

Financial Statements

Abergavenny Fine Foods Limited

For the Year Ended 31 March 2016

Registered number: 02094670



Abergavenny Fine Foods Limited
Registered number:02094670

Company Information

Directors

A J Craske
M L A Bowman
B J Craske
T D Wilcox
K R Innes
S Portsmouth (appointed 30 July 2015)

Company secretary

K R Innes

Registered number

02094670

Registered office

Units 4 - 7
6 Castle Meadows Park
Abergavenny
Monmouthshire
NP7 7RZ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
11/13 Penhill Road
Cardiff
South Glamorgan
CF11 9UP

Bankers

Santander UK plc
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors

Gabb & Co
Old Bank House
Beaufort Street
Crickhowell
Powys
NP8 1AD

Abergavenny Fine Foods Limited
Registered number:02094670

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Strategic Report

For the Year Ended 31 March 2016

Business review

AFF had a very good start to the year, up 11% on forecast sales in the first quarter. However on Sunday the 5th July 2015 a devastating fire at the main Blaenavon site caused significant damage and stopped production at that site. The business was forced to move and consolidate staff at the Abergavenny Creamery, its second site which has both spare office and manufacturing space. It became clear very quickly that very little could be saved at the Blaenavon site and it was too dangerous to enter.

As a result of this news, the Board quickly made the decision to source both alternative manufacturers to process product and new processing equipment in order to continue to deliver to customers in particular Xmas produce. Within seven weeks the company had both its' goats cheese and blended cheese lines fully operational at the Abergavenny site and a distribution chain in place to customers. From there the company quickly switched on manufacture with five companies making the products piecemeal both in the UK and the Netherlands. We extended storage facilities with existing providers and moved staff to those facilities to assist. As a result of this AFF delivered 58 % of their Christmas volume within 5 months of the initial fire and 72% of their overall sales target for the year.

The Landlord and the AFF Board working together engaged TSL Projects Limited to deliver a design and build contract for a new food processing factory. We took the opportunity to build a factory which would future proof the business, investing in additional production space, new product development facilities as well as upgrading staff facilities and a guaranteed production start date of July 2016. Demolition commenced on site at the end of September with TSL mobilising on site on the 16th November and delivered a build program which was 26 weeks long.

The business moved back into the new premises on the 25th May 2016, less than 11 months after the fire with production commencing at the end of June. We were delighted to welcome HRH Prince Charles on the 7th July to open our new premises and to meet with staff and those who supported us through this difficult period.

In addition to the material damages insurance which was in place and covered much of the new build, the business also had significant business interruption insurance for a 24 month period and the services of their own loss adjustor. The gross margin has been protected for that period and the insurer has been paying across all policy covers in place and will continue to do so until June 2017. The material damages claim is ready to settle.

The fire obviously had a significant impact upon the business plans for the year and dominated our working day. However we continued to grow the milk process arm of the business increasing curd production by 30% on the prior year having put in place foundations within the supply chain to expand. As a result, we have continued to manufacture award winning cheese throughout the year.

The Directors have established during the year key business strategy to recover lost sales and continue of the previous growth trajectory. They are confident that the design and investment decisions taken as a result of the fire will allow the business expand beyond previous capacity restrictions and to enter new market arenas. They intend to continue to grow and extend the core business beyond the retail market and strive to increase market share in other areas to smooth out the seasonal nature of the business and its emphasis on the winter party season by the development of all year round product into other markets.

The directors are confident the performance for the year ahead will following the commissioning and bedding period of the new facilities will demonstrate the robustness, innovativeness and continued customer focus of AFF.

Strategic Report (continued)

For the Year Ended 31 March 2016

Principal risks and uncertainties

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risks

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The company policy throughout the year has been to ensure flexibility is achieved by overdraft facilities.

This report was approved by the board on *29 September 2016* and signed on its behalf.

Melanie LA Bowman.

M L A Bowman
Director

Abergavenny Fine Foods Limited

Directors' Report

For the Year Ended 31 March 2016

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

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements 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 and 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 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.

Principal activity

The principal activity of the company during the year was the manufacture of cheese and cheese products together with party finger food breaded products and desserts.

Results and dividends

The profit for the year, after taxation, amounted to £922,403 (2015 - £286,145).

No dividends were paid during the year (2015: £Nil).

Directors

The directors who served during the year were:

A J Craske
M L A Bowman
B J Craske
T D Wilcox
K R Innes
S Portsmouth (appointed 30 July 2015)

Abergavenny Fine Foods Limited

Directors' Report

For the Year Ended 31 March 2016

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *29 September 2016* and signed on its behalf.

Melanie LA Bowman

M L A Bowman

Director



Independent Auditor's Report to the Shareholders of Abergavenny Fine Foods Limited

We have audited the financial statements of Abergavenny Fine Foods Limited for the year ended 31 March 2016, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, 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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 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.



Independent Auditor's Report to the Shareholders of Abergavenny Fine Foods Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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.

Rhian Owen (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

11/13 Penhill Road
Cardiff
South Glamorgan
CF11 9UP

Date:

29 September 2016

Statement of Comprehensive Income

For the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	13,997,983	18,696,020
Cost of sales		(11,688,577)	(13,426,851)
Gross profit		2,309,406	5,269,169
Distribution costs		(283,781)	(512,139)
Administrative expenses		(3,637,474)	(4,276,347)
Exceptional administrative expenses		2,797,766	-
Other operating income	4	21,558	-
Operating profit	5	1,207,475	480,683
Interest payable and expenses	9	(106,697)	(173,495)
Profit before tax		1,100,778	307,188
Tax on profit	10	(178,375)	(21,043)
Profit for the year		922,403	286,145

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

The notes on pages 13 to 29 form part of these financial statements.

Balance Sheet

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	5,328,797	2,113,484
		<u>5,328,797</u>	<u>2,113,484</u>
Current assets			
Stocks	13	2,830,482	2,344,744
Debtors: amounts falling due within one year	14	3,924,052	2,649,008
Cash at bank and in hand	15	2,148	184,315
		<u>6,756,682</u>	<u>5,178,067</u>
Creditors: amounts falling due within one year	16	(7,940,247)	(4,267,060)
Net current (liabilities)/assets		<u>(1,183,565)</u>	<u>911,007</u>
Total assets less current liabilities		<u>4,145,232</u>	<u>3,024,491</u>
Creditors: amounts falling due after more than one year	17	(535,309)	(521,888)
Provisions for liabilities			
Deferred tax	21	(326,505)	(141,588)
		<u>(326,505)</u>	<u>(141,588)</u>
Net assets		<u><u>3,283,418</u></u>	<u><u>2,361,015</u></u>
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	3,283,318	2,360,915
		<u>3,283,418</u>	<u>2,361,015</u>

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

29 September 2016

M L A Bowman

Director

Melanie LA Bowman

The notes on pages 13 to 29 form part of these financial statements.

Abergavenny Fine Foods Limited
Registered number:02094670

Statement of Changes in Equity

For the Year Ended 31 March 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2015	100	2,360,915	2,361,015
Profit for the year	-	922,403	922,403
At 31 March 2016	100	3,283,318	3,283,418

Abergavenny Fine Foods Limited
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Statement of Changes in Equity

For the Year Ended 31 March 2015

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2014	100	2,074,770	2,074,870
Profit for the year	-	286,145	286,145
At 31 March 2015	100	2,360,915	2,361,015

The notes on pages 13 to 29 form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 March 2016

	2016	2015
	£	£
Cash flows from operating activities		
Profit for the financial year	922,403	286,145
Adjustments for:		
Depreciation of tangible assets	294,804	413,457
Loss on disposal of tangible assets	(48)	(1,350)
Government grants	(21,558)	-
Increase in stocks	(485,738)	45,346
Interest paid	106,697	173,495
Taxation	178,375	21,043
Increase in debtors	(1,314,561)	(602,574)
Increase in creditors	3,390,968	476,151
Corporation tax	46,056	(82,184)
Net cash generated from operating activities	<u>3,117,398</u>	<u>729,529</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,159,292)	(1,423,478)
Proceeds on recovery of tangible fixed assets	649,225	1,350
Government grants received	21,558	-
HP interest paid	(44,543)	(50,365)
Net cash from investing activities	<u>(3,533,052)</u>	<u>(1,472,493)</u>
Cash flows from financing activities		
New secured loans	-	110,507
Repayment of loans	(6,792)	-
Other new loans	-	381,428
Repayment of other loans	(135,611)	-
Repayment of finance leases	191,620	(163,625)
Movements on invoice discounting	(289,398)	673,463
Interest paid	(62,154)	(123,130)
Net cash used in financing activities	<u>(302,335)</u>	<u>878,643</u>
Net increase / (decrease) in cash and cash equivalents	<u>(717,989)</u>	<u>135,679</u>
Cash and cash equivalents at beginning of year	184,315	48,636
Cash and cash equivalents at the end of year	<u>(533,674)</u>	<u>184,315</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,148	184,315

Abergavenny Fine Foods Limited

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Bank overdrafts

(535,822)	-
<u>(533,674)</u>	<u>184,315</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

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 United Kingdom 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 27.

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 Revenue

Revenue arises from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

1.3 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

Depreciation 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:

Leasehold property	- 25% straight line
Plant & machinery	- 10-50% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 10-33% straight line
Equipment	- 25-33% straight line
Dairy	- 25% 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 within 'other operating income' in the Statement of comprehensive income.

1.4 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.5 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.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

1.11 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

1.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.13 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.

1.14 Borrowing costs

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

1.15 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.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.16 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.

1.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1.18 Research and development

Research and development expenditure is written off in the year in which it is incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2016

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated lives.

Provisions

A provision has been made for trade debtors. This provision is an estimate and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

3. Analysis of turnover

The whole of the turnover is attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2016	2015
	£	£
United Kingdom	13,001,638	16,267,190
Rest of Europe	15,427	202,012
Rest of the world	980,918	2,226,818
	<u>13,997,983</u>	<u>18,696,020</u>

4. Other operating income

	2016	2015
	£	£
Government grants receivable	21,558	-
	<u>21,558</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

5. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	294,804	413,457
Difference on foreign exchange	(3,126)	(16,237)
Profit on sale of tangible assets	(48)	(1,350)
Defined contribution pension cost	32,181	37,325
	<u>32,181</u>	<u>37,325</u>

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	23,250	16,100
	<u>23,250</u>	<u>16,100</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	2,863,646	3,011,078
Social security costs	240,933	241,802
Cost of defined contribution scheme	32,181	37,325
	<u>3,136,760</u>	<u>3,290,205</u>

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

	2016	2015
	No.	No.
Production	77	87
Distribution	8	11
Administrative	19	17
	<u>104</u>	<u>115</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	431,831	408,282
Company contributions to defined contribution pension schemes	14,082	10,312
	<u>445,913</u>	<u>418,594</u>

During the year retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £95,460 (2015 - £118,525).

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	62,154	123,130
Finance leases and hire purchase contracts	44,543	50,365
	<u>106,697</u>	<u>173,495</u>

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	-	(3,500)
Adjustments in respect of previous periods	(6,542)	(46,057)
Total current tax	<u>(6,542)</u>	<u>(49,557)</u>
Deferred tax		
Origination and reversal of timing differences	184,917	70,600
Total deferred tax	<u>184,917</u>	<u>70,600</u>
Taxation on profit on ordinary activities	<u>178,375</u>	<u>21,043</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower 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	<u>1,100,778</u>	<u>307,188</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	220,156	64,509
Effects of:		
Expenses not deductible for tax purposes	7,470	7,638
Capital allowances for year in excess of depreciation	-	(79,148)
Adjustments to tax charge in respect of prior periods	(16,200)	(46,057)
Changes in tax rates	(36,278)	-
Other timing differences leading to an increase (decrease) in taxation	-	1,583
Deferred tax	-	70,600
Non qualifying depreciation	3,227	1,918
Total tax charge for the year	<u>178,375</u>	<u>21,043</u>

11. Exceptional items

	2016 £	2015 £
Business interruption and stock loss proceeds	2,800,000	-
Building improvement proceeds	3,050,000	-
Stock write off	(778,786)	-
Fixed asset cost write off	(5,503,225)	-
Fixed asset depreciation write off	4,849,948	-
Other exceptional costs	(1,620,171)	-
	<u>2,797,766</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

12. Tangible fixed assets

	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Tenants Improvements £
Cost or valuation				
At 1 April 2015	171,426	3,748,991	1,517,487	-
Additions	-	1,581,454	3,230	2,436,083
Disposals	-	(3,724,266)	(1,471,876)	-
At 31 March 2016	<u>171,426</u>	<u>1,606,179</u>	<u>48,841</u>	<u>2,436,083</u>
Depreciation				
At 1 April 2015	171,426	3,038,950	1,462,828	-
Charge owned for the period	-	116,640	7,172	-
Disposals	-	(3,116,486)	(1,435,793)	-
At 31 March 2016	<u>171,426</u>	<u>39,104</u>	<u>34,207</u>	<u>-</u>
Net book value				
At 31 March 2016	<u>-</u>	<u>1,567,075</u>	<u>14,634</u>	<u>2,436,083</u>
At 31 March 2015	<u>-</u>	<u>710,041</u>	<u>54,659</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

12. Tangible fixed assets (continued)

	Motor vehicles	Equipment	Dairy	Total
	£	£	£	£
Cost or valuation				
At 1 April 2015	3,600	397,557	1,267,881	7,106,942
Additions	-	69,394	69,131	4,159,292
Disposals	-	(292,876)	-	(5,489,018)
At 31 March 2016	3,600	174,075	1,337,012	5,777,216
Depreciation				
At 1 April 2015	2,899	289,180	28,175	4,993,458
Charge owned for the period	701	28,754	141,537	294,804
Disposals	-	(287,564)	-	(4,839,843)
At 31 March 2016	3,600	30,370	169,712	448,419
Net book value				
At 31 March 2016	-	143,705	1,167,300	5,328,797
At 31 March 2015	701	108,377	1,239,706	2,113,484

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016	2015
	£	£
Plant and machinery	922,797	439,418
	<u>922,797</u>	<u>439,418</u>

13. Stocks

	2016	2015
	£	£
Raw materials and consumables	2,830,482	2,344,744
	<u>2,830,482</u>	<u>2,344,744</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

14. Debtors

	2016 £	2015 £
Trade debtors	1,603,190	2,309,161
Other debtors	2,210,221	150,564
Prepayments and accrued income	110,641	189,283
	<u>3,924,052</u>	<u>2,649,008</u>

15. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	2,148	184,315
Less: bank overdrafts	(535,823)	-
	<u>(533,675)</u>	<u>184,315</u>

16. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	535,823	-
Bank loans	121,780	128,572
Construction build work in progress	3,316,914	-
Trade creditors	1,628,136	1,726,878
Taxation and social security	64,715	60,157
Obligations under finance lease and hire purchase contracts	180,093	137,506
Invoice discounting facility	1,320,349	1,609,747
Other creditors	323,536	356,966
Accruals and deferred income	448,901	247,234
	<u>7,940,247</u>	<u>4,267,060</u>

Secured loans

The bank loans and overdrafts are secured by a first debenture charge over the assets of the company.

Notes to the Financial Statements

For the Year Ended 31 March 2016

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

	2016	2015
	£	£
Other loans	256,169	391,780
Net obligations under finance leases and hire purchase contracts	279,140	130,108
	<u>535,309</u>	<u>521,888</u>

18. Loans

Analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year		
Bank loans	121,780	128,572
	<u>121,780</u>	<u>128,572</u>
Amounts falling due 1-2 years		
Bank loans	256,169	391,780
	<u>256,169</u>	<u>391,780</u>
	<u>-</u>	<u>-</u>

19. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016	2015
	£	£
Within one year	180,093	137,506
Between one and five years	279,140	130,108
	<u>459,233</u>	<u>267,614</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

20. Financial instruments

	2016	2015
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	2,148	184,315
Financial assets that are debt instruments measured at amortised cost	<u>3,813,411</u>	<u>2,459,725</u>
	<u><u>3,815,559</u></u>	<u><u>2,644,040</u></u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(6,987,053)</u>	<u>(3,119,044)</u>
	<u><u>(6,987,053)</u></u>	<u><u>(3,119,044)</u></u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial Liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, construction build creditors, obligations under finance leases, other creditors and accruals.

21. Deferred taxation

	2016	2015
	£	£
At beginning of year	141,588	70,988
Charged to the profit or loss	184,917	70,600
At end of year	<u><u>326,505</u></u>	<u><u>141,588</u></u>

The provision for deferred taxation is made up as follows:

	2016	2015
	£	£
Accelerated capital allowances	574,582	143,587
Tax losses carried forward	(234,787)	-
Pension surplus	(674)	-
Other	<u>(12,616)</u>	<u>(1,999)</u>
	<u><u>326,505</u></u>	<u><u>141,588</u></u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

22. Share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

23. Reserves

Profit & loss account

The profit and loss account includes all current and prior period profits and losses.

24. Capital commitments

At 31 March 2016 the Company had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	3,600,179	129,360
	<u>3,600,179</u>	<u>129,360</u>

25. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Later than 5 years	313,202	308,000
Total	<u>313,202</u>	<u>308,000</u>
	2016	2015
	£	£
Not later than 1 year	5,186	8,004
Later than 1 year and not later than 5 years	-	23,189
Total	<u>5,186</u>	<u>31,193</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

26. Related party transactions

The company paid property rentals to the directors' pension fund amounting to £305,000 (2015: £308,000) and at year end there was an amount of £50,120 (2015: £43,793) owed to the pension fund in relation to the rentals.

Previously the directors of the company set up a company in the United States. At the end of the year £Nil (2015: £Nil) was owed to the company by Abergavenny Fine Foods Limited.

The company used the facilities of one of the directors for additional storage. These storage costs amounted to £4,277 (2015: £17,106).

27. 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.