

AMENDED

Company number: 176949

HAMLYNS OF SCOTLAND LIMITED

ANNUAL REPORT

YEAR ENDED 31 JULY 2002



HAMLYNS OF SCOTLAND LIMITED

COMPANY INFORMATION

Directors

J E Lea
A B Castle
A W Baxter
A Meikle
D Warr

Secretary

D Warr

Company Number

176949

Auditors

PKF
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

HAMLYNS OF SCOTLAND LIMITED

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HAMLYNS OF SCOTLAND LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 JULY 2002

The directors submit their report and the financial statements for the year ended 31 July 2002.

Results and dividends

The profit/(loss) for the year, after taxation, amounted to **£23,532** (2001: (£7,678)).

The directors consider the result to be satisfactory and are confident of future prospects.

Principal activity and review of business

The principal activity of the company was that of milling oats.

Directors

The directors who served during the year were:

J E Lea
A B Castle
A W Baxter
A Meikle
D Warr

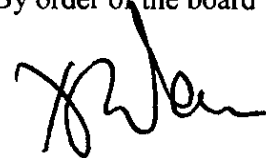
None of the directors had any interest in the share capital of the company during the year.

Their interest in the share capital of the parent company is disclosed in the consolidated financial statements of that company.

Auditors

The auditors, PKF, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members.

By order of the board



D Warr
Secretary

8.10.2002

CONFIDENTIAL

HAMLUNS OF SCOTLAND LIMITED

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 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAMLYNS OF SCOTLAND LIMITED

We have audited the financial statements of Hamlyns of Scotland Limited for the year ended 31 July 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies as set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 judgments 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 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF
Registered Auditors

Nottingham
16 October 2002

HAMLYNS OF SCOTLAND LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
TURNOVER	2	5,957,821	5,727,477
Cost of sales		<u>(5,514,606)</u>	<u>(5,291,268)</u>
GROSS PROFIT		443,215	436,209
Distribution costs		(85,844)	(56,645)
Administrative expenses		<u>(361,409)</u>	<u>(370,981)</u>
OPERATING PROFIT	3	(4,038)	8,583
INTEREST PAYABLE		(876)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,914)</u>	<u>8,583</u>
TAXATION	5	28,446	(16,261)
LOSS FOR THE FINANCIAL YEAR		<u>23,532</u>	<u>(7,678)</u>

All amounts relate to continuing operations.

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

HAMLYNS OF SCOTLAND LIMITED
BALANCE SHEET
31 JULY 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
FIXED ASSETS			
Tangible	6	586,642	802,103
CURRENT ASSETS			
Stocks	7	524,196	518,408
Debtors	8	428,594	448,743
Cash at bank and in hand		<u>10,039</u>	<u>19,740</u>
		962,829	986,891
CREDITORS: amounts falling due within one year	9	<u>(671,537)</u>	<u>(867,592)</u>
NET CURRENT ASSETS		<u>291,292</u>	<u>119,299</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>877,934</u>	<u>921,402</u>
		<u>877,934</u>	<u>921,402</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	<u>102,720</u>	<u>79,188</u>
SHAREHOLDERS' FUNDS	13	102,722	79,190
LONG TERM LOAN	10	<u>775,212</u>	<u>842,212</u>
		<u>877,934</u>	<u>921,402</u>

The financial statements were approved by the board on ~~31.10.2002~~ 6.10.2002

Signed on behalf of the board of directors



J E Lea

Director

HAMLUNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	- over 30 years
Plant, machinery and motor vehicles	- over 4 to 6 years

Freehold land is not depreciated.

(d) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

(e) Deferred Taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future or a right to pay less taxation in the future. An asset is recognised where there is no uncertainty as to the transfer of future economic benefits. Deferred tax assets and liabilities have not been discounted.

(f) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

HAMLUNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

3 OPERATING PROFIT

The operating profit is stated after charging:

	<u>2002</u> £	<u>2001</u> £
Depreciation of tangible fixed assets:		
- owned by the company	263,662	269,292
Auditors' remuneration - Audit fees	3,750	3,750
- Other services	3,020	-
	<u>269,432</u>	<u>273,042</u>

No director received any emoluments (2001: £NIL)

4 STAFF COSTS

Staff costs were as follows:

	<u>2002</u> £	<u>2001</u> £
Wages and salaries	600,603	607,452
Social security costs	43,006	40,467
Other pension costs	20,137	19,618
	<u>663,746</u>	<u>667,537</u>

The average monthly number of employees, including executive directors, during the year was:

	Number	
Administration and Sales	2	2
Production	25	24
	<u>27</u>	<u>26</u>

HAMLUNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

5 TAXATION

(a) Analysis of charge in year	<u>2002</u>	<u>2001</u>
	£	£
UK corporation tax		
Current tax on income for the year	26,000	25,000
Deferred taxation	(57,000)	(8,000)
Adjustments in respect of prior periods	<u>2,554</u>	<u>(739)</u>
Total UK taxation	<u>(28,446)</u>	<u>16,261</u>

(b) Factors affecting tax charge for year

The tax assessed for the year is greater than the standard rate of corporation tax in the UK (30 per cent). Reconciling items are explained below:

(Loss)/profit on ordinary activities before tax	<u>(4,914)</u>	<u>8,583</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(1,474)	2,575
Effects of:		
Depreciation in excess of capital allowances	29,383	22,154
Marginal relief	(2,400)	(2,579)
Other timing differences	<u>491</u>	<u>2,850</u>
Current tax charge	<u>26,000</u>	<u>25,000</u>

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

6 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & machinery £	Total £
Cost			
At 1 August 2001	275,000	1,700,963	1,975,963
Additions	27,095	28,715	55,810
Disposals	-	(30,433)	(30,433)
At 31 July 2002	<u>302,095</u>	<u>1,699,245</u>	<u>2,001,340</u>
Depreciation			
At 1 August 2001	20,000	1,153,860	1,173,860
Charge for the year	5,903	257,759	263,662
On disposals	-	(22,824)	(22,824)
At 31 July 2002	<u>25,903</u>	<u>1,388,795</u>	<u>1,414,698</u>
Net book amount			
At 31 July 2002	<u>276,192</u>	<u>310,450</u>	<u>586,642</u>
At 31 July 2001	<u>255,000</u>	<u>547,103</u>	<u>802,103</u>

7 STOCKS

	<u>2002</u> £	<u>2001</u> £
Raw materials and finished goods	<u>524,196</u>	<u>518,408</u>

8 DEBTORS

	<u>2002</u> £	<u>2001</u> £
Due within one year		
Trade debtors	333,979	398,434
Other debtors	35,444	48,194
Prepayments & accrued income	2,171	2,115
Deferred taxation	<u>57,000</u>	<u>-</u>
	<u>428,594</u>	<u>448,743</u>

Deferred taxation may not be fully recoverable within one year.

HAMLINS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

9 CREDITORS

Amounts falling due within one year	<u>2002</u> £	<u>2001</u> £
Trade creditors	192,491	405,749
Amounts owed to parent undertaking	417,118	362,131
Corporation tax	26,000	25,000
Accruals and deferred income	35,928	74,712
	<u>671,537</u>	<u>867,592</u>

10 LONG TERM LOAN

	<u>2002</u> £	<u>2001</u> £
Amounts owed to parent undertaking	<u>775,212</u>	<u>842,212</u>

The loan is repayable after more than five years. No interest is currently charged on the outstanding balance.

11 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No.	£
At 1 August 2001 and 31 July 2002			
Ordinary shares of £1 each	<u>100</u>	<u>2</u>	<u>2</u>

12 RESERVES

Profit and loss account

	£
At 1 August 2001	79,188
Profit for the year	23,532
At 31 July 2002	<u>102,720</u>

13 SHAREHOLDERS' FUNDS

	£
Shareholders' funds at 1 August 2001	79,190
Profit for the year	23,532
Shareholders' funds at 31 July 2002	<u>102,722</u>

HAMLYNS OF SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

14 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption from disclosing transactions with other group companies, as the company is a wholly owned subsidiary.

15 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is **£20,137** (2001: £19,618).

16 CAPITAL COMMITMENTS

	<u>2002</u> £	<u>2001</u> £
Authorised but not contracted	<u>220,932</u>	<u>-</u>

17 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is Morning Foods Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company.