnett & Reid 15 Golden Square Aberdeen

CHALMERS BAKERY LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 March 2003

The directors present their report with the financial statements of the company for the year ended 31 March 2003.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the manufacture and retailing of bakery produce.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2003.

DIRECTORS
The directors during the year under review were:

R M Chalmers MBE
Mrs A M Chalmers
J A Chalmers
A A Rait
Mrs P Leggett

The beneficial interests of the directors holding office on 31 March 2003 in the issued share capital of the company were as follows:

	31.3.03	1.4.02
Ordinary £1 shares		
R M Chalmers MBE	62,500	62,500
Mrs A M Chalmers	62,500	62,500
J A Chalmers	25,000	25,000
A A Rait	-	-
Mrs P Leggett	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 practical, the company will retain newly disabled employees and at the same time provide full and fair opportunities for the career development of disabled people.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

AUDITORS
The auditors, Acumen Accountants and Advisors Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Burnett & Reid - Secretary

26 August 2003

REPORT OF THE INDEPENDENT AUDITORS TO CHALMERS BAKERY LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements on pages four to fourteen, together with the full financial statements of the company for the year ended 31 March 2003 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion
In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages four to fourteen are properly prepared in accordance with that provision.



Acumen Accountants and Advisors Limited
Bon Accord House
Riverside Drive
Aberdeen
AB11 7SL

26 August 2003

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2003

	Notes	2003 £	2002 £
GROSS PROFIT		1,241,379	2,419,687
Administrative expenses		1,131,760	2,392,999
OPERATING PROFIT	3	109,619	26,688
Interest receivable and *similar income*		5,911	2,923
		115,530	29,611
Interest payable and *similar charges*	4	3,690	1,927
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		111,840	27,684
Tax on profit on ordinary activities	5	30,592	19,863
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		81,248	7,821
Retained profit brought forward		619,071	611,250
RETAINED PROFIT CARRIED FORWARD		£700,319	£619,071

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

CHALMERS BAKERY LIMITED

ABBREVIATED BALANCE SHEET
31 March 2003

	Notes	2003 £	2003 £	2002 £	2002 £
FIXED ASSETS:					
Tangible assets	6		885,163		1,123,160
CURRENT ASSETS:					
Stocks	7	80,424		85,838	
Debtors	8	209,493		233,374	
Cash at bank and in hand		331,664		102,303	
		621,581		421,515	
CREDITORS: Amounts falling due within one year	9	582,929		719,034	
NET CURRENT ASSETS/(LIABILITIES):			38,652		(297,519)
TOTAL ASSETS LESS CURRENT LIABILITIES:			923,815		825,641
CREDITORS: Amounts falling due after more than one year	10		23,496		6,570
			£900,319		£819,071
CAPITAL AND RESERVES:					
Called up share capital	12		200,000		200,000
Profit and loss account			700,319		619,071
SHAREHOLDERS' FUNDS:	13		£900,319		£819,071

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:

Ronald M Chalmers

R M Chalmers MBE - Director

Approved by the Board on 26 August 2003

The notes form part of these financial statements

CHALMERS BAKERY LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 March 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Net cash inflow from operating activities	1		205,474		151,525
Returns on investments and servicing of finance	2		2,221		996
Taxation			(8,675)		(24,527)
Capital expenditure	2		146,346		(21,327)
			345,366		**106,667**
Financing	2		(116,005)		(3,260)
Increase in cash in the period			**£229,361**		**£103,407**

	Notes				
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		**229,361**		**103,407**	
Cash outflow from decrease in debt and lease financing		14,935		8,760	
Change in net funds resulting from cash flows			244,296		112,167
New finance leases			(44,550)		-
Movement in net funds in the period			**199,746**		**112,167**
Net funds/(debt) at 1 April			**86,973**		**(25,194)**
Net funds at 31 March			**£286,719**		**£86,973**

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	109,619	26,688
Depreciation charges	149,447	182,402
Loss on sale of fixed assets	55,553	-
Profit on sale of fixed assets	(68,800)	(6,800)
Decrease/(Increase) in stocks	5,414	(7,333)
Decrease/(Increase) in debtors	11,210	(27,585)
Decrease in creditors	(56,969)	(15,847)
Net cash inflow from operating activities	205,474	151,525

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	*2002* £
Returns on investments and servicing of finance		
Interest received	5,911	2,923
Interest paid	(2,078)	(946)
Interest element of hire purchase payments	(1,612)	(981)
Net cash inflow for returns on investments and servicing of finance	2,221	996
Capital expenditure		
Purchase of tangible fixed assets	(43,791)	(30,877)
Sale of intangible fixed assets	60,000	-
Sale of tangible fixed assets	130,137	9,550
Net cash inflow/(outflow) for capital expenditure	146,346	(21,327)
Financing		
HP repayments in year	(14,935)	(8,760)
Amount introduced by directors	-	17,000
Amount withdrawn by directors	(101,070)	(11,500)
Net cash outflow from financing	(116,005)	(3,260)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.02 £	Cash flow £	Other non-cash changes £	At 31.3.03 £
Net cash:				
Cash at bank and in hand	102,303	229,361		331,664
	102,303	229,361		331,664
Debt:				
Hire purchase	(15,330)	14,935	(44,550)	(44,945)
	(15,330)	14,935	(44,550)	(44,945)
Total	86,973	244,296	(44,550)	286,719
Analysed in Balance Sheet				
Cash at bank and in hand	102,303			331,664
Hire purchase				
within one year	(8,760)			(21,449)
after one year	(6,570)			(23,496)
	86,973			286,719

The notes form part of these financial statements

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2003

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention.

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

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

Property	- 5% on cost
Leasehold property	- 5% on cost
Lease premium	- Over period of the lease
Tenants improvements	- 5% on cost
Bakery Plant	- 15% on cost
Shop & office fittings	- 20% on cost and 15% on cost
Motor vehicles	- 25% on cost

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

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

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

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

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions
The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	1,701,774	1,748,444
Social security costs	94,554	102,397
Other pension costs	13,291	10,486
	1,809,619	1,861,327

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

	2003	2002
Production staff	63	47
Distribution staff	120	204
Administrative staff	10	10
	193	261

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2003

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2003 £	2002 £
Hire of plant and machinery	868	720
Depreciation - owned assets	130,492	175,902
Depreciation - assets on hire purchase contracts	18,955	6,500
Profit on disposal of fixed assets	(13,247)	(6,800)
Auditors' remuneration	9,900	10,000
Directors' emoluments	107,377	90,251

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	3

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	2,078	891
Interest on VAT penalty	-	55
Hire purchase interest	1,612	981
	3,690	1,927

5. TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	29,109	19,863
CT recoverable overprovided	1,483	-
Total current tax	30,592	19,863
Tax on profit on ordinary activities	30,592	19,863

5. **TAXATION - continued**

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	111,840	27,684
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 20%)	21,250	5,537
Effects of:		
Excess depreciation over capital allowances	8,736	14,110
Expenses not deductible for tax purposes	1,640	216
Overall profit on disposal of assets	(2,517)	-
CT recoverable - overprovided in previous year	1,483	-
Current tax charge	30,592	19,863

6. **TANGIBLE FIXED ASSETS**

	Property	Leasehold property	Lease premium	Tenants improvements
	£	£	£	£
COST:				
At 1 April 2002	1,049,888	6,970	14,999	333,880
Additions	-	-	-	12,825
Disposals	(88,110)	-	(14,999)	(78,096)
At 31 March 2003	961,778	6,970	-	268,609
DEPRECIATION:				
At 1 April 2002	282,404	1,568	13,336	175,482
Charge for year	47,391	1,046	1,663	13,430
Eliminated on disposals	(17,517)	-	(14,999)	(13,392)
At 31 March 2003	312,278	2,614	-	175,520
NET BOOK VALUE:				
At 31 March 2003	649,500	4,356	-	93,089
At 31 March 2002	767,484	5,402	1,663	158,398

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2003

6. TANGIBLE FIXED ASSETS - continued

	Bakery Plant	Shop & office fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 April 2002	352,868	411,588	138,620	2,308,813
Additions	8,487	17,209	49,820	88,341
Disposals	(59,965)	(151,975)	(20,250)	(413,395)
At 31 March 2003	301,390	276,822	168,190	1,983,759
DEPRECIATION:				
At 1 April 2002	259,310	334,553	119,001	1,185,654
Charge for year	36,331	26,865	22,721	149,447
Eliminated on disposals	(41,145)	(130,539)	(18,913)	(236,505)
At 31 March 2003	254,496	230,879	122,809	1,098,596
NET BOOK VALUE:				
At 31 March 2003	46,894	45,943	45,381	885,163
At 31 March 2002	93,559	77,035	19,619	1,123,160

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
At 1 April 2002	26,000
Additions	49,820
At 31 March 2003	75,820
DEPRECIATION:	
At 1 April 2002	13,000
Charge for year	18,955
At 31 March 2003	31,955
NET BOOK VALUE:	
At 31 March 2003	43,865
At 31 March 2002	13,000

7. STOCKS

	2003	2002
	£	£
Stock	80,424	85,838

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2003

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade debtors	125,187	174,016
Other debtors	17,235	56
Prepayments	67,071	46,631
Corporation tax recoverable	-	12,671
	209,493	233,374

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Hire purchase contracts (see note 11)	21,449	8,760
Trade creditors	153,874	205,010
Directors current accounts	197,416	298,487
Other creditors	81,794	86,547
V.A.T.	80	1,186
Social security & other taxes	32,626	43,774
Taxation	29,109	19,863
Accruals	66,581	55,407
	582,929	719,034

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

	2003 £	2002 £
Hire purchase contracts (see note 11)	23,496	6,570

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts 2003 £	2002 £
Gross obligations repayable:		
Within one year	23,525	9,741
Between one and five years	25,634	7,306
	49,159	17,047
Finance charges repayable:		
Within one year	2,076	981
Between one and five years	2,138	736
	4,214	1,717
Net obligations repayable:		
Within one year	21,449	8,760
Between one and five years	23,496	6,570
	44,945	15,330

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2003

11. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued**

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

	Land and buildings operating leases	
	2003	2002
	£	£
Expiring:		
Within one year	8,333	12,600
Between one and five years	65,800	149,600
In more than five years	39,474	61,074
	113,607	223,274

12. **CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003 £	2002 £
200,000	Ordinary	£1	200,000	200,000

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

	2003	2002
	£	£
Profit for the financial year	81,248	7,821
Net addition to shareholders' funds	81,248	7,821
Opening shareholders' funds	819,071	811,250
Closing shareholders' funds	900,319	819,071
Equity interests	900,319	819,071

14. **ULTIMATE CONTROLLING PARTY**

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 initerested in 62.5% (2002 - 62.5%) of the company's share capital. In addition, the adult children of Mr and Mrs R M Chalmers control in aggregate a further 37.5% (2002 - 37.5%) of the company's issued share capital.

Three of the properties used by the company is personally owned by Mr and Mrs R M Chalmers, directors of the company. No rent is charged for their use.