Registered number: 553154

Associated Cold Stores & Transport Limited

Annual report and financial statements for the period ended 30 December 2017

Associated Cold Stores & Transport Limited

Report and financial statements 2017

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Associated Cold Stores & Transport Limited

Report and financial statements 2017

Officers and professional advisers

Directors

M Johnstone
S Tomlinson
T Franks
K Lea

Company secretary

A Takk (appointed 20th April 2018)

Bankers

HSBC Bank plc
1-3 Bishopgate
London
EC2N 3AQ

Principal Place of Business

Estate Road No. 2
South Humberside Industrial Estate
Grimsby
DN31 2TG

Registered Office

Linton Park
Linton
Maidstone
Kent
England
ME17 4AB

Registered Number

00553154

Independent auditors

Deloitte LLP
Statutory Auditor
2 New St Square
London
EC4A 3BZ

Strategic report

The directors present their strategic report on the company for the period ended 31 December 2017.

Review of business, future developments and principle risks and uncertainties

The total comprehensive income and expenditure for the year is set out on page 9.

The Directors are pleased to report that the business has declared improved results compared to the previous period ended 31 December 2016, showing an operating profit of £2.2m (31 December 2016: £0.7m). The company was able to build on its relationship with key clients and also win significant new business, with the benefit of that new business starting to be seen in 2017 and expected to continue into 2018.

The turnover in 2017 increased to £26.6m (31 December 2016: £20.9m). Both warehouse and distribution turnover increased year on year. Warehouse utilisation increased by 16%, pallet throughput increased by 23% and distributed loads increased by 20% compared to the previous period ended 31 December 2016.

As ever, there was a strong focus on cost control and better utilisation of assets.

There has been considerable capital investment during 2017 amounting to £2.1m. The investment was focussed on renewing our LGV vehicle and trailer fleet, enhancing our IT systems and properties. This included the ongoing roll-out of our LED lighting program in the warehouses to reduce electricity costs and to minimise our impact on the environment. This continues our strategy of continued investment in the business to ensure long-term profitable growth. The investment was made using cash reserves rather than through debt and this is an indication of the financial strength of the company.

In 2017, the company continued to invest in recruitment and the training of its staff to grow the skills and the capabilities of the workforce. We expanded the apprenticeship training program to employ staff in our Engineering, Customer Services, Finance and IT departments.

At the end of 2017, the company was in a strong financial position with the net assets having increased to £17.6m (31 December 2016: £16.6m).

Looking towards the future, in 2018 the company will benefit from the full year impact of the 2017 business wins. Market conditions remain challenging but the Directors are confident in the strategic direction of the business.

Key performance indicators (KPI's)

The company measured its performance for the period ended 31 December 2017 using a series of key performance indicators as follows:

Gross margin %:	23.7% (31 December 2016: 20.3%)
Debtor days:	59 days (31 December 2016: 59 days)

Management have undertaken qualitative assessmenet of these KPIs when appraising business performance, and remain confident in the strategic direction of the business. There have been no events after the balance sheet date that have altered this view.

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

S Tomlinson
Director
26 July 2018

Associated Cold Stores & Transport Limited

Directors' report

The directors present their report and the audited financial statements of the company for the period ended 31 December 2017.

Principal activities

The principal activities of the company are temperature controlled storage and distribution and dry goods warehousing.

The company is a limited company, domiciled and incorporated in the United Kingdom. The principal place of business is situated in Grimsby, Lincolnshire, which is different to the registered office with the address as set out on page 1.

Future developments

Details on the future developments of the company are detailed in the Strategic Report.

Dividends

Dividends of £1,000,000 have been paid in the period ended 31 December 2017 (31 December 2016: £511,745). No further dividends are proposed (31 December 2016: £nil).

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of directors and by Linton Park plc and Camellia plc, its parent companies.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual warehouse customer is limited by the warehouse keeper's lien.

Liquidity risk

The company generates available finance from continuing operations to provide it with sufficient available funds for operations and planned expansions. The company also has access to longer term funding from its ultimate parent undertaking, if required.

Interest rate cash flow risk

The company does not have any interest bearing liabilities. In the prior year, the company had interest bearing liabilities in relation to hire purchase contracts that bore interest at fixed rates. The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Directors' report (continued)

Directors

The directors who served during the year and up to the date of signing the financial statements are given below:

M Johnstone
S Tomlinson
T Franks
K Lea

Employees

The company's policy is to consult and discuss with employees on any matters likely to affect their interests.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate. Should any employee become disabled, every practical effort is made to provide continuing employment.

Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the company. The company has also achieved certification as an Investor in People partly in recognition of the work done in improving the awareness of its employees.

Provision of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S Tomlinson
Director
26 July 2018

Directors' responsibilities statement

Directors' responsibilities statement

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), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Associated Cold Stores & Transport Limited

The Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Associated Cold Stores & Transport Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Associated Cold Stores & Transport Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Independent auditor's report to the members of Associated Cold Stores & Transport Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

We have nothing to report in respect of these matters.

Richard Howe (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

26 July 2018

Statement of comprehensive income
Period ended 30 December 2017

	Notes	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Revenue	2	26,631,340	20,914,920
Cost of sales		(20,307,583)	(16,684,876)
Gross profit		6,323,757	4,230,044
Administrative expenses		(4,094,781)	(3,550,026)
Operating profit	3	2,228,976	680,018
Finance income	4	6,632	5,372
Finance costs		(5)	-
Profit on ordinary activities before tax		2,235,603	685,390
Income tax	7	(307,847)	(44,542)
Profit for the year		1,927,756	640,848
Total comprehensive income for the year		1,927,756	640,848

All of the operations included in the statement of comprehensive income above relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

Associated Cold Stores & Transport Limited

Balance sheet
as at 30 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Non-current assets			
Property, plant and equipment	8	9,913,184	9,425,963
Intangible assets	9	803,601	1,059,123
Deferred tax assets	10	2,015,705	1,873,552
Total non-current assets		12,732,490	12,358,638
Current assets			
Inventories	11	100,912	104,944
Trade and other receivables	12	6,548,644	5,307,949
Cash and cash equivalents		4,205,577	3,596,170
Total current assets		10,855,133	9,009,063
Current liabilities			
Trade and other payables	13	5,436,164	4,593,998
Corporation tax payable	7	580,000	130,000
Total current liabilities		6,016,164	4,723,998
Net current assets		4,838,969	4,285,065
Net assets		17,571,459	16,643,703
Equity			
Share capital	14	9,000,000	9,000,000
Retained earnings		8,571,459	7,643,703
Total equity		17,571,459	16,643,703

The financial statements of Associated Cold Stores & Transport Limited registered number 553154 were approved by the Board of Directors on 26 July 2018.

Signed on behalf of the Board of Directors

S Tomlinson
Director

Statement of changes in equity
Period ended 30 December 2017

	Share capital £	Retained earnings £	Total equity £
At 2 January 2016	9,000,000	7,514,600	16,514,600
Profit for the year and total comprehensive income for the year	-	640,848	640,848
Dividends paid (Note 20)	-	(511,745)	(511,745)
At 31 December 2016	9,000,000	7,643,703	16,643,703
Profit for the year and total comprehensive income for the year	-	1,927,756	1,927,756
Dividends paid (Note 20)	-	(1,000,000)	(1,000,000)
At 31 December 2017	9,000,000	8,571,459	17,571,459

Associated Cold Stores & Transport Limited

Cash flow statement
Period ended 30 December 2017

	Notes	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Cash generated from opertaions			
Cash generated from operations	19	3,691,837	2,981,484
Interest received		6,632	5,372
Interest paid		5	-
Net cash generated from operating activities		3,698,464	2,986,856
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,116,276)	(500,279)
Purchase of intangible assets		(36,006)	(137,607)
Proceeds from sale of property, plant and equipment	19	63,225	98,403
Net cash used in investing activities		(2,089,057)	(539,483)
Cash flows from financing activities			
Net movement in intra group loans		0	(338,255)
Dividends paid to group company	20	(1,000,000)	(511,745)
Net cash used in financing activities		(1,000,000)	(850,000)
Net increase in cash and cash equivalents		609,407	1,597,373
Cash and cash equivalents at beginning of the year		3,596,170	1,998,797
Cash and cash equivalents at end of the year		4,205,577	3,596,170

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Period ended 30 December 2017 £	Year ended 31 December 2016 £
Cash at bank and in hand	4,205,577	3,596,170
Bank overdrafts	-	-
	4,205,577	3,596,170

Notes to the financial statements (continued)
Period ended 30 December 2017

1. Accounting policies

General information

Associated Cold Stores & Transport Limited (the Company, # 553154) is a private Company limited by shares, incorporated in the United Kingdom under the Companies Act, and is registered in England. The address of the Company's registered office is shown on page 1.

The principal accounting policies in the presentation of these financial statements are set out below. These policies have been consistently applied to all years, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern and a historical cost basis, where cost includes the deemed cost of property on transition to IFRS. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Critical accounting estimates and significant judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Significant judgements in applying the Company's accounting policies.

The directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements (continued)
Period ended 30 December 2017

1. Accounting policies (continued)

New standards and interpretations

The following standards and amendments to existing standards have been published and adopted in the current financial year:

Standards effective for annual periods beginning on or after 1 January 2017

The Group has adopted the following new and amended IFRSs as of 1 January 2017:

IAS 7 (amendments) Statement of cashflows - effective 1 January 2017. The Company has adopted the amendments to IAS 7 for the first time in the current year.

IAS 12 (amendment)

Recognition of deferred tax – effective from 1 January 2017

Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

The amendment to IAS 12 has not had a material impact on the financial statements of the Company.

New accounting pronouncements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statement. None of these is expected to have an effect on the financial statements of the company, except the following set out below:

IFRS 15

Revenue from contracts with customers – effective from 1 January 2018

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers.
- identify the separate performance obligation.
- determine the transaction price of the contract.
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue.

1. Accounting policies (continued)

IFRS 16 **Leases – effective from 1 January 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years.

Additionally, operating expense will be replaced with interest and depreciation.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Revenue, other than for handling goods, is recognised in the year that the services were performed. Revenue for handling is recognised at the point that the goods are actually handled.

Foreign currency translation

The financial statements are presented in sterling which is the company's functional and presentational currency. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date and the differences recognised in the statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. Provision has been made for obsolete and slow moving items where necessary.

Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Notes to the financial statements (continued)
Period ended 30 December 2017

1. Accounting policies (continued)

Property, plant and equipment (continued)

No depreciation is provided on freehold land. Depreciation of HGV motor vehicles is calculated to write off their cost less residual value on a diminishing balance basis over their expected useful lives. Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives, which are as follows:

Land & Buildings: -	
Freehold buildings	10 - 40 years
Long leasehold buildings	period of lease
Short leasehold buildings	period of lease
Plant & Machinery: -	
General Plant and machinery	3 - 24 years
Motor vehicles	4 - 10 years
Fixtures & Fittings	3 - 24 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the statement of comprehensive income.

Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Intangible assets

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives (i.e on a straight line basis), which does not exceed five years, and are recognised in cost of sales.

Notes to the financial statements (continued)
Period ended 30 December 2017

1. Accounting policies (continued)

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and other bank and cash balances. For the purposes of the cash flow statement, cash equivalents include bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Finance and operating leases

Leases of property, plant and equipment, where the company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the useful lives of equivalent owned assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year adjusted to take account of losses surrendered by / to group companies. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Pension costs

The company contributions to the Linton Park Group Personal Pension Plan are recognised as an expense in the statement of comprehensive income as incurred.

Notes to the financial statements (continued)
Period ended 30 December 2017

1. Accounting policies (continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance, has been identified as the board of directors.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably established. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2. Revenue

The directors consider that the operations of the company fall into one operating segment, being temperature controlled storage and distribution and dry goods warehousing. All revenue, arising from the one operating segment, has been generated in the United Kingdom.

3. Operating profit

Operating profit is stated after charging:

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Staff costs (note 5)	6,137,459	5,301,392
Depreciation of property, plant and equipment:		
Owned	1,598,073	1,594,475
Amortisation	291,258	300,719
Operating lease charges for the hire of plant and other assets	265,653	262,984
Auditors' remuneration - Fees payable for the auditing of these financial statements	33,810	32,000
Profit on disposal of tangible fixed assets	32,243	57,759

Notes to the financial statements (continued)
Period ended 30 December 2017

4. Finance income

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Interest income on cash deposits	6,632	5,372

5. Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
By activity		
Production	156	129
Management and administration	43	35
Sales and distribution	3	4
	202	168
Employment costs (including directors' emoluments)		
Wages and salaries	5,374,037	4,591,109
Social security costs	509,748	447,777
Other pension costs	253,674	262,506
	6,137,459	5,301,392

6. Directors emoluments

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Aggregate emoluments including benefits	542,422	475,818
Defined contribution scheme pension contributions	14,544	25,569

No retirement benefits are accruing to the directors under the defined contribution scheme (31 December 2016: Nil).

6. Directors' emoluments (continued)

The key management of the company is deemed to be the Board of Directors.

The above emoluments include amounts paid to the highest paid director as follows:

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Aggregate emoluments including benefits	246,754	215,662
Defined contribution scheme pension contributions	1,067	12,800

7. Income tax

a) Analysis of tax chargefor the year

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Current tax:		
UK Corporation tax for the year	450,000	130,000
Total current tax	450,000	130,000
Deferred tax (note 10):		
Reversal of timing differences	(166,124)	(213,709)
Impact of change in tax rate	23,971	128,251
Total deferred tax	(142,153)	(85,458)
Income tax charge for the year	307,847	44,542

b) Factors affecting the tax charge for the year

	Period ended 31 December 2017 £	Year ended 31 December 2016 £
Profit on ordinary activities before tax	2,235,603	685,390
Expected tax on ordinary activities at the standard rate of UK corporation tax of 19.25% (31 December 2016: 20%)	430,277	137,078
Effects of:		
Expenses not deductible for tax purposes	114,353	96,872
Group relief claimed	(282,707)	(317,659)
Re-measurement of deferred tax - change in UK tax rate	23,971	128,251
Adjustment in respect of prior year	21,953	-
Total tax charge for the year	307,847	44,542

Notes to the financial statements (continued)
Period ended 30 December 2017

7. Income tax (continued)

c) Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax has been calculated at the rate at which temporary differences are expected to reverse.

8. Property, plant and equipment

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 2 January 2016	29,896,404	10,788,589	7,149,640	1,217,359	49,051,992
Additions	129,571	319,622	10,765	40,321	500,279
Disposals	(35,067)	(223,363)	(797,933)	(8,000)	(1,064,363)
At 1 January 2017	29,990,908	10,884,848	6,362,472	1,249,680	48,487,908
Additions	574,850	109,483	1,232,248	199,695	2,116,276
Disposals	-	(891)	(797,096)	(113,529)	(911,516)
At 31 December 2017	30,565,758	10,993,440	6,797,624	1,335,846	49,692,668
Accumulated depreciation					
At 2 January 2016	23,540,998	9,630,841	4,482,714	836,636	38,491,189
Charge for the year	634,302	314,447	508,584	137,142	1,594,475
Disposals	(18,423)	(223,363)	(773,933)	(8,000)	(1,023,719)
At 1 January 2017	24,156,877	9,721,925	4,217,365	965,778	39,061,945
Charge for the year	589,976	301,650	576,513	129,934	1,598,073
Disposals	-	(891)	(766,115)	(113,528)	(880,534)
At 31 December 2017	24,746,853	10,022,684	4,027,763	982,184	39,779,484
Net book amount					
At 31 December 2017	5,818,905	970,756	2,769,861	353,662	9,913,184
At 31 December 2016	5,834,031	1,162,923	2,145,107	283,902	9,425,963

Notes to the financial statements (continued)
Period ended 30 December 2017

9. Intangible assets

	Computer software £
Cost or deemed cost	
At 2 January 2016	3,754,871
Additions	137,706
Disposals	(1,937,123)
At 1 January 2017	1,955,355
Additions	36,006
Disposals	(42,116)
At 31 December 2017	1,949,255
Accumulated Amortisation	
At 2 January 2016	2,532,636
Charge for the year	300,179
Disposals	(1,937,123)
At 1 January 2017	896,232
Charge for the year	291,528
Disposals	(42,116)
At 31 December 2017	1,145,644
Net book amount	
At 31 December 2017	1,059,123
At 31 December 2016	803,601

10. Deferred tax asset

	31 December 2017 £	31 December 2016 £
Opening balance	1,873,552	1,788,094
(Charge)/Credit to the statement of comprehensive income	142,153	85,458
Closing balance	2,015,705	1,873,552

The movement in deferred tax assets and liabilities during the year is set out below:

	Temporary differences on capital allowances £	Short term temporary differences £	Total £
Deferred tax asset			
At 1 January 2017	1,845,801	27,751	1,873,552
Credited to the statement of comprehensive income	165,895	(23,742)	142,153
At 31 December 2017	2,011,696	4,009	2,015,705

Notes to the financial statements (continued)
Period ended 30 December 2017

10. Deferred tax asset (continued)

There are no amounts of unrecognised deferred tax. The deferred tax asset is deemed to be recoverable against the continued profitability of the company.

11. Inventories

	31 December 2017 £	31 December 2016 £
Raw materials and consumables	100,912	104,944

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £1,936,706 (31 December 2016: £1,881,662).

12. Trade and other receivables

	31 December 2017 £	31 December 2016 £
Amounts falling due within one year		
Trade receivables	5,762,434	4,645,413
Amounts owed by group undertakings	97,983	8,995
Prepayments and accrued income	688,227	653,541
	6,548,644	5,307,949

Amounts owed by group undertakings are unsecured, interest free and repayable on demand (2 January 2016: unsecured, interest free and repayable on demand).

The company retains the benefit of a general lien over most of the stock of its customers in its possession, which serves to limit its credit risk. Credit checks on potential customers are also made, if considered appropriate, before sales are made.

As of 31 December 2017, trade receivables of £758,666 (31 December 2016: £831,405) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	31 December 2017 £	31 December 2016 £
Up to 3 months	732,269	813,100
Over 3 months	26,397	18,305
	758,666	831,405

Notes to the financial statements (continued)
Period ended 30 December 2017

13. Trade and other payables – current

	31 December 2017 £	31 December 2016 £
Trade payables	4,559,833	3,504,537
Accruals and deferred income	187,553	159,158
Amounts owed to group undertakings	140,334	195,187
Other taxation and social security payable	548,444	735,116
	5,436,164	4,593,998

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. Share capital

	31 December 2017 £	31 December 2016 £
Allotted, called up and fully paid		
9,000,000 (31 December 2016: 9,000,000) ordinary shares of £1 each	9,000,000	9,000,000

15. Pensions

The pension cost charge for the year is disclosed as 'other pension costs' in note 4.

The company operates a defined contribution scheme. The charge to the statement of comprehensive income for the period ended 31 December 2017 was £253,674 (31 December 2016: £262,506).

At 31 December 2017 the company had accrued unpaid contributions of £23,582 (31 December 2016: £22,235).

Notes to the financial statements (continued)
Period ended 30 December 2017

16. Commitments

	31 December 2017 £	31 December 2016 £
Future capital expenditure		
Contracted but not provided for	950,427	152,010

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2017 £	31 December 2016 £
Not later than 1 year	233,545	218,058
Later than 1 year and not later than 5 years	728,330	691,652
Later than 5 years	845,888	1,011,938
	1,807,763	1,921,648

The lease arrangements for plant and machinery have various terms, escalation clauses and renewal rights.

17. Financial Instruments

Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of cash and cash equivalents and equity comprising issued share capital and retained earnings.

Categories of financial instruments

The company's principal financial liabilities comprise amounts owed to group companies and trade payables. The main purpose of these financial liabilities is to provide working capital for the company. The company's financial assets consist of trade and other receivables, amounts owed by group companies and cash and cash equivalents.

	31 December 2017 £	31 December 2016 £
Financial assets		
Cash and cash equivalents	4,205,577	3,596,170
Trade and other receivables	5,762,434	4,645,413
Amounts owed by group undertakings	97,983	8,995
	10,065,994	8,250,578
Financial Liabilities		
Trade and other payables	5,425,830	4,528,811
Amounts owed to group undertakings – under one year	140,334	195,187
Amounts owed to group undertakings – over one year	-	-
	5,566,164	4,723,998

Notes to the financial statements (continued)
Period ended 30 December 2017

17. Financial Instruments (continued)

Financial risk management objectives

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks, which is summarised below:

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to the company's overdrafts at floating interest rates.

A 0.1% change in interest rates, using the company's average overdraft balance during the year would increase/reduce the company's profit before tax by £nil (31 December 2016: £nil). The sensitivity analysis is based upon a reasonable approximation of the potential changes to interest rates.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual warehouse customer is limited by the warehouse keeper's lien. At the year end, six customers accounted for 94% (31 December 2016: six customers accounted for 79%) of the total trade receivable balance and £548,079 (31 December 2016: £564,681) was past due but not impaired, with no credit issues noted in relation to these amounts. The credit quality of financial assets that are neither past due nor impaired has been determined as strong.

Liquidity risk

The company manages its liquidity risk through the preparation of cash flow projections and the monitoring of accounts receivable and payable. It has access to banking facilities and inter-company funding so as to ensure that it has sufficient funds available to operate.

The table below summarises the maturity profile of the Company's financial liabilities at the year-end based upon contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	Greater than 1 year	Total
	£	£	£	£	£
31 December 2017					
Interest bearing borrowings	-	-	-	-	-
Amounts owed to group undertakings	-	140,334	-	-	140,334
Trade and other payables	-	5,425,830	-	-	5,425,830
		5,566,164	-	-	5,566,164
31 December 2016					
Interest bearing borrowings	-	-	-	-	-
Amounts owed to group undertakings	-	195,187	-	-	195,187
Trade and other payables	-	4,528,811	-	-	4,528,811
		4,723,998	-	-	4,723,998

At 31 December 2017, the company had undrawn agreed overdraft facilities of £500,000 (31 December 2016: £500,000), which are due for renewal in less than one year from the year end date.

Notes to the financial statements (continued)
Period ended 30 December 2017

18. Ultimate and immediate parent companies

The parent company is Linton Park Plc which is registered in England and Wales and the ultimate parent company is Camellia Plc which is also registered in England and Wales.

Control of Camellia Plc

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.67% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd, a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.

Copies of the Camellia Plc report and financial statements prepared in accordance with International Financial Reporting Standards can be obtained from Linton Park, Linton, Maidstone, Kent ME17 4AB. Camellia Plc is the only company to consolidate the company's financial statements. This is the both the smallest and largest registered office of the company.

19. Cash generated from operations

	31 December 2017 £	31 December 2016 £
Profit on ordinary operations before taxation	2,228,976	680,018
Adjustments for:		
Depreciation and amortisation	1,889,601	1,895,194
(Profit) on the sale of property, plant and equipment	(32,243)	(57,759)
Changes in working capital:		
Inventories	4,032	(16,717)
Trade and other receivables	(1,151,707)	(230,796)
Trade and other payables	897,019	319,372
Intra group balances	(143,841)	392,172
	3,691,837	2,981,484

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

	31 December 2017 £	31 December 2016 £
Cost value of disposals of property, plant and equipment	911,516	1,064,363
Accumulated depreciation of disposals of property, plant and equipment	(880,534)	(1,023,719)
Net book amount	30,982	40,644
Profit on the sale of property, plant and equipment	32,243	57,759
Proceeds from the sale of property, plant and equipment	63,225	98,403

Notes to the financial statements (continued)
Period ended 30 December 2017

20. Dividends

	31 December 2017 £	31 December 2016 £
Equity - ordinary		
Final paid: 11.1p (2016: 5.69p) per £1 ordinary share	1,000,000	511,745

21. Related party transactions

£580,000 (31 December 2016: £130,000) is owed to Linton Park Plc. for group relief received.

	31 December 2017 £	31 December 2016 £
Purchase of Services		
Linton Park Plc (parent company)	756,764	723,889
Linton Park Services Limited (fellow group company)	1,670,121	1,751,819
Total	2,426,885	2,475,708
Outstanding at 31 December (Note 13)	140,334	195,187
Sale of Services		
Abbey Metal Finishing Co Ltd	816	-
Affish B.V.	43,478	-
AJT Engineering Ltd	1,049	-
GU Cutting and Grinding Services Ltd	840	-
Wylax B.V.	43,478	-
Linton Park Plc (parent company)	104,952	90,788
Total	194,613	90,788
Outstanding at 31 December (Note 12)	97,983	8,995