

Hamlyns of Scotland Limited

Report and Financial Statements

Year Ended

31 July 2016

Company Number SC176949



Hamlyns of Scotland Limited

Company Information

Directors	J E Lea D Warr A Meikle
Company secretary	D Warr
Registered number	SC176949
Registered office	Citypoint 65 Haymarket Terrace Edinburgh Scotland EH12 5HD
Independent auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

Hamlyns of Scotland Limited

Contents

	Page
Strategic Report	1
Directors' Report	2
Directors' Responsibilities Statement	3
Independent Auditor's Report	4 - 5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 19

Hamlyns of Scotland Limited

Strategic report For the Year Ended 31 July 2016

Introduction

The directors present their strategic report for the year ended 31 July 2016.

These financial statements represent the accounts of Hamlyns of Scotland Limited, a 100% owned subsidiary of Morning Foods Limited.

Principal activity

The principal activity of the company was milling oats.

Business review

The directors are satisfied with the performance of the company as reported in the financial statements.

The company continually monitors the performance of its operations and other activities through regular reviews using key performance indicators (KPIs) as tools for measurement.

The directors consider that the company has met the KPI targets in the year and look forward to the planned on-going development of the business.

Principal risks and uncertainties

The year has been impacted by extensive volatility in raw material prices which has been extremely difficult to manage. This difficulty has impacted directly on the results for the year.

The company's objective is to minimise risks and uncertainties to the level of the market place in which it operates. Business forecasts identifying, in particular, liquidity requirements are produced frequently whilst internal controls ensure the safeguarding of the company's assets.

Financial key performance indicators

The KPIs that the company uses are relevant to the type of business it operates in. The financial KPIs are specifically related to volumes, growth, turnover, and balance sheet strength and are monitored on a continuous basis and the directors are satisfied with their performance.

Other key performance indicators

The other key performance indicators that the company use are operational (staff retention and motivation) and from a customer service perspective (customer feedback and retention and new customers). These key performance indicators are within the targets set for the year.

This report was approved by the board and signed on its behalf.



D Warr
Director

Date: 6/12/2016

Hamlyns of Scotland Limited

Directors' report For the Year Ended 31 July 2016

The directors present their report and the financial statements for the year ended 31 July 2016.

Results and dividends

The profit for the year, after taxation, amounted to £7,586 (2015 - £28,438).

During the year the company paid no dividends (2015 - £NIL).

Directors

The directors who served during the year were:

J E Lea
D Warr
A Meikle

Qualifying third party indemnity provisions

Throughout the year and up to the date of this report the company maintained qualifying third party indemnity insurance for the directors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



D Warr
Director

Date: 6/12/2016

Hamlyns of Scotland Limited

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions, to 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 2006. 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.

Hamlyns of Scotland Limited

Independent Auditor's Report to the Members of Hamlyns of Scotland Limited

We have audited the financial statements of Hamlyns of Scotland Limited for the year ended 31 July 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hamlyns of Scotland Limited

Independent Auditor's Report to the Members of Hamlyns of Scotland Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Richard Wilson (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Nottingham
United Kingdom

8 October 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hamlyns of Scotland Limited

Statement of comprehensive income For the Year Ended 31 July 2016

	Note	2016 £	2015 £
Turnover	3	14,853,717	14,674,892
Cost of sales		(12,751,248)	(12,756,112)
Gross profit		2,102,469	1,918,780
Distribution costs		(303,698)	(165,916)
Administrative expenses		(1,767,709)	(1,711,136)
Operating profit	4	31,062	41,728
Tax on profit	6	(23,476)	(13,290)
Profit for the year		7,586	28,438

There were no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 9 to 19 form part of these financial statements.

Hamlyns of Scotland Limited

Registered number: SC176949

Balance sheet As at 31 July 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	7		1,882,980		1,777,816
Investments			700		700
			<u>1,883,680</u>		<u>1,778,516</u>
Current assets					
Stocks	8	1,270,878		1,170,287	
Debtors: amounts falling due within one year	9	411,622		527,862	
Cash at bank and in hand	10	19,558		8,949	
			<u>1,702,058</u>	<u>1,707,098</u>	
Creditors: amounts falling due within one year	11	(1,233,080)		(1,219,863)	
Net current assets			<u>468,978</u>	<u>487,235</u>	
Total assets less current liabilities			<u>2,352,658</u>	<u>2,265,751</u>	
Creditors: amounts falling due after more than one year	12		(1,099,840)		(1,020,519)
Net assets			<u><u>1,252,818</u></u>	<u><u>1,245,232</u></u>	
Capital and reserves					
Called up share capital	14		2		2
Profit and loss account	15		1,252,816		1,245,230
			<u><u>1,252,818</u></u>	<u><u>1,245,232</u></u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J E Lea
 Director

Date:

6/17/16

The notes on pages 9 to 19 form part of these financial statements.

Hamlyns of Scotland Limited

Statement of changes in equity For the Year Ended 31 July 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2015	2	1,245,230	1,245,232
Comprehensive income for the year			
Profit for the year	-	7,586	7,586
At 31 July 2016	2	1,252,816	1,252,818

Statement of changes in equity For the Year Ended 31 July 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2014	2	1,216,792	1,216,794
Comprehensive income for the year			
Profit for the year	-	28,438	28,438
At 31 July 2015	2	1,245,230	1,245,232

The notes on pages 9 to 19 form part of these financial statements.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Hamlyns of Scotland Limited is a company incorporated in Scotland under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 18.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Morning Foods Limited as at 31 July 2016 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

1. Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 30 years straight line
Plant and machinery	- 4 to 6 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.5 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

1.9 Creditors

Short term creditors are measured at the transaction price.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

1. Accounting policies (continued)

1.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.12 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

1. Accounting policies (continued)

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, the company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The significant judgements relates to the following:

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 7.

3. Turnover

All turnover arose within the United Kingdom.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

4. Operating profit

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

	2016 £	2015 £
Depreciation of tangible fixed assets	266,561	234,851
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	7,200	6,800
Exchange differences	(4,086)	-
Defined contribution pension cost	100,987	101,251

During the year, no director received any emoluments (2015 -£NIL).

The directors receive emoluments from Morning Foods Limited for their services to all group companies. It is not considered practical or possible to accurately apportion these costs to each entity in the group. Given the relative size of the respective group entities the effect of not apportioning these costs for disclosure purposes is not considered to be material.

5. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,532,236	1,474,122
Social security costs	123,403	119,686
Cost of defined contribution scheme	100,987	101,251
	<u>1,756,626</u>	<u>1,695,059</u>

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

	2016 No.	2015 No.
Administration and Sales	2	2
Production	44	43
	<u>46</u>	<u>45</u>

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

6. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	25,880	11,519
Adjustments in respect of previous periods	1,000	-
Total current tax	26,880	11,519
Deferred tax		
Origination and reversal of timing differences	(3,404)	1,771
Total deferred tax	(3,404)	1,771
Taxation on profit on ordinary activities	23,476	13,290

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	31,062	41,728
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -21%)	6,212	8,763
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13,438	(2,793)
Depreciation for year in excess of capital allowances	2,826	7,664
Adjustments to tax charge in respect of prior periods	1,000	-
Other differences leading to an increase (decrease) in the tax charge	-	(188)
Marginal relief	-	(156)
Total tax charge for the year	23,476	13,290

Factors that may affect future tax charges

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer announced, in the 2015 Summer Budget, that the corporation tax rate would reduce from the current rate of 20% to 19% from 1 April 2017 and 18% from 1 April 2020. These changes to the future tax rate were substantively enacted on 26 October 2015. The provision for deferred tax in the financial statements has been based upon the rate of 18% given that the timing differences are expected to reverse at this rate.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

7. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 August 2015	1,292,850	3,324,341	4,617,191
Additions	8,835	362,890	371,725
At 31 July 2016	<u>1,301,685</u>	<u>3,687,231</u>	<u>4,988,916</u>
Depreciation			
At 1 August 2015	186,937	2,652,438	2,839,375
Charge for the period	31,341	235,220	266,561
At 31 July 2016	<u>218,278</u>	<u>2,887,658</u>	<u>3,105,936</u>
Net book value			
At 31 July 2016	<u>1,083,407</u>	<u>799,573</u>	<u>1,882,980</u>
At 31 July 2015	<u>1,105,913</u>	<u>671,903</u>	<u>1,777,816</u>

The whole of the land and buildings category relates to freehold land and buildings.

8. Stocks

	2016 £	2015 £
Raw materials and consumables	1,024,608	996,826
Finished goods and goods for resale	246,270	173,461
	<u>1,270,878</u>	<u>1,170,287</u>

Stock recognised in cost of sales during the year as an expense was £8,786,313 (2015 - £8,737,202)

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

9. Debtors

	2016 £	2015 £
Trade debtors	374,013	466,887
Other debtors	3,392	30,162
Deferred taxation	34,217	30,813
	<u>411,622</u>	<u>527,862</u>

10. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	19,558	8,949
Less: bank overdrafts	(372,263)	(372,876)
	<u>(352,705)</u>	<u>(363,927)</u>

11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	372,263	372,876
Trade creditors	674,289	552,377
Corporation tax	25,880	10,519
Taxation and social security	-	7,743
Other creditors	62,295	17,925
Accruals and deferred income	98,353	258,423
	<u>1,233,080</u>	<u>1,219,863</u>

The bank overdraft is secured by way of legal mortgages over the group's freehold land.

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

	2016 £	2015 £
Amounts owed to group undertakings	1,034,467	952,175
Government grants received	65,373	68,344
	<u>1,099,840</u>	<u>1,020,519</u>

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

13. Deferred taxation

	2016 £	2015 £
At beginning of year	30,813	32,584
Charged to the profit or loss	3,404	-
Utilised in year	-	(1,771)
At end of year	34,217	30,813

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	34,217	30,813

14. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

15. Reserves

Profit & loss account

Profit & loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £100,987 (2015 - £101,251). No contributions (2015 - £Nil) were payable to the fund at the balance sheet date.

Hamlyns of Scotland Limited

Notes to the financial statements For the Year Ended 31 July 2016

17. Controlling party

The company is controlled by Morning Foods Limited. The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Morning Foods Limited.

In the opinion of the directors Morning Foods Limited is the company's ultimate parent company. Morning Foods Limited is ultimately controlled by J E Lea.

18. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.