

DAVID PRICE FOOD SERVICES LIMITED
FINANCIAL STATEMENTS
25th AUGUST 2012

TUESDAY



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12/02/2013

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COMPANIES HOUSE

DAVID PRICE FOOD SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

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 25th AUGUST 2012

The directors present their report and the financial statements of the company for the year ended 25th August 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

2011/2012 has seen further development of delivering the national refrigerated Network and we have continued to improve infrastructure. The network is now secured and we are seeing customer growth. Our ability to offer our customers the complete national solution has allowed us to increase our turnover by 5.7% in 2011/12. In the coming year we have forecast further increased sales whilst maintaining a more structured cost base.

We have invested heavily in a driver training program that will see all of our drivers complete their CPC qualification, this along with our recent BRC accreditation gives the company a positive foot forward.

Over the next 2 years we are hopeful that we will see the business return to profit.

We approached our unsecured creditors with a Company Voluntary Arrangement proposal ("CVA") for both David Price (Holdings) Limited and David Price Food Services Limited. At a meeting of the creditors on the 5 September 2012, the CVA was accepted 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 £686,421. 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 25th AUGUST 2012

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
D J Lyon

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 25th AUGUST 2012

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 7/2/13

DAVID PRICE FOOD SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS

YEAR ENDED 25th AUGUST 2012

We have audited the financial statements of David Price Food Services Limited for the year ended 25th August 2012 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 25th August 2012 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 25th AUGUST 2012

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 Laidlaw 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

7th February 2013

DAVID PRICE FOOD SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 25th AUGUST 2012

	Note	2012 £	2011 £
TURNOVER	3	13,848,913	13,090,922
Cost of sales		<u>13,361,424</u>	<u>12,954,286</u>
GROSS PROFIT		487,489	136,636
Administrative expenses		1,322,436	1,305,084
Other operating income	4	<u>(301,347)</u>	<u>(294,741)</u>
OPERATING LOSS	5	(533,600)	(873,707)
Profit on disposal of fixed assets	8	29,849	76,243
Interest payable and similar charges	9	<u>(182,670)</u>	<u>(182,340)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(686,421)	(979,804)
Tax on loss on ordinary activities	10	<u>-</u>	<u>(81,682)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(686,421)</u>	<u>(898,122)</u>

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

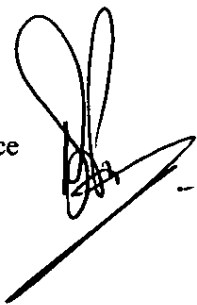
DAVID PRICE FOOD SERVICES LIMITED
COMPANY REGISTRATION NUMBER: 00128852
BALANCE SHEET

25th AUGUST 2012

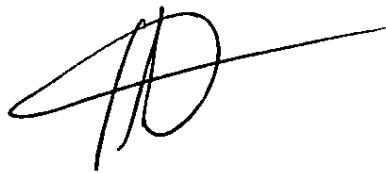
	Note	2012		2011	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		<u>3,889,054</u>		<u>4,818,468</u>
			<u>3,889,054</u>		<u>4,818,468</u>
CURRENT ASSETS					
Debtors	13	2,785,152		2,826,155	
Cash at bank and in hand		<u>67,010</u>		<u>-</u>	
		<u>2,852,162</u>		<u>2,826,155</u>	
CREDITORS: Amounts falling due within one year	14	<u>4,975,623</u>		<u>4,741,056</u>	
NET CURRENT LIABILITIES			<u>(2,123,461)</u>		<u>(1,914,901)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,765,593</u>		<u>2,903,567</u>
CREDITORS: Amounts falling due after more than one year	15		<u>1,763,816</u>		<u>2,215,369</u>
			<u>1,777</u>		<u>688,198</u>
CAPITAL AND RESERVES					
Called-up equity share capital	23		101,000		101,000
Share options reserve	24		5,260		5,260
Profit and loss account	25		<u>(104,483)</u>		<u>581,938</u>
SHAREHOLDERS' FUNDS	26		<u>1,777</u>		<u>688,198</u>

These financial statements were approved by the directors and authorised for issue on 07/02/13, 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 25th AUGUST 2012

1. GOING CONCERN

At the year end the company has net current liabilities of £2,123,461 and for the year ended 25th August 2012 made a loss of £686,421. 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"). On 5th September 2012 the unsecured creditors of the company voted and agreed with the proposals of the CVA to pay £900,000 in monthly contributions into the CVA over the course of 5 years, and the company has since been able to restructure its debt. The total unsecured creditors are approximately £1.9m and therefore they expect to pay a dividend to these creditors of 39p, after costs.

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 sustainable 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.

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 28.

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

2. ACCOUNTING POLICIES *(continued)*

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 - over its useful economic life

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 12 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.

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:

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

2. ACCOUNTING POLICIES *(continued)*

Deferred taxation *(continued)*

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 25th AUGUST 2012

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.

	2012 £	2011 £
United Kingdom	<u>13,848,913</u>	<u>13,090,922</u>

4. OTHER OPERATING INCOME

	2012 £	2011 £
Rent receivable	<u>301,347</u>	<u>294,741</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

5. OPERATING LOSS

Operating loss is stated after charging

	2012	2011
	£	£
Amortisation of intangible assets	-	83
Depreciation of owned fixed assets	314,451	329,199
Depreciation of assets held under hire purchase agreements	261,219	402,669
Auditor's remuneration		
- as auditor	11,785	11,785
Operating lease costs		
- Plant and equipment	<u>23,489</u>	<u>38,328</u>

6. PARTICULARS OF EMPLOYEES

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

	2012	2011
	No	No
Directors	5	5
Clerical and administration	46	42
Transport	80	75
Coldstore	35	40
	<u>166</u>	<u>162</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	3,782,790	3,578,595
Social security costs	340,427	368,526
Other pension costs	14,657	17,841
	<u>4,137,874</u>	<u>3,964,962</u>

7. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	180,290	189,404
Value of company pension contributions to money purchase schemes	2,239	560
	<u>182,529</u>	<u>189,964</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

7. DIRECTORS' REMUNERATION *(continued)*

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

	2012	2011
	No	No
Money purchase schemes	<u>3</u>	<u>4</u>

8. PROFIT ON DISPOSAL OF FIXED ASSETS

	2012	2011
	£	£
Profit on disposal of fixed assets	<u>29,849</u>	<u>76,243</u>

	2012	2011
	£	£
Included in the above are the following		
Motor vehicles	29,909	76,000
Equipment	(39)	-
Plant and machinery	<u>(21)</u>	<u>243</u>
	<u>29,849</u>	<u>76,243</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	99,336	99,228
Finance charges	<u>83,334</u>	<u>83,112</u>
	<u>182,670</u>	<u>182,340</u>

10. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2012		2011	
	£	£	£	£
Deferred tax				
Origination and reversal of timing differences				
Capital allowances	(59,332)		(16,279)	
Losses	<u>59,332</u>		<u>(65,403)</u>	
Total deferred tax (note 19)		<u>-</u>		<u>(81,682)</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

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 20% (2011 - 21%)

	2012 £	2011 £
Loss on ordinary activities before taxation	<u>(686,421)</u>	<u>(979,804)</u>
Loss on ordinary activities by rate of tax	(137,284)	(205,759)
Expenses not deductible for tax purposes	3,608	2,959
Capital allowances for period in excess of depreciation	66,133	24,486
Utilisation of tax losses	(60,269)	(61,896)
Unrelieved tax losses	<u>127,812</u>	<u>240,210</u>
Total current tax	<u>-</u>	<u>-</u>

11. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 29th August 2011 and 25th August 2012	<u>1,000</u>
AMORTISATION	
At 29th August 2011 and 25th August 2012	<u>1,000</u>
NET BOOK VALUE	
At 25th August 2012	<u>-</u>
At 28th August 2011	<u>-</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

12. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
COST					
At 29 August 2011	2,410,230	1,415,816	3,871,404	105,538	7,802,988
Additions	–	37,659	5,866	6,826	50,351
Disposals	–	(227,942)	(1,232,335)	(48,310)	(1,508,587)
At 25 August 2012	2,410,230	1,225,533	2,644,935	64,054	6,344,752
DEPRECIATION					
At 29 August 2011	327,425	991,797	1,595,663	69,635	2,984,520
Charge for the year	30,401	118,803	409,923	16,543	575,670
On disposals	–	(227,921)	(828,303)	(48,268)	(1,104,492)
At 25 August 2012	357,826	882,679	1,177,283	37,910	2,455,698
NET BOOK VALUE					
At 25 August 2012	2,052,404	342,854	1,467,652	26,144	3,889,054
At 28 August 2011	2,082,805	424,019	2,275,741	35,903	4,818,468

Hire purchase agreements

Included within the net book value of £3,889,054 is £1,258,369 (2011 - £2,158,091) 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 £261,219 (2011 - £402,669)

13. DEBTORS

	2012 £	2011 £
Trade debtors	2,369,696	2,399,405
Amounts owed by group undertakings	42,139	42,139
Prepayments and accrued income	373,317	384,611
	2,785,152	2,826,155

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

14. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Invoice finance account	1,517,006	1,593,245
Bank loans and overdrafts	103,449	481,102
Trade creditors	1,250,872	1,357,129
Amounts owed to group undertakings	645,124	214,196
Taxation and social security	584,987	194,351
Hire purchase agreements	364,584	567,850
Other creditors	36,000	-
Directors loan facility	20,000	50,000
Accruals and deferred income	453,601	283,183
	<u>4,975,623</u>	<u>4,741,056</u>

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

	2012	2011
	£	£
Bank loans and overdrafts	103,449	481,102
Other creditors including taxation and social security	1,553,006	1,593,245
Hire purchase agreements	364,584	567,850
	<u>2,021,039</u>	<u>2,642,197</u>

The bank loan is secured by a debenture that creates a fixed and floating charge over the assets of the company, a charge over two life policies, a legal charge over 2.1 acres of land at Silverlink Business Park and a legal charge over 7-15 Welbeck Road, Nitshill, Glasgow

The loan from the directors pension scheme, included in other creditors, is secured by a first legal charge over certain assets of the company

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

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

	2012	2011
	£	£
Bank loans and overdrafts	1,275,861	1,379,310
Hire purchase agreements	343,955	836,059
Other creditors	144,000	-
	<u>1,763,816</u>	<u>2,215,369</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

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

	2012	2011
	£	£
Bank loans and overdrafts	1,275,861	1,379,310
Other creditors	144,000	–
Hire purchase agreements	343,955	836,059
	<u>1,763,816</u>	<u>2,215,369</u>

The bank loan is secured by a debenture that creates a fixed and floating charge over the assets of the company, a charge over two life policies, a legal charge over 2.1 acres of land at Silverlink Business Park and a legal charge over 7-15 Welbeck Road, Nitshill, Glasgow

The loan from the directors pension scheme, included in other creditors, is secured by a first legal charge over certain assets of the company

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

	2012	2011
	£	£
Bank loans and overdrafts	<u>862,068</u>	<u>965,516</u>

16. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows

	2012	2011
	£	£
Amounts repayable		
In one year or less or on demand	1,656,455	2,074,347
In more than one year but not more than two years	139,448	103,449
In more than two years but not more than five years	418,345	310,345
In more than five years	862,068	965,516
	<u>3,076,316</u>	<u>3,453,657</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2012	2011
	£	£
Amounts payable within 1 year	364,584	567,850
Amounts payable between 1 and 2 years	185,959	380,635
Amounts payable between 3 and 5 years	157,996	455,424
	<u>708,539</u>	<u>1,403,909</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 £14,657 (2011 - £17,841)

19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012	2011
	£	£
Provision brought forward	-	81,682
Profit and loss account movement arising during the year	-	(81,682)
Provision carried forward	-	-

The elements of deferred taxation, which result in a £Nil balance at the end of the year, together with details of other amounts not provided for, are as follows

	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	131,724	-	191,056	-
Tax losses available	(131,724)	(231,374)	(191,056)	(104,499)
	<u>-</u>	<u>(231,374)</u>	<u>-</u>	<u>(104,499)</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

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:

	2012		2011	
	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 5.9 years and have the following exercise prices:

Expiry date	Exercise price £	2012	2011
		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:

	2012	2011
Weighted average share price - £	<u>9.85</u>	9.85
Weighted average exercise price - £	<u>10.00</u>	10.00
Expected volatility - %	<u>5.00</u>	5.00
Expected life - years	<u>5.00</u>	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 25th AUGUST 2012

21. COMMITMENTS UNDER OPERATING LEASES

At 25th August 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	20,375	-	39,911
After 1 year but within 5 years	125,775	390,254	125,775	316,153
	<u>125,775</u>	<u>410,629</u>	<u>125,775</u>	<u>356,064</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 creditors, at the year end were as follows

	2012 £	2011 £
D G Price	<u>20,000</u>	<u>50,000</u>

The DSP SSAS is a related entity due to having directors and trustees in common. During the year the company borrowed £180,000 from the DSP SSAS. At the year end the liability due included in other creditors due in less than one year was £36,000 and included in other creditors due in more than one year was £144,000

23. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	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>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

23. SHARE CAPITAL *(continued)*

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.

24. SHARE OPTIONS RESERVE

	2012	2011
	£	£
Balance brought forward	5,260	5,260
Balance carried forward	<u>5,260</u>	<u>5,260</u>

25. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	581,938	1,480,060
Loss for the financial year	(686,421)	(898,122)
Balance carried forward	<u>(104,483)</u>	<u>581,938</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Loss for the financial year	(686,421)	(898,122)
Net reduction to shareholders' funds	(686,421)	(898,122)
Opening shareholders' funds	688,198	1,586,320
Closing shareholders' funds	<u>1,777</u>	<u>688,198</u>

DAVID PRICE FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th AUGUST 2012

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 £1.9m were restructured and the company is going to make £900,000 in contributions into the CVA in monthly instalments over a 5 year period.

On entering the CVA with its unsecured creditors, the company will restructure the balance sheet. All of the individual unsecured creditors' balances will be written off and a CVA creditor will be created within the balance sheet. The difference between the unsecured creditors' balances and the CVA creditor will be held as a CVA reserve, which is a non-distributable reserve, within the balance sheet. This reserve will remain in place until the CVA creditor is cleared in full and there are no further claims on the company in relation to the CVA, at this point the CVA reserve will be transferred to the Profit and Loss Account reserve.

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.