Associated Cold Stores & Transport Limited

Annual report and financial statements

for the year ended 2 January 2016

Registered Number: 553154

Contents

Directors and Advisors
for the year ended 2 January 2016

Directors
M Johnstone
C Ames (Resigned 10/07/15)
S Tomlinson
T Franks (Appointed 26/08/15)
M Rice (Resigned 06/03/15)

Company secretary
J Morton

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Humber Quays
Wellington Street West
Hull
HU1 2BN

Bankers
HSBC Bank plc
1-3 Bishopsgate
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
ME17 4AB

Registered Number
553154

Strategic Report
for the year ended 2 January 2016

The directors present their strategic report on the company for the year ended 2 January 2016.

Review of business and future developments
The total comprehensive income and expenditure for the year is set out on page 8.

The Directors are pleased to report that the business has declared improved results compared to 2014, showing an operating profit of £0.8m (2014: £0.5m).

The turnover in 2015 increased to £22.9m (2014: £21.3m). Both warehousing and distribution turnover increased compared to 2014. The company was able to build on its relationship with key clients and also win new distribution business. The company won new all year round business as well as new seasonal business. The Transport turnover increased but at lower margins due in part to competitive pressures on rates as a result of a challenging market and also increased subcontracting costs.

In July 2014, a new cold store was constructed in London on behalf of a client, offering a dedicated warehousing operation and a case-level van distribution operation delivering into the south of the country. After the successful implementation and subsequent operation, the cold store and related assets were sold to the client in October 2015.

A number of out-bases were established in 2015 to expand the company's operational footprint. The viability of these and other potential out-bases will continue to be monitored.

There has been considerable capital investment during 2015 in both our IT systems and our properties. The investment included £1.4m for a new "Tier 1" state-of-the-art warehouse management system and associated IT infrastructure. This investment allows us to further enhance our service offering to our customers. There was also £1.0m invested on a new regional office at our Wolverhampton site providing excellent facilities for our employees and to help grow the business. 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 2015, training continued of our staff to grow the skills and the capabilities of the workforce. New warehouse employees were enrolled on our logistics training program and all drivers continue to be trained as part of their CPC driver qualifications. We continued to employ staff through an apprenticeship training program in our engineering departments. Plans to offer an FSDF (Food Storage & Distribution federation) qualification to transport staff are on-going.

Looking towards the future, the company will continue to invest in its LGV fleet taking advantage of new technologies to provide improved fuel efficiencies. 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 year ended 2 January 2016 using a series of key performance indicators as follows:

Gross margin %:	20.3% (2014: 19.4%)
Debtor days:	59 days (2014: 51 days)

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

S Tomlinson, Director
Date 22 September 2016

Directors' Report

for the year ended 2 January 2016

The directors present their report and the audited financial statements of the company for the year ended 2 January 2016.

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 £312,000 have been paid in the year ended 2 January 2016 (27 December 2014: £429,405). No further dividends are proposed (27 December 2014: £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

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

M Johnstone
C Ames (Resigned 10/07/15)
S Tomlinson
T Franks (Appointed 26/08/15)
M Rice (Resigned 06/03/15)

Directors' Report

for the year ended 2 January 2016

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to auditors

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 auditors are 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Directors' Report
for the year ended 2 January 2016

Independent auditors
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. In the absence of any notice proposing to terminate their appointment, PricewaterhouseCoopers LLP will be deemed to be reappointed for the next financial year.

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

S Tomlinson

S Tomlinson, Director
Date 22 September 2016

Independent Auditors' Report to the Members of Associated Cold Stores & Transport Limited
for the year ended 2 January 2016

Report on the financial statements

Our opinion

In our opinion, Associated Cold Stores & Transport Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 2 January 2016 and of its profit and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 2 January 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Independent Auditors' Report to the Members of Associated Cold Stores & Transport Limited

for the year ended 2 January 2016

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

SJSimpson

Steve Simpson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
22 September 2016

Statement of Comprehensive Income
for the year ended 2 January 2016

	Note	2 January 2016	27 December 2014
		£	£
Revenue	1	**22,869,972**	21,332,224
Cost of sales		**(18,225,920)**	(17,196,568)
Gross profit		**4,644,052**	4,135,656
Administrative expenses		**(3,887,188)**	(3,598,640)
Operating profit	2	**756,864**	537,016
Finance income	5	**5,295**	6,488
Profit on ordinary activities before tax		**762,159**	543,504
Income tax	6	**3,825**	131,380
Profit for the year		**765,984**	674,884
Total comprehensive income for the year		**765,984**	674,884

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.

Statement of Changes in Equity
for the year ended 2 January 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 28 December 2013	9,000,000	6,815,137	15,815,137
Profit for the year and total comprehensive income for the year	-	674,884	674,884
Dividends paid	-	(429,405)	(429,405)
At 27 December 2014	9,000,000	7,060,616	16,060,616
Profit for the year and total comprehensive income for the year	-	765,984	765,984
Dividends paid	-	(312,000)	(312,000)
At 2 January 2016	**9,000,000**	**7,514,600**	**16,514,600**

Balance Sheet
for the year ended 2 January 2016

	Note	2 January 2016	27 December 2014
		£	£
Non-current assets			
Property, plant and equipment	7	**10,560,803**	11,424,218
Intangible assets	8	**1,222,235**	114,126
Deferred tax assets	14	**1,788,094**	1,784,269
Total non-current assets		**13,571,132**	13,322,613
Current assets			
Inventories	9	**88,227**	151,588
Trade and other receivables	10	**5,091,080**	5,668,678
Cash and cash equivalents		**1,998,797**	2,295,856
Total current assets		**7,178,104**	8,116,122
Current liabilities			
Trade and other payables	11	**3,182,568**	4,177,780
Provisions for other liabilities and charges	13	**-**	189,707
Other taxation and social security	11	**713,813**	672,377
Total current liabilities		**3,896,381**	5,039,864
Net current assets		**3,281,723**	3,076,258
Non-current liabilities			
Trade and other payables	12	**338,255**	338,255
Total non-current liabilities		**338,255**	338,255
Net assets		**16,514,600**	16,060,616
Equity			
Share capital	15	**9,000,000**	9,000,000
Retained earnings		**7,514,600**	7,060,616
Total equity		**16,514,600**	16,060,616

The financial statements on pages 8 to 29 were approved by the board of directors on and were signed on its behalf by:

S Tomlinson, Director
Associated Cold Stores & Transport Limited
Registered No: 553154

Cash Flow Statement

for the year ended 2 January 2016

	Note	2 January 2016 £	27 December 2014 £
Cash flows from operating activities			
Cash generated from operations	20	**1,967,284**	2,379,254
Interest paid		**-**	-
Interest received		**5,295**	6,488
Net cash generated from operating activities		**1,972,579**	2,385,742
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,770,565)**	(2,749,394)
Proceeds from sale of property, plant and equipment	20	**512,927**	17,800
Net cash used in investing activities		**(2,257,638)**	(2,731,594)
Cash flows from financing activities			
Net movement in intra group loans		**300,000**	(476,595)
Dividends paid to group company		**(312,000)**	(429,405)
Net cash used in financing activities		**(12,000)**	(906,000)
Net decrease in cash and cash equivalents		**(297,059)**	(1,251,852)
Cash and cash equivalents at beginning of the year		**2,295,856**	3,547,708
Cash and cash equivalents at end of the year		**1,998,797**	2,295,856

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:

	2 January 2016 £	27 December 2014 £
Cash at bank and in hand	**1,998,797**	2,295,856
Bank overdrafts	**-**	-
	1,998,797	2,295,856

Accounting Policies
for the year ended 2 January 2016

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.

New standards and interpretations

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

(a) Standards effective for annual periods beginning on or after 28 December 2014

There are no new standards, amendments or interpretations with a material impact for the year ended 2 January 2016.

(b) New accounting pronouncements

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2016 or later and which the company has not early adopted.

The following new standards, amendments to standards or interpretations are not yet effective but are not expected to have a material effect on the company financial statements. While adoption of the standards is mandatory from the applicable date, earlier adoption is permitted:

Standard or interpretation	Content	Applicable for financial years beginning on or after
IFRS 15	Revenue from contracts with customers	01-Jan-18

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.

Accounting Policies

for the year ended 2 January 2016

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.

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

All intangible assets are 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. Computer software support costs are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation of other intangible 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:

Computer software	2 - 5 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.

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.

Accounting Policies
for the year ended 2 January 2016

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 is a participating employer of a final salary scheme. That scheme was closed to new entrants on 1 November 2006 and employees who have joined the company since then are eligible to join the Linton Park Group Personal Pension Plan.

In respect of the final salary scheme it is not possible to identify this company's share of the underlying assets and liabilities on a consistent and reliable basis. Contributions to the final salary scheme for future service are assessed by the scheme actuary and set out in the Schedule of Contributions and reflect the future service cost of providing pensions across all participating group companies. These costs are charged to the statement of comprehensive income in the year in which they become payable.

Accounting Policies

for the year ended 2 January 2016

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

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.

Notes to the financial statements
for the year ended 2 January 2016

1 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 turnover, arising from the one operating segment, has been generated in the United Kingdom.

2 Operating profit

	2 January 2016	27 December 2014
	£	£
Operating profit is stated after charging/(crediting):		
Staff costs (note 3)	**5,506,584**	4,640,261
Depreciation of property, plant and equipment:		
- Owned	**1,897,285**	2,104,906
Amortisation	**111,113**	83,494
Operating lease charges for the hire of plant and other assets	**274,276**	411,037
Auditors' remuneration - Fees payable for the audit	**31,650**	30,750
Loss/(profit) on disposal of tangible fixed assets	**4,546**	(9,690)

Notes to the financial statements
for the year ended 2 January 2016

3 Employees

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

By activity	2 January 2016 Number	27 December 2014 Number
Production	134	110
Management and administration	42	35
Sales and distribution	4	5
	180	150

	2 January 2016 £	27 December 2014 £
Employment costs (including directors' emoluments)		
Wages and salaries	4,898,235	4,126,760
Social security costs	456,516	401,905
Other pension costs	151,833	111,596
	5,506,584	4,640,261

4 Directors' emoluments

	2 January 2016 £	27 December 2014 £
Aggregate emoluments including benefits	310,429	363,937
Defined contribution scheme pension contributions	43,406	23,620

No retirement benefits are accruing to the directors under the defined benefit scheme (27 December 2014: Nil).

Notes to the financial statements
for the year ended 2 January 2016

4 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:

	2 January 2016 £	27 December 2014 £
Aggregate emoluments including benefits	**142,925**	152,508
Defined contribution scheme pension contributions	**35,340**	10,200

5 Finance income

	2 January 2016 £	27 December 2014 £
Interest income on cash deposits	**5,295**	6,488

6 Income tax

(a) Analysis of tax charge/(credit) for the year

	2 January 2016 £	27 December 2014 £
Current tax:		
UK Corporation tax for the year	-	-
Charge for group relief received	-	150,000
Total current tax	-	150,000
Deferred tax (note 14):		
Reversal of timing differences	**(205,033)**	(302,482)
Impact of change in tax rate	**201,208**	21,102
Total deferred tax	**(3,825)**	(281,380)
Income tax credit for the year	**(3,825)**	(131,380)

Notes to the financial statements
for the year ended 2 January 2016

6 Income tax (continued)

(b) Factors affecting the tax charge/(credit) for the year

	2 January 2016 £	27 December 2014 £
Profit on ordinary activities before tax	**762,159**	543,504
Expected tax on ordinary activities at the standard rate of UK corporation tax of 20.25% (27 December 2014: 21.5%)	**154,337**	116,853
Effects of:		
Expenses not deductible for tax purposes	**150,788**	154,594
Group relief claimed	**(510,158)**	(573,929)
Charge for group relief	**-**	150,000
Re-measurement of deferred tax - change in UK tax rate	**201,208**	21,102
Total tax credit for the year	**(3,825)**	(131,380)

(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. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Notes to the financial statements
for the year ended 2 January 2016

7 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or deemed cost				
At 27 December 2014	29,310,410	17,930,194	1,298,276	48,538,880
Additions	1,010,005	326,703	214,635	1,551,343
Disposals	(506,095)	(318,668)	(213,468)	(1,038,231)
Transfer between category	82,085	-	(82,085)	-
At 2 January 2016	**29,896,404**	**17,938,229**	**1,217359**	**49,051,992**
Accumulated depreciation				
At 27 December 2014	22,931,550	13,263,062	920,050	37,114,662
Charge for the year	690,107	1,095,717	111,461	1,897,285
Disposals	(80,659)	(245,224)	(194,875)	(520,758)
At 2 January 2016	**23,540,998**	**14,113,555**	**836,636**	**38,491,189**
Net book amount				
At 2 January 2016	**6,355,406**	**3,824,674**	**380,723**	**10,560,803**
At 27 December 2014	6,378,860	4,667,132	378,226	11,424,218

Notes to the financial statements
for the year ended 2 January 2016

8 Intangible assets

	Computer Software	Total
	£	£
Cost or deemed cost		
At 27 December 2014	2,538,777	2,538,777
Additions	1,219,222	1,219,222
Disposals	(3,128)	(3,128)
Transfer between categories	-	-
At 2 January 2016	**3,754,871**	**3,754,871**
Accumulated Amortisation		
At 27 December 2014	2,424,651	2,424,651
Charge for the year	111,113	111,113
Disposals	(3,128)	(3,128)
Transfer between categories	-	-
At 2 January 2016	**2,532,636**	**2,532,636**
Net book amount		
At 2 January 2016	**1,222,235**	**1,222,235**
At 27 December 2014	114,126	114,126

9 Inventories

	2 January 2016	27 December 2014
	£	£
Raw materials and consumables	**88,227**	151,588

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £2,287,071 (27 December 2014: £2,397,521).

Notes to the financial statements
for the year ended 2 January 2016

10 Trade and other receivables

	2 January 2016 £	27 December 2014 £
Amounts falling due within one year		
Trade receivables	**4,466,433**	4,631,508
Amounts owed by group undertakings	**22,922**	305,542
Prepayments and accrued income	**601,725**	731,628
	5,091,080	5,668,678

Amounts owed by group undertakings are unsecured, interest free and repayable on demand (27 December 2014: 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 2 January 2016, trade receivables of £1,099,416 (27 December 2014: £1,060,212) 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:

	2 January 2016 £	27 December 2014 £
Up to 3 months	**1,098,427**	1,060,898
Over 3 months	**989**	(686)
	1,099,416	1,060,212

11 Trade and other payables - current

	2 January 2016 £	27 December 2014 £
Trade payables	**2,679,414**	3,476,054
Accruals and deferred income	**197,957**	246,241
Amounts owed to group undertakings	**305,197**	455,485
Other taxation and social security payable	**713,813**	672,377
	3,896,381	4,850,157

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

Notes to the financial statements
for the year ended 2 January 2016

12 Trade and other payables – non-current

	2 January 2016 £	27 December 2014 £
Non-current loans from parent company	**338,255**	338,255

Non-current loans from the parent company are interest free, unsecured and have no set repayment date.

13 Provisions for other liabilities and charges

	Dilapidations provision £	**Total £**
At 27 December 2014	189,707	189,707
Released to the income statement	-	-
Charged to the income statement	-	-
Utilised during year	(189,707)	(189,707)
At 2 January 2016	-	-

Analysis of total provisions:

	2 January 2016 £	27 December 2014 £
Non-current	-	-
Current	-	189,707
Total	-	189,707

The dilapidations provision related to a leasehold property. The lease was surrendered in January 2015 at which time the provision was utilised.

Notes to the financial statements
for the year ended 2 January 2016

14 Deferred tax asset

	2 January 2016 £	27 December 2014 £
At 27 December 2014	**1,784,269**	1,502,889
Credit to the statement of comprehensive income	**3,825**	281,380
At 2 January 2016	**1,788,094**	1,784,269

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

	Timing differences on capital allowances £	Short term timing differences £	Total £
Deferred tax asset			
At 27 December 2014	1,751,972	32,297	1,784,269
(Charged)/credited to the statement of comprehensive income	39,971	(36,146)	3,825
At 2 January 2016	**1,791,943**	**(3,849)**	**1,788,094**

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

15 Share capital

	2 January 2016 £	27 December 2014 £
Allotted, called up and fully paid		
9,000,000 (2014: 9,000,000) ordinary shares of £1 each	**9,000,000**	9,000,000

Notes to the financial statements
for the year ended 2 January 2016

16 Pensions

The pension cost charge for the year is disclosed as 'other pension costs' in note 3.

Linton Park Plc, the immediate holding company of Associated Cold Stores & Transport Limited, operates a funded defined benefit pension scheme, The Linton Park Pension Scheme (2011) ("the Scheme"), of which Associated Cold Stores & Transport Limited was a participating employer until 30 June 2011. The Scheme's assets are administered by trustees and are kept separate from those of the group. Contributions to the group personal pension plan are charged to the statement of comprehensive income when payable.

The amount of the employers' contributions to the Scheme is assessed by the Scheme's actuary and agreed by the trustees and Linton Park Plc, the principal employer of the Scheme. A full actuarial valuation of the Scheme was undertaken as at 1 July 2014 and updated to 31 December 2015 and showed a deficit of £24,481,000. Full details of the actuarial valuation of the Scheme are contained in the notes to the financial statements of Linton Park plc.

The company operates a defined contribution scheme. The charge to the statement of comprehensive income for the year ended 2 January 2016 was £151,833 (27 December 2014: £111,596).

At 2 January 2016 the company had accrued unpaid contributions of £19,573 (27 December 2014: £11,485).

17 Commitments

	2 January 2016	27 December 2014
	£	£
Future capital expenditure		
Contracted but not provided for	**300,767**	66,881

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

	2 January 2016	27 December 2014
	£	£
Not later than 1 year	**235,789**	393,230
Later than 1 year and not later than 5 years	**708,933**	756,988
Later than 5 years	**1,179,648**	1,345,698
	2,124,370	2,495,916

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

Notes to the financial statements
for the year ended 2 January 2016

18 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.

Financial Assets	2 January 2016	27 December 2014
	£	£
Cash and cash equivalents	1,998,797	2,295,856
Trade and other receivables	4,466,433	4,631,508
Amounts owed by group undertakings	22,922	305,542
	6,488,152	7,232,906

Financial Liabilities	2 January 2016	27 December 2014
	£	£
Trade and other payables	3,591,184	4,394,672
Amounts owed to group undertakings – under one year	305,197	455,485
Amounts owed to group undertakings – over one year	338,255	338,255
	4,234,636	5,188,412

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 (27 December 2014: £nil).

Notes to the financial statements
for the year ended 2 January 2016

18 Financial Instruments (continued)

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 71% (27 December 2014: six customers accounted for 67%) of the total trade receivable balance and £711,742 (27 December 2014: £584,232) was past due but not impaired, with no credit issues noted in relation to these amounts.

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.

2 January 2016	On demand	Less than 3 months	3 to 12 months	Greater than 1 year	Total
	£	£	£	£	£
Interest bearing borrowings	-	-	-	-	-
Amounts owed to group undertakings	-	155,197	150,000	338,255	643,452
Trade and other payables	-	3,591,184	-	-	3,591,184
		3,746,381	**150,000**	**338,255**	**4,234,636**
27 December 2014					
Interest bearing borrowings	-	-	-	-	-
Amounts owed to group undertakings	-	155,485	300,000	338,255	793,740
Trade and other payables	-	4,394,672	-	-	4,394,672
	-	4,550,157	300,000	338,255	5,188,412

At 2 January 2016, the company had undrawn agreed overdraft facilities of £500,000, which are due for renewal in less than one year from the year end date.

19 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 accounts 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.

Notes to the financial statements
for the year ended 2 January 2016

20 Cash generated from operations

	2 January 2016	27 December 2014
	£	£
Operating profit	**756,864**	537,016
Adjustments for:		
Depreciation	**1,897,285**	2,104,906
Amortisation	**111,113**	83,494
Loss/(profit) on the sale of property, plant and equipment	**4,546**	(9,690)
Changes in working capital:		
Inventories	**63,361**	(11,641)
Trade and other receivables	**294,978**	(368,933)
Trade and other payables	**(993,195)**	38,733
Intra group balances	**(167,668)**	5,369
	1,967,284	2,379,254

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

	2 January 2016	27 December 2014
	£	£
Cost value of disposals of property, plant and equipment	**1,041,358**	109,940
Accumulated depreciation of disposals of property, plant and equipment	**(523,885)**	(101,830)
Net book amount	**517,473**	8,110
(Loss)/profit on the sale of property, plant and equipment	**(4,546)**	9,690
Proceeds from the sale of property, plant and equipment	**512,927**	17,800

21 Dividends

	2 January 2016	27 December 2014
	£	£
Equity - ordinary		
Final paid: 3.47p (2014: 4.77p) per £1 ordinary share	**312,000**	429,405

Notes to the financial statements
for the year ended 2 January 2016

22 Related party transactions

The following transactions were carried out with related parties:

	Lodden Engineering	Abbey Metal Finishing	AJT Engineering
	£	£	£
Loans to related parties – fellow group companies			
As at 27 December 2014	100,055	100,031	100,055
Loans advanced during the year	-	-	-
Loan repayments received	(100,000)	(100,000)	(100,000)
Interest charged	-	-	-
Interest received	(55)	(31)	(55)
As at 2 January 2016	-	-	-

£488,255 (27 December 2014: £638,255) is owed to Linton Park Plc for group relief received.

	2 January 2016	27 December 2014
	£	£
Purchase of Services		
Linton Park Plc (parent company)	**431,142**	539,659
Linton Park Services Limited (fellow group company)	**1,929,183**	2,041,600
Total	**2,360,325**	2,581,259
Outstanding at 2 January 2016	**155,197**	155,485
Sale of Services		
Abbey Metal Finishing Limited (fellow group company)	**16,800**	25,500
AKD Engineering (fellow group company)	**2,946**	-
Linton Park Plc (parent company)	**24,216**	-
Loddon Engineering (fellow group company)	**2,575**	-
Total	**46,537**	25,500
Outstanding at 2 January 2016	**22,922**	5,400