

Financial Statements

Abergavenny Fine Foods Limited

For the year ended 31 March 2014

Registered number: 02094670

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COMPANIES HOUSE

Company Information

Directors

A J Craske
M L A Bowman
B J Craske
S Harries (resigned 13 June 2013)
T D Wilcox
K R Innes (appointed 14 June 2013)

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

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Strategic Report

For the year ended 31 March 2014

Business review

The company continues to operate from two sites with the main production being based at Blaenavon whilst the administration facility together with milk processing remains at Abergavenny.

The company having made the decision to continue with dual sites has progressed with the redevelopment of the Abergavenny site and has commenced a significant upgrade to dairy facilities and capacity. This will be completed in the autumn of 2014.

The financial year being reported upon continued to be challenging for the industry although export sales growth in particular to Australasia has been good. The directors are pleased to report an encouraging performance for the year with turnover being approximately in line with the previous year, £17,158,480 compared to £17,333,444 in 2013; gross profit increasing both in terms of percentage and monetary value and finally operating profit up to £566,416 from £465,402 in 2013.

A significant proportion of the profit contribution continues to be invested in the business, in terms of plant equipment, infrastructure, new processes, ICT and also importantly, in people ensuring the Company has the right skill base and knowledge to match the business needs.

In the financial year being reported on, the Company invested in more than £300,000 in production equipment, increasing capacity and flexibility throughout the business to meet customer demands. Upgrade of the office suites also took place on both sites to provide a better working environment for staff and visitors to the sites.

The Directors have established during the year key business strategy to continue to grow and extend our core business beyond the retail market and strive to increase market share in other areas which, whilst representing a challenge, also diversifies the company's customer base and will help in smoothing out the seasonal nature of the business, its emphasis on the winter party season diminishing by building on the development of all year round product into other markets.

In the previous year new retail and foodservice products were launched into existing and new markets which include USA, Australia, New Zealand, China and the Middle East. With the move in the quick service restaurant sector to centralise global procurement, mainly in Europe, during the year a European sales team has been set up to maximise the potential that this provides.

The directors are confident the performance for the year ahead will further build on the improvement made in the year to March 2014 with steady sustainable growth and continued concerted effort in diversifying into other all year round markets. This will be supported by significant ICT changes and reorganisation to ensure that the Company continues to remain robust, innovative and customer focused.

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.

Strategic Report (continued)

For the year ended 31 March 2014

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 11 JULY 2014 and signed on its behalf.

Melanie LA Barman

Director

Directors' Report

For the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 activities

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

The profit for the year, after taxation, amounted to £319,358 (2013 - £284,935).

Directors

The directors who served during the year were:

A J Craske
M L A Bowman
B J Craske
S Harries (resigned 13 June 2013)
K R Innes (appointed 14 June 2013)
T D Wilcox

Directors' Report

For the year ended 31 March 2014

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.

Auditor

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 11 JULY 2014 and signed on its behalf.

MELANIE LA BOWMAN

M L A Bowman
Director

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

We have audited the financial statements of Abergavenny Fine Foods Limited for the year ended 31 March 2014, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

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.



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

Grant Thornton UK LLP

Rhian Owen (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Cardiff

Date: *11 July 2014*

Profit and Loss Account

For the year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|--|------|---------------------|---------------------|
| Turnover | 1,2 | 17,158,480 | 17,333,444 |
| Cost of sales | | <u>(12,215,294)</u> | <u>(12,300,638)</u> |
| Gross profit | | 4,943,186 | 5,032,806 |
| Distribution costs | | (294,496) | (437,819) |
| Administrative expenses | | (4,082,273) | (4,154,322) |
| Other operating income | 3 | - | 24,737 |
| Operating profit | 4 | 566,417 | 465,402 |
| Interest payable and similar charges | 7 | (151,561) | (133,022) |
| Profit on ordinary activities before taxation | | 414,856 | 332,380 |
| Tax on profit on ordinary activities | 8 | (95,498) | (47,445) |
| Profit for the financial year | 16 | 319,358 | 284,935 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 21 form part of these financial statements.

Balance Sheet

As at 31 March 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|--|------|-----------|--------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 1,103,463 | | 1,113,130 |
| Current assets | | | | | |
| Stocks | 10 | 2,390,090 | | 2,136,273 | |
| Debtors | 11 | 1,996,877 | | 2,101,599 | |
| Cash at bank and in hand | | 48,636 | | 64,557 | |
| | | | <u>4,435,603</u> | <u>4,302,429</u> | |
| Creditors: amounts falling due within one year | 12 | | <u>(3,117,555)</u> | <u>(3,261,368)</u> | |
| Net current assets | | | <u>1,318,048</u> | | <u>1,041,061</u> |
| Total assets less current liabilities | | | <u>2,421,511</u> | | <u>2,154,191</u> |
| Creditors: amounts falling due after more than one year | 13 | | (275,653) | | (331,006) |
| Provisions for liabilities | | | | | |
| Deferred tax | 14 | | <u>(70,988)</u> | | <u>(67,673)</u> |
| Net assets | | | <u>2,074,870</u> | | <u>1,755,512</u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 100 | | 100 |
| Profit and loss account | 16 | | <u>2,074,770</u> | | <u>1,755,412</u> |
| Shareholders' funds | 17 | | <u>2,074,870</u> | | <u>1,755,512</u> |

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

11 JULY 2014

Melanie LA Bowman

M L A Bowman
 Director

The notes on pages 10 to 21 form part of these financial statements.

Cash Flow Statement

For the year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|---|------|-----------------|----------------|
| Net cash flow from operating activities | 18 | 795,205 | 797,534 |
| Returns on investments and servicing of finance | 19 | (151,561) | (133,022) |
| Taxation | 19 | (95,001) | (80,505) |
| Capital expenditure and financial investment | 19 | (355,081) | (110,291) |
| Cash inflow before financing | | 193,562 | 473,716 |
| Financing | 19 | (209,483) | (378,444) |
| (Decrease)/Increase in cash in the year | | (15,921) | 95,272 |

Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 March 2014

| | 2014 £ | 2013 £ |
|--|--------------------|--------------------|
| (Decrease)/Increase in cash in the year | (15,921) | 95,272 |
| Cash outflow from decrease in debt and lease financing | 209,483 | 378,444 |
| Change in net debt resulting from cash flows | 193,562 | 473,716 |
| New finance lease | - | (305,211) |
| Movement in net debt in the year | 193,562 | 168,505 |
| Net debt at 1 April 2013 | (1,540,867) | (1,709,372) |
| Net debt at 31 March 2014 | (1,347,305) | (1,540,867) |

The notes on pages 10 to 21 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2014

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 applicable accounting standards.

1.2 Turnover

Turnover is the revenue arising 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 and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|----------------------|---|----------------------|
| Leased assets | - | 25% straight line |
| Plant & machinery | - | 10-50% straight line |
| Motor vehicles | - | 25% straight line |
| Factory improvements | - | 10-33% straight line |
| Office equipment | - | 25-33% straight line |
| Dairy extension | - | 25% straight line |

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives.

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Notes to the Financial Statements

For the year ended 31 March 2014

1. Accounting Policies (continued)

1.7 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.9 Research and development

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

1.10 Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the Financial Statements

For the year ended 31 March 2014

1. Accounting Policies (continued)

1.12 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

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

A geographical analysis of turnover is as follows:

| | 2014 | 2013 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 16,148,713 | 15,781,626 |
| Europe | 148,735 | 791,500 |
| Rest of world | 861,032 | 760,318 |
| | <u>17,158,480</u> | <u>17,333,444</u> |

3. Other operating income

| | 2014 | 2013 |
|------------------|----------|---------------|
| | £ | £ |
| Rents receivable | - | 24,737 |
| | <u>-</u> | <u>24,737</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

4. Operating profit

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

| | 2014 | 2013 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 204,356 | 275,216 |
| - held under finance leases | 160,392 | 121,306 |
| Auditor's remuneration | 15,600 | 16,245 |
| Operating lease rentals: | | |
| - other operating leases | 325,106 | 325,766 |
| Difference on foreign exchange | (19,652) | 11,525 |
| Amortisation of government grant income | - | (5,000) |
| | <u> </u> | <u> </u> |

5. Staff costs

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

| | 2014 | 2013 |
|-----------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Wages and salaries | 2,895,906 | 2,940,500 |
| Social security costs | 240,740 | 252,724 |
| Other pension costs | 26,621 | 36,922 |
| | <u> </u> | <u> </u> |
| | <u>3,163,267</u> | <u>3,230,146</u> |

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

| | 2014 | 2013 |
|----------------|-----------------------------|-----------------------------|
| | No. | No. |
| Production | 87 | 88 |
| Distribution | 11 | 10 |
| Administrative | 17 | 17 |
| | <u> </u> | <u> </u> |
| | <u>115</u> | <u>115</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

6. Directors' remuneration

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration | <u>413,077</u> | <u>431,990</u> |
| Company pension contributions to defined contribution pension schemes | <u>8,905</u> | <u>14,683</u> |

During the year retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £124,519 (2013 - £124,649).

7. Interest payable

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| On bank loans and overdrafts | 83,803 | 47,171 |
| On finance leases and hire purchase contracts | 67,758 | 85,851 |
| | <u>151,561</u> | <u>133,022</u> |

8. Taxation

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 83,000 | 85,000 |
| Adjustments in respect of prior periods | 9,183 | (2,224) |
| Total current tax | <u>92,183</u> | <u>82,776</u> |
| Deferred tax (see note 14) | | |
| Origination and reversal of timing differences | 3,315 | (35,331) |
| Tax on profit on ordinary activities | <u>95,498</u> | <u>47,445</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

| | 2014 £ | 2013 £ |
|--|----------------------|----------------------|
| Profit on ordinary activities before tax | <u>414,856</u> | <u>332,380</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%) | 95,417 | 79,771 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 5,933 | 7,119 |
| Capital allowances for year in excess of depreciation | (11,659) | 39,624 |
| Adjustments to tax charge in respect of prior periods | 9,183 | (2,224) |
| Other timing differences | (59) | (30,480) |
| Marginal relief | (8,293) | (11,034) |
| Non qualifying depreciation | 1,661 | - |
| Current tax charge for the year (see note above) | <u><u>92,183</u></u> | <u><u>82,776</u></u> |

9. Tangible fixed assets

| | Leasehold property £ | Plant & machinery £ | Motor vehicles £ | Fixtures & fittings £ |
|-----------------------|----------------------------|---------------------------|------------------------|-----------------------------|
| Cost | | | | |
| At 1 April 2013 | 171,426 | 3,419,175 | 6,995 | 1,465,083 |
| Additions | - | 232,810 | 2,100 | 36,793 |
| At 31 March 2014 | <u>171,426</u> | <u>3,651,985</u> | <u>9,095</u> | <u>1,501,876</u> |
| Depreciation | | | | |
| At 1 April 2013 | 171,426 | 2,385,711 | 6,995 | 1,417,968 |
| Charge for the year | - | 316,417 | 350 | 22,815 |
| At 31 March 2014 | <u>171,426</u> | <u>2,702,128</u> | <u>7,345</u> | <u>1,440,783</u> |
| Net book value | | | | |
| At 31 March 2014 | <u>-</u> | <u>949,857</u> | <u>1,750</u> | <u>61,093</u> |
| At 31 March 2013 | <u>-</u> | <u>1,033,464</u> | <u>-</u> | <u>47,115</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

9. Tangible fixed assets (continued)

| | Equipment £ | Dairy Project £ | Total £ |
|-----------------------|----------------|-----------------------|------------------|
| Cost | | | |
| At 1 April 2013 | 281,199 | - | 5,343,878 |
| Additions | 52,022 | 31,356 | 355,081 |
| At 31 March 2014 | <u>333,221</u> | <u>31,356</u> | <u>5,698,959</u> |
| Depreciation | | | |
| At 1 April 2013 | 248,648 | - | 4,230,748 |
| Charge for the year | 24,513 | 653 | 364,748 |
| At 31 March 2014 | <u>273,161</u> | <u>653</u> | <u>4,595,496</u> |
| Net book value | | | |
| At 31 March 2014 | <u>60,060</u> | <u>30,703</u> | <u>1,103,463</u> |
| At 31 March 2013 | <u>32,551</u> | <u>-</u> | <u>1,113,130</u> |

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

| | 2014 £ | 2013 £ |
|---------------------|----------------|----------------|
| Plant and machinery | <u>586,639</u> | <u>509,996</u> |

10. Stocks

| | 2014 £ | 2013 £ |
|---------------|------------------|------------------|
| Raw materials | <u>2,390,090</u> | <u>2,136,273</u> |

11. Debtors

| | 2014 £ | 2013 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 1,724,673 | 1,786,189 |
| Other debtors | 83,924 | 138,739 |
| Prepayments and accrued income | 188,280 | 176,671 |
| | <u>1,996,877</u> | <u>2,101,599</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

12. Creditors:

Amounts falling due within one year

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 954,349 | 1,123,868 |
| Net obligations under finance leases and hire purchase contracts | 165,938 | 150,550 |
| Trade creditors | 1,261,342 | 1,186,216 |
| Corporation tax | 82,184 | 85,001 |
| Other taxation and social security | 59,036 | 71,264 |
| Other creditors | 398,966 | 277,042 |
| Accruals and deferred income | 195,740 | 367,427 |
| | <u>3,117,555</u> | <u>3,261,368</u> |

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

13. Creditors:

Amounts falling due after more than one year

| | 2014 | 2013 |
|--|----------------|----------------|
| | £ | £ |
| Other loans | 10,352 | 28,417 |
| Net obligations under finance leases and hire purchase contracts | 265,301 | 302,589 |
| | <u>275,653</u> | <u>331,006</u> |

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

| | 2014 | 2013 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Between one and five years | <u>265,301</u> | <u>302,589</u> |

14. Deferred taxation

| | 2014 | 2013 |
|---|---------------|---------------|
| | £ | £ |
| At beginning of year | 67,673 | 103,004 |
| Charge for/(released during) year (P&L) | 3,315 | (35,331) |
| At end of year | <u>70,988</u> | <u>67,673</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

14. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | 2014 | 2013 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Accelerated capital allowances | 71,504 | 68,297 |
| Other | (516) | (624) |
| | <u>70,988</u> | <u>67,673</u> |

15. Share capital

| | 2014 | 2013 |
|------------------------------------|------------|------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

16. Reserves

| | Profit and loss account £ |
|-------------------------------|---------------------------------|
| At 1 April 2013 | 1,755,412 |
| Profit for the financial year | 319,358 |
| | <u>2,074,770</u> |
| At 31 March 2014 | <u>2,074,770</u> |

17. Reconciliation of movement in shareholders' funds

| | 2014 | 2013 |
|-------------------------------|------------------|------------------|
| | £ | £ |
| Opening shareholders' funds | 1,755,512 | 1,470,577 |
| Profit for the financial year | 319,358 | 284,935 |
| | <u>2,074,870</u> | <u>1,755,512</u> |
| Closing shareholders' funds | <u>2,074,870</u> | <u>1,755,512</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

18. Net cash flow from operating activities

| | 2014 | 2013 |
|--|----------------|----------------|
| | £ | £ |
| Operating profit | 566,417 | 465,402 |
| Depreciation of tangible fixed assets | 364,748 | 396,522 |
| Increase in stocks | (253,817) | (361,569) |
| Decrease/(increase) in debtors | 104,724 | (61,934) |
| Increase in creditors | 13,133 | 359,113 |
| Net cash inflow from operating activities | 795,205 | 797,534 |

19. Analysis of cash flows for headings netted in cash flow statement

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest paid | (83,803) | (47,171) |
| Hire purchase interest | (67,758) | (85,851) |
| Net cash outflow from returns on investments and servicing of finance | (151,561) | (133,022) |
| Taxation | | |
| Corporation tax | (95,001) | (80,505) |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (355,081) | (110,291) |
| Financing | | |
| Repayment of loans | (169,519) | (269,815) |
| Repayment of other loans | (18,065) | 17,625 |
| Repayment of finance leases | (21,899) | (126,254) |
| Net cash outflow from financing | (209,483) | (378,444) |

Notes to the Financial Statements

For the year ended 31 March 2014

20. Analysis of changes in net debt

| | 1 April 2013 | Cash flow | 31 March 2014 |
|--|--------------------|----------------|--------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 64,557 | (15,921) | 48,636 |
| Debt: | | | |
| Finance leases | (453,139) | 21,899 | (431,240) |
| Debts due within one year | (1,123,868) | 169,519 | (954,349) |
| Debts falling due after more than one year | (28,417) | 18,065 | (10,352) |
| Net debt | <u>(1,540,867)</u> | <u>193,562</u> | <u>(1,347,305)</u> |

21. Capital commitments

There were capital commitments of £1.2m as at 31 March 2014 (2013:£nil) relating to the dairy expansion at the Abergavenny site to increase capacity.

22. Operating lease commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | 2014 | Other 2013 |
|-------------------------|--------------------|----------------|----------|---------------|
| | 2014 | 2013 | | |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within 1 year | - | - | 4,482 | 17,782 |
| Between 2 and 5 years | - | - | 20,645 | 32,678 |
| After more than 5 years | 308,000 | 308,000 | - | - |
| | <u>308,000</u> | <u>308,000</u> | <u>-</u> | <u>-</u> |

Notes to the Financial Statements

For the year ended 31 March 2014

23. Related party transactions

The company paid property rentals to the directors' pension fund amounting to £308,000 (2013: £305,000) and at the year end there was an amount of £30,500 (2013: £24,495) owed to the pension fund in relation to the rentals. Interest of £Nil (2013: £Nil) was charged on balances outstanding during the year in respect of this balance.

As at 31 March 2014, the directors' pension fund owed Abergavenny Fine Foods Limited £Nil (2013: £6,005).

Previously the directors of the company set up a company in the United States. The company made sales amounting to £Nil (2013: £Nil) to the US company, and at the year end £Nil (2013: £33,986) was due from the US Company. This amount was fully provided for in the prior year. At the end of the year £591 (2013: £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 £17,106 (2013: £17,106).