

**DAVID PRICE FOOD SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**28th AUGUST 2011**



# DAVID PRICE FOOD SERVICES LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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# DAVID PRICE FOOD SERVICES LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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**The board of directors**

D G Price  
Mrs S E Price  
P A Martin  
R A Smith  
D J Lyon

**Company secretary**

D G Price

**Registered office**

Kittiwake Close  
Silverlink Business Park  
Wallsend  
Tyne and Wear  
NE28 9ND

**Auditor**

Tait Walker LLP  
Chartered Accountants  
& Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

**Bankers**

Yorkshire Bank  
Newport House  
Teesdale South  
Thornaby  
Stockton  
TS17 6SE

**Solicitors**

Neil McQueen, Duncan & Egner  
E Floor  
Milburn House  
Dean Street  
Newcastle upon Tyne  
NE1 1LF

# **DAVID PRICE FOOD SERVICES LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 28th AUGUST 2011**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 28th August 2011

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year continued to be those of hauliers and warehousemen

2010/2011 has seen the completion of the complete National Refrigerated Network. There has been a lot of cost within this period to finalise a fully operational David Price "Branded" Network.

Within the reported losses there were further costs incurred with the removal of the old partners from the Network and other development costs to provide a one stop shop for the customer. We have now secured our position within the market creating an infrastructure with longevity.

We have made further investment in new vehicles, computerisation and plant to the sum of £686,157.

Despite the recession we have been able to maintain our turnover in 2010/11. We have increased turnover in the 2011/12 financial year to date and have managed to reduce certain costs, however due to the current economic climate we have been unable to increase turnover or reduce costs sufficiently to trade at a profit or generate sufficient cash funds to manage debt levels.

We approached our unsecured creditors with a Company Voluntary Arrangement proposal ("CVA") and at a meeting of the creditors on the 5 September 2012, the CVA was accepted by the creditors and we have been able to restructure our debt. We are confident that following the restructure we are able to continue to trade successfully and generate sufficient funds to repay the restructured debt.

### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £898,122. The directors have not recommended a dividend.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks, including credit, liquidity and cash flow, and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of trade debtors and cash. Financial liabilities that expose the company to financial risk consist principally of trade creditors, loans, invoice discounting and hire purchase agreements.

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The company has credit insurance products in place and also performs ongoing credit evaluation of its customers' financial condition.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the company ensures there is an adequate liquidity buffer to cover contingencies. The company maintains sufficient cash and open committed credit lines from banks for its funding requirements.

# DAVID PRICE FOOD SERVICES LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 28th AUGUST 2011

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### DIRECTORS

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

D G Price	
Mrs S E Price	
P A Martin	
R A Smith	(Appointed 20th June 2011)
D J Lyon	(Appointed 20th June 2011)

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 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 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.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# DAVID PRICE FOOD SERVICES LIMITED

## THE DIRECTORS' REPORT *(continued)*


YEAR ENDED 28th AUGUST 2011

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### AUDITOR

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006

Signed on behalf of the directors



P A Martin  
Director

Approved by the directors on 06/09/2012

# **DAVID PRICE FOOD SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS**

**YEAR ENDED 28th AUGUST 2011**

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We have audited the financial statements of David Price Food Services Limited for the year ended 28th August 2011 set out on pages 7 to 23. 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 shareholders, 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 shareholders 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 shareholders 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 set out on page 3, 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**

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 directors' report to identify material inconsistencies with the audited financial statements. 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 28th August 2011 and of its loss 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.

# DAVID PRICE FOOD SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS

(continued)

YEAR ENDED 28th AUGUST 2011

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### EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty regarding the company's ability to increase sales and reduce costs sufficiently to enable it to trade and meet the obligations of the Company Voluntary Arrangement. These conditions along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in 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

Tait Walker LLP

Brian Laird BA CA (Senior Statutory Auditor)  
For and on behalf of  
Tait Walker LLP, Chartered Accountants & Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

10th September 2012



# DAVID PRICE FOOD SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 28th AUGUST 2011

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	Note	2011 £	2010 £
<b>TURNOVER</b>	<b>3</b>	<b>13,090,922</b>	13,077,727
Cost of sales		<u>12,954,286</u>	<u>12,452,773</u>
<b>GROSS PROFIT</b>		<b>136,636</b>	624,954
Administrative expenses		1,305,084	1,266,479
Other operating income	<b>4</b>	<u>(294,741)</u>	<u>(196,648)</u>
<b>OPERATING LOSS</b>	<b>5</b>	<b>(873,707)</b>	(444,877)
Profit on disposal of fixed assets	<b>8</b>	<u>76,243</u>	<u>4,288</u>
		(797,464)	(440,589)
Interest receivable		-	18
Interest payable and similar charges	<b>9</b>	<u>(182,340)</u>	<u>(189,291)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(979,804)</b>	(629,862)
Tax on loss on ordinary activities	<b>10</b>	<u>(81,682)</u>	<u>(128,614)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(898,122)</u></b>	<b><u>(501,248)</u></b>

All of the activities of the company are classed as continuing  
The company has no recognised gains or losses other than the results for the  
year as set out above

The notes on pages 9 to 23 form part of these financial statements

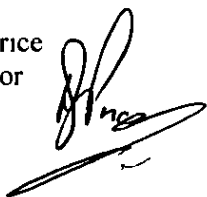
**DAVID PRICE FOOD SERVICES LIMITED**  
**COMPANY REGISTRATION NUMBER 00128852**  
**BALANCE SHEET**

**28th AUGUST 2011**

	Note	2011		2010	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	11		–		83
Tangible assets	12		<u>4,818,468</u>		<u>5,234,936</u>
			<u>4,818,468</u>		<u>5,235,019</u>
<b>CURRENT ASSETS</b>					
Debtors	13	2,826,155		2,928,646	
Cash in hand		–		2,589	
		<u>2,826,155</u>		<u>2,931,235</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>4,741,056</u>		<u>5,344,947</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,914,901)</u>		<u>(2,413,712)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,903,567</u>		<u>2,821,307</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15		2,215,369		1,153,305
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred taxation	19		–		81,682
			<u>688,198</u>		<u>1,586,320</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	23		101,000		101,000
Share options reserve	24		5,260		5,260
Profit and loss account	25		<u>581,938</u>		<u>1,480,060</u>
<b>SHAREHOLDERS' FUNDS</b>	26		<u>688,198</u>		<u>1,586,320</u>

These financial statements were approved by the directors and authorised for issue on 06/09/2012 and are signed on their behalf by

D G Price  
Director



P A Martin  
Director



The notes on pages 9 to 23 form part of these financial statements.

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 1. GOING CONCERN

At the year end the company has net current liabilities of £1,914,901 and for the year ended 28th August 2011 made a loss of £898,122. The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. The validity of the use of this basis depends upon the following -

The company meets its day to day working capital requirements through an invoice financing facility. However due to the current economic conditions, the company was unable to meet the obligations of its current creditors which created uncertainty over the ability of the company to trade as a going concern.

On 20th August 2012 the company made a proposal to the unsecured creditors to consider a Company Voluntary Arrangement ("CVA"). The proposed CVA indicated that the directors will introduce a further £180,000 into the company via a secured loan and they intend to pay £880,000 in quarterly contributions into the CVA over the course of 5 years. The total unsecured creditors are approximately £1.6m and therefore they expect to pay a dividend to these creditors of 39p£, after costs.

On 5th September 2012 the unsecured creditors of the company voted and agreed with the proposals of the CVA and the company has since been able to restructure its debt.

The directors have concluded that there is still a material uncertainty regarding the company's ability to continue as a going concern, as the company needs to increase turnover and reduce costs further to trade at a profitable level to generate positive cash flows. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company's revised forecasts and projections, taking account of reasonable possible changes in trading performance, show that the company should now be able to operate within the levels of its financing facilities. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

If the going concern basis proved to be invalid, the financial statements would have to be prepared on a break up basis in which the balance sheet would be restated to include all assets at estimated realisable values and all liabilities would become current and would have to be increased to include those liabilities contingent on the company ceasing to trade.

### 2. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

#### **Cash flow statement**

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 2. ACCOUNTING POLICIES *(continued)*

#### **Related parties transactions**

The company is a wholly owned subsidiary of David Price (Holdings) Limited. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of David Price (Holdings) Limited, within which this company is included, can be obtained from the address given in note 27.

#### **Turnover**

Turnover represents the value of services provided during the year net of discounts and Value Added Tax. Turnover is recognised to the extent that and when there is a right to consideration.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 1 year straight line

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - 3 to 50 years straight line  
Plant & Machinery - 2 to 30 years straight line  
Motor Vehicles - 3 to 8 years straight line  
Equipment - 3 to 5 years straight line

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 2. ACCOUNTING POLICIES *(continued)*

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Share-based payments**

The company issues equity-settled and cash-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest

Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph

For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 2. ACCOUNTING POLICIES *(continued)*

#### **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.

#### **Deferred grants**

Grants in respect of capital expenditure are credited to a deferred income account and released to the profit and loss account over the expected useful life of the relevant assets by equal instalments.

### 3. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2011 £	2010 £
United Kingdom	<u>13,090,922</u>	<u>13,077,727</u>

### 4. OTHER OPERATING INCOME

	2011 £	2010 £
Rent receivable	<u>294,741</u>	<u>196,648</u>

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 5. OPERATING LOSS

Operating loss is stated after charging

	2011	2010
	£	£
Amortisation of intangible assets	83	917
Depreciation of owned fixed assets	329,199	390,183
Depreciation of assets held under hire purchase agreements	402,669	444,486
Auditor's remuneration		
- as auditor	11,785	11,785
- for other services	10,317	9,815
Operating lease costs		
- Plant and equipment	<u>38,328</u>	<u>48,621</u>

#### Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2011	2010
	£	£
Audit	11,785	11,785
Accountancy	3,377	-
Taxation	1,055	2,315
Business consultancy	5,885	7,500
	<u>22,102</u>	<u>21,600</u>

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 6. PARTICULARS OF EMPLOYEES

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

	2011	2010
	No	No
Directors	5	3
Clerical and administration	42	44
Transport	75	77
Coldstore	40	44
	<u>162</u>	<u>168</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	3,578,595	3,661,179
Social security costs	368,526	352,572
Other pension costs	17,841	35,294
	<u>3,964,962</u>	<u>4,049,045</u>

### 7. DIRECTORS' REMUNERATION

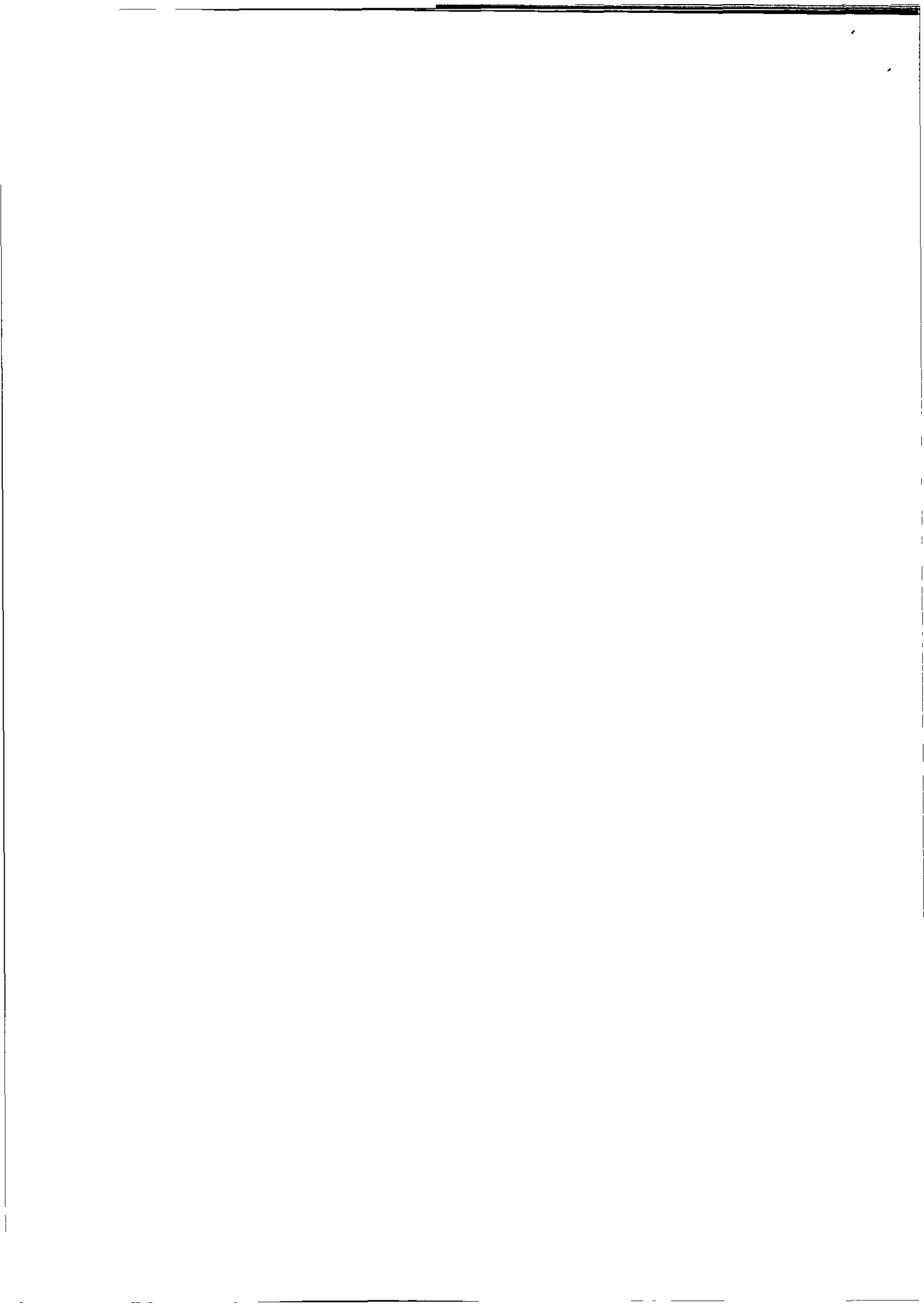
The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Aggregate remuneration	189,404	195,482
Value of company pension contributions to money purchase schemes	560	22,370
	<u>189,964</u>	<u>217,852</u>

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

	2011	2010
	No	No
Money purchase schemes	<u>4</u>	<u>3</u>





# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 8. PROFIT ON DISPOSAL OF FIXED ASSETS

	2011	2010
	£	£
Profit on disposal of fixed assets	<u>76,243</u>	<u>4,288</u>
	2011	2010
	£	£
Included in the above are the following		
Motor vehicles	76,000	4,305
Equipment	-	(13)
Plant and machinery	<u>243</u>	<u>(4)</u>
	<u>76,243</u>	<u>4,288</u>

### 9. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Interest payable on bank borrowing	99,228	79,188
Finance charges	<u>83,112</u>	<u>110,103</u>
	<u>182,340</u>	<u>189,291</u>

### 10. TAXATION ON ORDINARY ACTIVITIES

#### Analysis of charge in the year

	2011		2010	
	£	£	£	£
Deferred tax				
Origination and reversal of timing differences				
Capital allowances	(16,279)		(31,037)	
Losses	<u>(65,403)</u>		<u>(97,577)</u>	
Total deferred tax (note 19)		<u>(81,682)</u>		<u>(128,614)</u>

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# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 10. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011	2010
	£	£
Loss on ordinary activities before taxation	<u>(979,804)</u>	<u>(629,862)</u>
Loss on ordinary activities by rate of tax	(205,759)	(132,271)
Expenses not deductible for tax purposes	2,959	2,193
Capital allowances for period in excess of depreciation	24,486	26,927
Utilisation of tax losses	(61,896)	(41,296)
Unrelieved tax losses	<u>240,210</u>	<u>144,447</u>
Total current tax	<u>-</u>	<u>-</u>

### 11. INTANGIBLE FIXED ASSETS

	Goodwill
	£
<b>COST</b>	
At 29th August 2010 and 28th August 2011	<u>1,000</u>
<b>AMORTISATION</b>	
At 29th August 2010	917
Charge for the year	83
At 28th August 2011	<u>1,000</u>
<b>NET BOOK VALUE</b>	
At 28th August 2011	<u>-</u>
At 28th August 2010	<u>83</u>

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

### 12. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>					
At 29 August 2010	2,410,230	1,377,466	4,705,546	99,874	8,593,116
Additions	–	40,755	639,738	5,664	686,157
Disposals	–	(2,405)	(1,473,880)	–	(1,476,285)
<b>At 28 August 2011</b>	<b>2,410,230</b>	<b>1,415,816</b>	<b>3,871,404</b>	<b>105,538</b>	<b>7,802,988</b>
<b>DEPRECIATION</b>					
At 29 August 2010	296,942	865,399	2,148,163	47,676	3,358,180
Charge for the year	30,483	127,560	551,866	21,959	731,868
On disposals	–	(1,162)	(1,104,366)	–	(1,105,528)
<b>At 28 August 2011</b>	<b>327,425</b>	<b>991,797</b>	<b>1,595,663</b>	<b>69,635</b>	<b>2,984,520</b>
<b>NET BOOK VALUE</b>					
<b>At 28 August 2011</b>	<b>2,082,805</b>	<b>424,019</b>	<b>2,275,741</b>	<b>35,903</b>	<b>4,818,468</b>
At 28 August 2010	2,113,288	512,067	2,557,383	52,198	5,234,936

#### Hire purchase agreements

Included within the net book value of £4,818,468 is £2,158,091 (2010 - £2,266,770) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £402,669 (2010 - £444,486)

### 13. DEBTORS

	2011 £	2010 £
Trade debtors	2,399,405	2,612,466
Amounts owed by group undertakings	42,139	42,139
Corporation tax repayable	–	3,599
Prepayments and accrued income	384,611	270,442
	<b>2,826,155</b>	<b>2,928,646</b>

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 14. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Invoice finance account	1,593,245	1,327,720
Bank loans and overdrafts	481,102	1,107,528
Trade creditors	1,357,129	1,374,746
Amounts owed to group undertakings	214,196	-
Taxation and social security	194,351	378,696
Hire purchase agreements	567,850	568,013
Directors loan facility	50,000	-
Accruals and deferred income	283,183	588,244
	<u>4,741,056</u>	<u>5,344,947</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Bank loans and overdrafts	481,102	1,107,528
Other creditors including taxation and social security	1,593,245	1,327,720
Hire purchase agreements	567,850	568,013
	<u>2,642,197</u>	<u>3,003,261</u>

The bank loans, overdraft and other creditors are secured by a fixed and floating charge over the assets and undertakings of the company and a first legal charge over 2.1 acres of land at Silverlink Business Park, Wallsend, 7-15 Wellbeck Road, Nisshill, Glasgow, a charge over Norwich Union Policy 6134321EZ, a charge over Friends Provident Policy and a charge over book debts. The Norwich Union Policy and Friends Provident Policy relate to key man insurance over the director P A Martin.

The hire purchase creditors are secured on the assets to which they relate.

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

	2011	2010
	£	£
Bank loans and overdrafts	1,379,310	348,833
Hire purchase agreements	836,059	804,472
	<u>2,215,369</u>	<u>1,153,305</u>

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# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 15. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011	2010
	£	£
Bank loans and overdrafts	1,379,310	348,833
Hire purchase agreements	836,059	804,472
	<u>2,215,369</u>	<u>1,153,305</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets and undertakings of the company and a first legal charge over 2.1 acres of land at Silverlink Business Park, Wallsend, 7-15 Wellbeck Road, Nitshill, Glasgow, a charge over Norwich Union Policy 6134321EZ, a charge over Friends Provident Policy and a charge over book debts. The Norwich Union Policy and Friends Provident Policy relate to key man insurance over the director P A Martin.

The hire purchase creditors are secured on the assets to which they relate.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date.

	2011	2010
	£	£
Bank loans and overdrafts	<u>965,516</u>	<u>60,666</u>

### 16. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows

	2011	2010
	£	£
Amounts repayable		
In one year or less or on demand	2,074,347	2,435,248
In more than one year but not more than two years	103,449	115,167
In more than two years but not more than five years	310,345	173,000
In more than five years	965,516	60,666
	<u>3,453,657</u>	<u>2,784,081</u>

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# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2011	2010
	£	£
Amounts payable within 1 year	567,850	568,013
Amounts payable between 1 and 2 years	562,448	737,049
Amounts payable between 3 and 5 years	273,611	67,423
	<u>1,403,909</u>	<u>1,372,485</u>

### 18. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £17,841 (2010 - £35,924)

### 19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Provision brought forward	81,682	210,296
Profit and loss account movement arising during the year	(81,682)	(128,614)
Provision carried forward	<u>-</u>	<u>81,682</u>

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

	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	191,056	-	207,335	-
Tax losses available	(191,056)	(104,499)	(125,653)	-
	<u>-</u>	<u>(104,499)</u>	<u>81,682</u>	<u>-</u>

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

### 20. SHARE-BASED PAYMENTS

Equity-settled share-based payments

The company has a share option scheme for a key employee, who is also a director. Options relate to shares in David Price (Holdings) Limited, the ultimate parent company. Options are exercisable at a price equal to the average market price of David Price (Holdings) Limited shares on the date of grant. The vesting period is 10 years. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2011		2010	
	No	WAEP £	No	WAEP £
Outstanding at the beginning of the year	<u>3,350</u>	<u>10.00</u>	<u>3,350</u>	<u>10.00</u>
Outstanding at the end of the year	<u>3,350</u>	<u>10.00</u>	<u>3,350</u>	<u>10.00</u>
Exercisable at the end of the year	<u>3,350</u>	<u>10.00</u>	<u>3,350</u>	<u>10.00</u>

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6.9 years and have the following exercise prices:

Expiry date	Exercise price £	2011	2010
		No	No
15th July 2018	<u>10.00</u>	<u>3,350</u>	<u>3,350</u>

The fair values were calculated using the Black-Scholes option pricing model. Options were granted on 15th July 2008. The estimated fair value of the options granted on that date was £5,260.

There was no need to recalculate the fair value of the share option as at the balance sheet date due to the share option in issue having vested immediately. The inputs into the Black-Scholes Model to calculate the fair value were as follows:

	2011	2010
Weighted average share price - £	9.85	9.85
Weighted average exercise price - £	10.00	10.00
Expected volatility - %	5.00	5.00
Expected life - years	5.00	5.00
Risk free rate - %	<u>4.00</u>	<u>4.00</u>



# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

### 21. COMMITMENTS UNDER OPERATING LEASES

At 28th August 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	39,911	48,000	67,930
After 1 year but within 5 years	125,775	316,153	-	214,636
	<u>125,775</u>	<u>356,064</u>	<u>48,000</u>	<u>282,566</u>

### 22. RELATED PARTY TRANSACTIONS

The company has taken advantage of exemptions contained in FRS 8 and has therefore not disclosed transactions or balances with David Price (Holdings) Limited

The balances on the directors' current accounts, included in other creditors, at the year end were as follows

	2011 £	2010 £
D G Price	<u>50,000</u>	<u>-</u>

### 23. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
1,000 Ordinary shares of £1 each	1,000	1,000	1,000	1,000
100,000 Preference shares of £1 each	100,000	100,000	100,000	100,000
	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>

#### Share rights

The preference shares carry the right to a fixed non-cumulative dividend at the rate of 1% per annum out of the profits of the company available for distribution and resolved to be distributed in respect of that year. They carry no rights, in the case of a deficiency, to resort to the profits of subsequent financial years or any other accounting period in priority to any payment of dividend on the ordinary shares in the capital of the company. They have a preferential right to a return on capital in a winding up or a reduction in capital involving repayment of capital.

The preference shares do not entitle the holders thereof to receive notice of or attend or vote at any general meeting of the company and carry no other rights to participate in the profits or assets of the company.

# DAVID PRICE FOOD SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28th AUGUST 2011

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### 24. SHARE OPTIONS RESERVE

	2011	2010
	£	£
Balance brought forward	<u>5,260</u>	<u>5,260</u>
Balance carried forward	<u>5,260</u>	<u>5,260</u>

### 25. PROFIT AND LOSS ACCOUNT

	2011	2010
	£	£
Balance brought forward	1,480,060	1,981,308
Loss for the financial year	<u>(898,122)</u>	<u>(501,248)</u>
Balance carried forward	<u>581,938</u>	<u>1,480,060</u>

### 26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Loss for the financial year	<u>(898,122)</u>	<u>(501,248)</u>
Net reduction to shareholders' funds	<u>(898,122)</u>	<u>(501,248)</u>
Opening shareholders' funds	<u>1,586,320</u>	<u>2,087,568</u>
Closing shareholders' funds	<u>688,198</u>	<u>1,586,320</u>

### 27. POST BALANCE SHEET EVENTS

On 5th September 2012 the company entered into a Company Voluntary Arrangement ("CVA") with its unsecured creditors. The unsecured creditors totalling £1.6m were restructured and the company is going to make £880,000 in contributions into the CVA in quarterly instalments over a 5 year period.

### 28. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of David Price (Holdings) Limited, a company registered in England and Wales. The consolidated financial statements of the company are available to the public and may be obtained from David Price (Holdings) Limited, Kittiwake Close, Silverlink Business Park, Wallsend, Tyne and Wear, NE28 9ND, England.

### 29. ULTIMATE CONTROLLING PARTY

The directors consider D G Price to be the ultimate controlling party.