

W C ROWE (FALMOUTH) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

Company Registration Number 1238149



W C ROWE (FALMOUTH) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

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W C ROWE (FALMOUTH) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of the production and wholesale and retail distribution of bread, confectionery and related products.

Turnover increased by 13.1% in 2000, whilst gross profit margins remained consistent. The directors anticipate that this favourable trading position will be maintained in the current financial year.

RESULTS AND DIVIDENDS

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

The balance of the profits for the year amounting to £110,671 will be added to reserves and carried forward to the following year.

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 each		
	At 31 Dec 00	At 31 Dec 99
Mrs P Rowe (died 20 March 2000)	-	29,700
A H Pearce	38,800	10,300
J R Rowe (resigned 21 April 2001)	-	-
M Pearce	1,000	-
M A Rowe (appointed 19 May 2000)	<u>200</u>	<u>-</u>

RETIREMENT OF DIRECTORS

In accordance with the Articles of Association, M Pearce will retire from the board and, being eligible, will stand for re-appointment.

W C ROWE (FALMOUTH) LIMITED

THE DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 and 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. 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 appoint John Girdlestone as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:

Signed on behalf of the directors

Parkengue
Kernick Industrial Estate
Penryn
Cornwall
TR10 9EP

A H PEARCE
Director

Approved by the directors on



6/8/2001

W C ROWE (FALMOUTH) LIMITED
AUDITOR'S REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2000

I have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

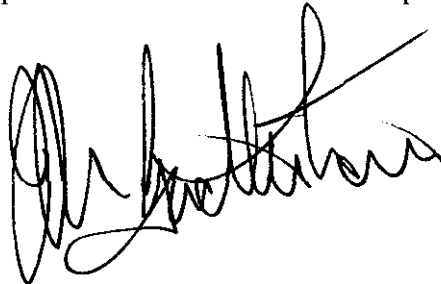
BASIS OF OPINION

I conducted my 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



John Girdlestone
Registered Auditor
Chartered Accountant
Waterside Court
Falmouth Road
PENRYN
Cornwall
TR10 8AW

Date: 09-08-01

W C ROWE (FALMOUTH) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
TURNOVER	2	4,978,576	4,523,809
Cost of sales		(3,133,896)	(2,849,053)
GROSS PROFIT		1,844,680	1,674,756
Distribution costs		(281,193)	(240,579)
Administrative expenses		(1,493,425)	(1,340,752)
Exceptional item	3	104,480	-
OPERATING PROFIT		174,542	93,425
Business interruption claim		39,434	-
Grants received		-	75,000
Rent receivable		1,873	-
Compensation on death of director			64,419
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		215,849	232,844
Interest receivable and similar income	6	3,167	674
Interest payable and similar charges	7	(59,041)	(35,967)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		159,975	197,551
Tax on profit on ordinary activities	8	(49,304)	13,662
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		110,671	211,213
Dividends	9	-	(4,000)
Balance brought forward		1,323,575	1,116,362
BALANCE CARRIED FORWARD		1,434,246	1,323,575

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.

W C ROWE (FALMOUTH) LIMITED

BALANCE SHEET

31 DECEMBER 2000

		2000		1999	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	10		2,096,747		1,989,304
Investments	11		60		60
			<u>2,096,807</u>		<u>1,989,364</u>
CURRENT ASSETS					
Stocks	12	157,391		145,692	
Debtors	13	555,907		299,571	
Cash at bank and in hand		<u>1,796</u>		<u>40,405</u>	
		715,094		485,668	
CREDITORS: Amounts falling due within one year	14	<u>(932,770)</u>		<u>(668,374)</u>	
NET CURRENT LIABILITIES			<u>(217,676)</u>		<u>(182,706)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,879,131		1,806,658
CREDITORS: Amounts falling due after more than one year	15		<u>(326,299)</u>		<u>(394,797)</u>
			1,552,832		1,411,861
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	16		<u>(78,586)</u>		<u>(48,286)</u>
NET ASSETS			<u>1,474,246</u>		<u>1,363,575</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		40,000		40,000
Profit and loss account			<u>1,434,246</u>		<u>1,323,575</u>
SHAREHOLDERS' FUNDS	21		<u>1,474,246</u>		<u>1,363,575</u>

These financial statements were approved by the directors on the 6th Aug. 2001..., and are signed on their behalf by:



A H PEARCE
Director

W C ROWE (FALMOUTH) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2000

	2000		1999	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		314,324		266,457
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	14,488		674	
Interest paid	<u>(59,041)</u>		<u>(35,967)</u>	
		(44,553)		(35,293)
TAXATION				
Corporation tax paid		(17,312)		(9,948)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets	(283,702)		(854,850)	
Receipts from sale of fixed assets	15,100		48,616	
Receipt from life assurance policy	-		64,419	
Receipt from grant	-		75,000	
Receipt from insurance claim	39,434		-	
Receipts from rent	<u>1,873</u>		<u>-</u>	
		(227,295)		(666,815)
EQUITY DIVIDENDS PAID		-		(4,000)
Net cash inflow/(outflow) before financing		25,164		(449,599)
FINANCING				
Net (outflow)/inflow from loans	(114,509)		335,770	
Net (outflow)/inflow from hire purchase contracts	<u>(42,407)</u>		<u>110,381</u>	
Net cash (outflow)/inflow from financing		<u>(156,916)</u>		<u>446,151</u>
(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(131,752)</u>		<u>(3,448)</u>

W C ROWE (FALMOUTH) LIMITED

CASH FLOW STATEMENT (continued)

YEAR ENDED 31 DECEMBER 2000

**RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2000	1999
	£	£
Operating profit	174,542	93,425
Depreciation	162,267	149,844
Impairment loss on revaluation	-	27,351
(Profit)/Loss on disposal of fixed assets	(986)	2,521
Increase in stocks	(11,699)	(17,000)
Increase in debtors	(244,454)	(63,183)
Increase in creditors	232,808	74,361
Net inflow from staff loans	1,846	(862)
Net cash inflow from operating activities	<u>314,324</u>	<u>266,457</u>

**ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS
AS SHOWN IN THE BALANCE SHEET**

	2000	Change in	1999	Change in	1998
	£	Year	£	Year	£
		£		£	
Cash at bank and in hand	1,796	(38,609)	40,405	(3,696)	12,022
Bank overdraft	(188,706)	(93,143)	(95,563)	248	-
	<u>(186,910)</u>	<u>(131,752)</u>	<u>(55,158)</u>	<u>(3,448)</u>	<u>12,022</u>

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	2000	1999
	£	£
Balance brought forward	(55,158)	(51,710)
Net cash (outflow)	(131,752)	(3,448)
Balance carried forward	<u>(186,910)</u>	<u>(55,158)</u>

**ANALYSIS OF CHANGES IN FINANCING DURING
THE YEAR**

	Loans	Hire
	£	Purchase
	£	£
Balance at 1 January 2000	386,937	242,563
Cash outflow for financing	(114,509)	(134,371)
New agreements in the year	-	91,964
Balance at 31 December 2000	<u>272,428</u>	<u>200,156</u>

MAJOR NON CASH TRANSACTIONS

During the year the company entered into a hire purchase agreements for £91,964 in respect of assets purchased in the year.

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the accounts represents amounts derived from the ordinary activities of the company exclusive of value added tax and trade discounts.

Pensions

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Goodwill

Purchased goodwill is written off immediately against reserves. Goodwill which is generated by the activities of the company is not recognised as an asset in the balance sheet and the associated costs are written off to the profit and loss account when they are incurred.

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:

Freehold buildings	100 years straight line
Leasehold property	over period of lease
Machinery & fittings	10 & 15 years straight line
Motor vehicles & computer	4 years straight line

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.

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.

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

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.

	2000	1999
	£	£
United Kingdom	<u>4,978,576</u>	<u>4,523,809</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Loss on revaluation of freehold property	-	27,351
Staff pension contributions	37,167	35,700
Depreciation	162,267	149,844
(Profit)/Loss on disposal of fixed assets	(986)	2,521
Auditor's remuneration -as auditor	3,500	3,500
Exceptional item		
- income from retrospective VAT claim	(149,248)	-
- costs incurred in respect of VAT claim	<u>44,768</u>	-
	<u>104,480</u>	<u>-</u>

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

4. PARTICULARS OF EMPLOYEES

The aggregate payroll costs were:	2000	1999
	£	£
Wages and salaries	2,124,376	1,974,990
Social security costs	8,394	7,348
Other pension costs	48,973	47,446
	<u>2,181,743</u>	<u>2,029,784</u>

Pension Scheme

As for the directors, 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 £37,167 (1999 - £35,700).

5. DIRECTORS' EMOLUMENTS

The directors' emoluments were:	2000	1999
	£	£
Remuneration as directors	125,924	77,710
Pension scheme contributions	11,806	11,746
	<u>137,730</u>	<u>89,456</u>

Emoluments excluding pension contributions:	2000	1999
	£	£
Chairman and highest paid director	<u>91,919</u>	<u>59,776</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Interest receivable	3,167	668
Dividends	-	6
	<u>3,167</u>	<u>674</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Lease purchase agreements	22,514	19,663
Interest payable on bank borrowing	14,370	7,167
Other similar charges payable	22,157	9,137
	<u>59,041</u>	<u>35,967</u>

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Corporation tax based on the results for the year at 20% (1999 – 20%)	18,674	17,565
Increase/(Decrease) in deferred tax provision (see note 16)	30,300	(31,227)
Underprovision re previous year	330	-
	<u>49,304</u>	<u>(13,662)</u>

The company is considered to be a close company within the terms of the Income and Corporation Taxes Act 1988.

9. DIVIDENDS

	2000	1999
	£	£
Dividend on 10,300 ordinary shares	<u>-</u>	<u>4,000</u>

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold property (less than 50 years)	Plant equipment fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
COST OR VALUATION					
At 1 January 2000	1,247,351	60,321	1,642,983	182,719	3,133,374
Additions	55,348	-	178,441	49,283	283,072
Disposals	-	-	(8,739)	(38,885)	(47,624)
At 31 December 2000	<u>1,302,699</u>	<u>60,321</u>	<u>1,812,685</u>	<u>193,117</u>	<u>3,368,822</u>
DEPRECIATION					
At 1 January 2000	2,707	39,631	957,164	144,568	1,144,070
Charge for year	14,359	2,089	118,473	27,346	162,267
On disposals	-	-	(8,739)	(25,523)	(34,262)
At 31 December 2000	<u>17,066</u>	<u>41,720</u>	<u>1,066,898</u>	<u>146,391</u>	<u>1,272,075</u>
NET BOOK VALUE					
At 31 December 2000	<u>1,285,633</u>	<u>18,601</u>	<u>745,787</u>	<u>46,726</u>	<u>2,096,747</u>
At 31 December 1999	<u>1,244,644</u>	<u>20,690</u>	<u>685,819</u>	<u>38,151</u>	<u>1,989,304</u>

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

The cost or revaluation of freehold buildings on which depreciation is charged amounted to £1,241,619 (1999 - £1,195,015).

Hire purchase and finance lease agreements

Included within the net book value £1,989,304 is £436,658 (1999 - £388,080) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £72,611 (1999 - £72,149).

Freehold land and buildings

Freehold land and buildings were revalued as follows:

- a) The main bakery production land and buildings and two shop premises were revalued on 12 August 1999 by Stimsons, Chartered Surveyors, on an open market value basis. Stimsons are not connected to the company in any way.
- b) One shop was valued on the same basis on 20 May 1999 by Stimsons.
- c) One shop was revalued on the same basis by Yates Commercial who are not connected to the company in any way.

The valuations were made in accordance with the R.I.C.S. recommended procedures.

11. INVESTMENTS

	£
COST	
At 1 January 2000 and at 31 December 2000	<u>60</u>
NET BOOK VALUE	
At 31 December 2000	<u>60</u>
At 31 December 1999	<u>60</u>

12. STOCKS

	2000 £	1999 £
Second hand machinery	2,605	2,605
Raw materials	154,786	143,087
	<u>157,391</u>	<u>145,692</u>

13. DEBTORS

	2000 £	1999 £
Trade debtors	212,706	151,296
VAT recoverable	239,611	38,366
Other debtors (note 19 b)	75,821	77,914
Prepayments and accrued income	27,769	31,995
	<u>555,907</u>	<u>299,571</u>

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

14. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	199,890	129,693
Trade creditors	373,642	209,567
Other creditors including taxation and social security:		
Corporation tax	31,909	20,236
PAYE and social security	52,982	52,201
Hire purchase agreements	103,101	118,573
Commercial loan	32,000	32,000
Other creditors	101,679	39,778
Related party loan	-	50,000
	<u>321,671</u>	<u>312,788</u>
Accruals and deferred income	37,567	16,326
	<u>932,770</u>	<u>668,374</u>

The following liabilities disclosed under creditors falling due within one year are secured on company freehold properties:

	2000	1999
	£	£
Related party loan	-	50,000
Bank loans and overdrafts	199,980	129,693
Commercial loan (see note 15)	32,000	32,000
	<u>231,890</u>	<u>211,693</u>

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

	2000	1999
	£	£
Bank loans	157,244	156,887
Commercial loans	72,000	113,920
Hire purchase agreements	97,055	123,990
	<u>326,299</u>	<u>394,797</u>

Bank loans and commercial loans are secured on company freehold properties.

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

16. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2000	1999
	£	£
Provision brought forward	48,286	79,513
Increase/(Decrease) in provision	<u>30,300</u>	<u>(31,227)</u>
Provision carried forward	<u>78,586</u>	<u>48,286</u>

There is no unprovided liability for deferred taxation.

17. COMMITMENTS UNDER FINANCE LEASE AND HIRE PURCHASE AGREEMENTS

Amounts included above are repayable over varying periods by monthly instalments as follows:

	2000	1999
	£	£
In the next year	103,101	118,573
In the second to fifth year	<u>97,055</u>	<u>123,990</u>
	<u>200,156</u>	<u>242,563</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	2000	1999
	Land and buildings	Land and buildings
	£	£
Operating leases which expire:		
Within 1 year	21,075	21,075
Within 2 to 5 years	29,500	29,500
After more than 5 years	<u>37,400</u>	<u>37,400</u>
	<u>87,975</u>	<u>87,975</u>

The majority of leases of land and buildings are subject to rent reviews at periodic intervals ranging between 1 and 5 years.

W C ROWE (FALMOUTH) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

19. TRANSACTIONS WITH THE DIRECTORS

a) Rents Paid

During the year the company paid rent to the value of £14,185 (1999 - £4,545) to Mrs P Rowe deceased, who was a director of the company, in respect of property owned by her and leased to the company. The leases are on normal commercial terms.

b) Loan to Director

Included in other debtors (note 13) is the following:-

	Outstanding 01/01/00 £	Outstanding 31/12/00 £	Maximum Liability during 2000 £
Mr A H Pearce – director	48,798	37,568	37,568

The above loan is unsecured, interest free with no fixed repayments date.

20. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>40,000</u>	<u>40,000</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	110,671	207,213
Opening shareholders' equity funds	<u>1,363,575</u>	<u>1,156,362</u>
Closing shareholders' equity funds	<u>1,474,246</u>	<u>1,363,575</u>