

Galloway & MacLeod Limited

ABBREVIATED ACCOUNTS

for the year ended

31 August 2008



Galloway & MacLeod Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Ralph H MacLeod
John T MacLeod
Miss A H B MacLeod

SECRETARY

John T MacLeod

REGISTERED OFFICE

King Street
Stonehouse
South Lanarkshire
ML9 3EH

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

BANKERS

Clydesdale Bank plc
14 Bothwell Street
Glasgow
G2 6QY

SOLICITORS

Turnbull & Ward Solicitors
54 Main Street
Barrhead
Glasgow
G78 1RB

Galloway & MacLeod Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Galloway & MacLeod Limited for the year ended 31 August 2008.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were those of grain millers and agricultural merchants.

REVIEW OF THE BUSINESS

The agricultural supply industry is a vital link in the food chain. The fundamentals of world population growth and increased demand for food will prevail beyond current short term difficulties. The company is strong with a well balanced product portfolio and a committed workforce.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £292,339. Particulars of dividends proposed are detailed in note 5 to the financial statements.

DIRECTORS

The directors who served the company during the year were as follows:

Ralph H MacLeod
John T MacLeod
Miss A H B MacLeod

FIXED ASSETS

The movements in fixed assets are recorded in the notes to the financial statements.

The directors are of the opinion that the market value of heritable property is materially in excess of valuation.

DONATIONS

During the year the company made the following contributions:

	2008	2007
	£	£
Charitable	<u>1,226</u>	<u>777</u>

Galloway & MacLeod Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to re-appoint Baker Tilly UK Audit LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the board



John T MacLeod

Company Secretary

3/12/2008

Galloway & MacLeod Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 that 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 requirements of 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.

**AUDITOR'S REPORT TO GALLOWAY & MACLEOD LIMITED UNDER SECTION
247B
OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, together with the financial statements of Galloway & MacLeod Limited for the year ended 31 August 2008 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin 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 accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

4/12/08

Galloway & MacLeod Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2008

	<i>Notes</i>	2008 £	2007 £
Gross profit		1,755,671	1,050,101
Administrative expenses		1,404,008	1,079,874
OPERATING PROFIT/(LOSS)	1	351,663	(29,773)
Profit on disposal of fixed assets		—	311,933
		351,663	282,160
Interest receivable		68,291	65,815
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		419,954	347,975
Taxation	4	127,615	38,101
PROFIT FOR THE FINANCIAL YEAR		292,339	309,874

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Galloway & MacLeod Limited

ABBREVIATED BALANCE SHEET

31 August 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	<u>666,790</u>	<u>526,499</u>
CURRENT ASSETS			
Stocks	7	1,023,758	454,118
Debtors	8	1,649,343	906,136
Cash at bank and in hand		<u>1,106,819</u>	<u>1,275,019</u>
		3,779,920	2,635,273
CREDITORS			
Amounts falling due within one year	9	<u>1,625,221</u>	<u>632,008</u>
NET CURRENT ASSETS		<u>2,154,699</u>	<u>2,003,265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,821,489</u>	<u>2,529,764</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	55,451	35,293
Government grants	12	<u>20,299</u>	<u>21,071</u>
		<u>2,745,739</u>	<u>2,473,400</u>
CAPITAL AND RESERVES			
Called up equity share capital	13	5,000	5,000
Revaluation reserve	14	8,843	9,959
Profit and loss account	15	<u>2,731,896</u>	<u>2,458,441</u>
SHAREHOLDERS' FUNDS	16	<u>2,745,739</u>	<u>2,473,400</u>

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

The abbreviated accounts on pages 6 to 17 were approved by the directors and authorised for issue on 3/12/2008 and are signed on their behalf by:

Ralph H MacLeod
Director



Galloway & MacLeod Limited

CASH FLOW STATEMENT

for the year ended 31 August 2008

		2008	2007
	<i>Notes</i>	£	£
Net cash flow from operating activities	17	81,587	102,918
Returns on investments and servicing of finance	17	68,291	65,815
Taxation	17	(19,324)	(20,030)
Capital expenditure and financial investment	17	(288,754)	248,215
		(158,200)	396,918
Equity dividends paid		(10,000)	(10,000)
(DECREASE)/INCREASE IN CASH IN THE PERIOD	17	(168,200)	386,918

Galloway & MacLeod Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

FIXED ASSETS

All fixed assets are initially recorded at cost.

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	- 2.5% on valuation/cost
Plant & Office Equipment	- 20% on reducing balance
Tractors & Fork Lifts	- 25% on reducing balance
Motor Vehicles	- 25% on reducing balance
Computer Equipment	- 33.33% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

STOCKS

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

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 contributions payable are charged to the Profit and Loss Account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Galloway & MacLeod Limited

ACCOUNTING POLICIES

REVALUATION

In accordance with Financial Reporting Standard No 15, the directors have taken the decision not to revalue fixed assets. Subsequently, assets are included at cost except where revaluation occurred prior to adoption of this policy. Those assets which were revalued prior to the adoption of this policy continue to be depreciated based on their revalued amount.

DEFERRED GOVERNMENT GRANTS

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Galloway & MacLeod Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 August 2008

1 OPERATING PROFIT/(LOSS)

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

	2008	2007
	£	£
Amortisation of government grants re fixed assets	(772)	(786)
Depreciation of owned fixed assets	148,285	106,718
Loss/(Profit) on disposal of fixed assets	178	(13,253)
Auditor's remuneration		
- as auditor	7,100	10,440
- for other services	4,503	-
Operating lease costs:		
Other	<u>46,460</u>	<u>-</u>

2 PARTICULARS OF EMPLOYEES

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

	2008	2007
	No	No
Number of production staff	15	14
Number of sales staff	9	8
Number of administrative staff	6	6
	<u>30</u>	<u>28</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	619,724	520,156
Social security costs	62,237	54,337
Other pension costs	35,617	31,361
	<u>717,578</u>	<u>605,854</u>

3 DIRECTORS' EMOLUMENTS

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

	2008	2007
	£	£
Emoluments receivable	129,124	126,247
Excess retirement benefits funded by the company:		
Pensions as directors	9,520	9,441
	<u>138,644</u>	<u>135,688</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

Galloway & MacLeod Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 August 2008

4 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2007 - 20%)	107,457	18,837
Total current tax	<u>107,457</u>	<u>18,837</u>
Deferred tax:		
Origination and reversal of timing differences	20,158	19,264
Tax on profit on ordinary activities	<u>127,615</u>	<u>38,101</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2007 - 20%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>419,954</u>	<u>347,975</u>
Profit on ordinary activities by rate of tax	125,986	69,595
Expenses not deductible for tax purposes	18,799	(59,041)
Capital allowances in excess of depreciation	(13,872)	(4,556)
Changes in rates of corporation tax	(23,456)	(579)
Adjustments to tax charge in respect of previous periods	-	(518)
Chargeable gain	-	13,936
Total current tax (note 4(a))	<u>107,457</u>	<u>18,837</u>

5 DIVIDENDS

Equity dividends

	2008 £	2007 £
Proposed at the year-end (recognised as a liability):		
Equity dividends on ordinary shares £4.00 (2007: £2.00)	<u>20,000</u>	<u>10,000</u>

Galloway & MacLeod Limited
NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 August 2008

6 TANGIBLE FIXED ASSETS

	Heritable Property £	Plant & office equipment £	Tractors & fork lifts £	Motor Vehicles £	Computer equipment £	Total £
Cost or valuation						
At						
1 September 2007	170,515	746,871	77,598	507,387	187,239	1,689,610
Additions	—	22,649	—	232,815	49,760	305,224
Disposals	—	—	—	(34,960)	(1,635)	(36,595)
At 31 August 2008	<u>170,515</u>	<u>769,520</u>	<u>77,598</u>	<u>705,242</u>	<u>235,364</u>	<u>1,958,239</u>
Depreciation						
At						
1 September 2007	90,335	575,668	60,918	252,340	183,850	1,163,111
Charge for the year	4,260	34,988	4,176	90,678	14,183	148,285
On disposals	—	—	—	(18,434)	(1,513)	(19,947)
At 31 August 2008	<u>94,595</u>	<u>610,656</u>	<u>65,094</u>	<u>324,584</u>	<u>196,520</u>	<u>1,291,449</u>
Net book value						
At 31 August 2008	<u>75,920</u>	<u>158,864</u>	<u>12,504</u>	<u>380,658</u>	<u>38,844</u>	<u>666,790</u>
At 31 August 2007	<u>80,180</u>	<u>171,203</u>	<u>16,680</u>	<u>255,047</u>	<u>3,389</u>	<u>526,499</u>

The heritable property was externally revalued during the year ended 31 August 1976 at £93,500. The original cost of the property was £48,760. Subsequent additions at cost to 31 August 2008 totalled £77,015. The company has adopted the transitional provisions of FRS 15 to adopt as cost the present valuation of heritable property and to maintain that valuation.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2008 £	2007 £
Net book value at end of year	<u>75,920</u>	<u>80,180</u>
Historical cost:		
At 1 September 2007	125,775	263,525
Disposals in year	—	(137,750)
At 31 August 2008	<u>125,775</u>	<u>125,775</u>
Depreciation:		
At 1 September 2007	55,554	110,528
On disposals	—	(60,982)
Charge for year	3,144	6,008
At 31 August 2008	<u>58,698</u>	<u>55,554</u>
Net historical cost value:		
At 31 August 2008	<u>67,077</u>	<u>70,221</u>
At 1 September 2007	<u>70,221</u>	<u>152,997</u>

Galloway & MacLeod Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 August 2008

7 STOCKS

	2008	2007
	£	£
Finished goods	<u>1,023,758</u>	<u>454,118</u>

8 DEBTORS

	2008	2007
	£	£
Trade debtors	1,642,278	894,173
Other debtors	3,081	8,100
Prepayments and accrued income	3,984	3,863
	<u>1,649,343</u>	<u>906,136</u>

9 CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	1,421,284	571,490
Corporation tax	107,508	19,375
Other taxation and social security	15,564	17,313
Dividends payable	20,000	10,000
Accruals and deferred income	60,865	13,830
	<u>1,625,221</u>	<u>632,008</u>

10 PENSIONS

The company operates a defined contribution scheme for its employees. During the year the company contributed £35,617 (2007 - £31,361) to the pension scheme.

11 DEFERRED TAXATION

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

	2008	2007
	£	£
Provision brought forward	35,293	16,029
Profit and loss account movement arising during the year	20,158	19,264
Provision carried forward	<u>55,451</u>	<u>35,293</u>

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

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>55,451</u>	<u>35,293</u>
	<u>55,451</u>	<u>35,293</u>

Galloway & MacLeod Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 August 2008

12 GOVERNMENT GRANTS

	2008 £	2007 £
Received and receivable:		
At 1 September 2007	30,737	30,737
At 31 August 2008	<u>30,737</u>	<u>30,737</u>
Amortisation:		
At 1 September 2007	9,666	8,880
Credit to profit and loss account	772	786
At 31 August 2008	<u>10,438</u>	<u>9,666</u>
Net balance at 31 August 2008	<u>20,299</u>	<u>21,071</u>

13 SHARE CAPITAL

	2008 £	2007 £
Authorised:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	2008 £	2007 £
Allotted, called up and fully paid:		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

14 REVALUATION RESERVE

	2008 £	2007 £
At 1 September 2007	9,959	11,075
Transfer to the profit and loss account on realisation	(1,116)	(1,116)
At 31 August 2008	<u>8,843</u>	<u>9,959</u>

15 PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
At 1 September 2007	2,458,441	2,157,451
Retained profit for the financial year	292,339	309,874
Equity dividends	(20,000)	(10,000)
Transfer from revaluation reserve	1,116	1,116
At 31 August 2008	<u>2,731,896</u>	<u>2,458,441</u>

Galloway & MacLeod Limited
NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 August 2008

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	292,339	309,874
Equity dividends	(20,000)	(10,000)
Transfer from revaluation reserve	1,116	1,116
Transfer to profit and loss account	(1,116)	(1,116)
Net addition to shareholders' funds	272,339	299,874
Opening shareholders' funds	2,473,400	2,173,526
Closing shareholders' funds	2,745,739	2,473,400

17 CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating profit/(loss)	351,663	(29,773)
Depreciation	148,285	106,718
Loss/(profit) on disposal of fixed assets	178	(13,253)
Amortisation of government grants	(772)	(786)
Increase in stocks	(569,640)	(103,778)
Increase in debtors	(743,207)	(41,256)
Increase in creditors	895,080	185,046
Net cash inflow from operating activities	81,587	102,918

ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW

Returns on investment and servicing of finance

	2008	2007
	£	£
Interest received	68,291	65,815
Net cash inflow from returns on investments and servicing of finance	68,291	65,815

Taxation

	2008	2007
	£	£
Taxation	(19,324)	(20,030)

Capital expenditure

	2008	2007
	£	£
Payments to acquire tangible fixed assets	(305,224)	(175,602)
Receipts from sale of fixed assets	16,470	423,817
Net cash (outflow)/inflow from capital expenditure	(288,754)	248,215

Galloway & MacLeod Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 August 2008

17 CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008 £	2007 £
(Decrease)/increase in cash in the period	(168,200)	386,918
MOVEMENT IN NET FUNDS IN THE PERIOD	(168,200)	386,918
NET FUNDS AT 1 SEPTEMBER 2007	1,275,019	888,101
NET FUNDS AT 31 AUGUST 2008	<u>1,106,819</u>	<u>1,275,019</u>

ANALYSIS OF NET FUNDS

	At 1 September 2007 £	Cash flows £	At 31 August 2008 £
Cash in hand and at bank	1,275,019	(168,200)	1,106,819
Total	<u>1,275,019</u>	<u>(168,200)</u>	<u>1,106,819</u>