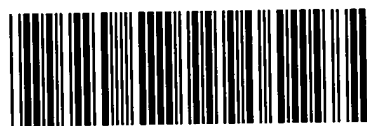


**Company Registration No. 58397**

**TOWERS & CO., LIMITED**

**ANNUAL REPORT AND STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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# **TOWERS & CO., LIMITED**

## **STRATEGIC REPORT**

### **Business Review**

Towers & Co., Limited ('Towers') is a long established UK business with its origins in the distribution of meat and poultry products across the UK and Europe. Today our distribution business is at the forefront of the Company's activities and it is pleasing to report that this part of the business is enjoying excellent progress in all aspects of its business.

Towers today is delivering to more than 700 UK retailers every week and continues to expand in this traditional part of the Company.

The business operates internationally and today more than 25% of our turnover is sold to countries outside the EU, principally the Far East but also Africa and the Middle East.

Rassau Seafood GmbH, the Company's wholly owned subsidiary, continues to build upon its success and reported another excellent year of trading profits.

### **Financial Performance**

The result for the year is an operating profit of £156k (2014: profit £207k).

The gross profit margin in 2015 was 10.3% as compared to 9.7% in 2014. The Company is diversified and operates in many different market segments. Overall the improvement in gross margin is encouraging in a competitive sector.

### **Wholesale Distribution**

Our Wholesale Distribution business with our four depots in Mexborough, Northfleet, Portsmouth and Avonmouth enjoyed a successful and profitable year.

The prospects remain excellent for growth and we expect to improve our market presence in the wholesale sector by continuing to attract new customers and further acquisitions in the next few years. We have invested in a new poultry operation and shall continue to build upon successful operations by pursuing opportunities to expand.

This business continues to attract customers with its offering of high quality beef, lamb and pork and our local brands and national "Kingdom" brand among others continues to receive recognition for its high specification and quality.

### **Far East Exports**

Our Far Eastern trading business continues to develop successfully and is widening both its customer base and product range. The business has built up a successful track record of continuing profitability and is expanding its business into other Asian markets in addition to China.

## **UK Trading**

This part of the Company imports beef, lamb and poultry from around the World. It sells to wholesalers, processors and distributors in the UK and Europe and has established customer and supplier relationships developed over many years.

The management of the trading business has successfully driven down stock levels and is more focused on achieving acceptable margins. The trading business has improved working capital management and reduced inventory levels in line with Company targets.

## **Seafood**

Rassau Seafood GmbH ('Rassau') is a wholly owned subsidiary of Towers & Co., Limited. The operating results of Rassau are not included in these financial statements but included in the consolidated group financial statements of Towers Thompson Holdings Limited.

## **The Outlook**

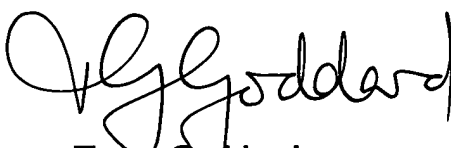
Recent trading conditions have been challenging particularly in the UK. The business is focused on maintaining acceptable margins and improving profitability in all its trading businesses.

The first 8 months of 2016 have showed improved trading results and the Company is well positioned to show an improved financial result for 2016.

We thank our talented staff for their dedication and hard work in continuing to successfully meet the everyday challenges facing the Company.



**Paul Dolan**  
*Executive Chairman*



**Terry Goddard**  
*Managing Director*

26th September 2016

## **DIRECTORS' REPORT**

### **Principal Activities**

Towers is an International Food Company specialising in the import, export and distribution of chilled, frozen and cooked meat and poultry as well as frozen seafood.

### **Key Performance Indicators**

The main KPI, gross margin, improved to 10.3% in 2015 from 9.7% in 2014.

### **Financial Instruments**

The major foreign currency involved in the Company's trading activities is the US dollar. The Company's policy is to hedge using forward foreign exchange contracts as soon as commitment has been given to the underlying transaction.

Practically all sales made on credit terms to the Company's customers are covered by credit insurance policies covering a number of different geographical territories.

### **Results and Dividend**

The results for the year are set out in the profit and loss account on page 8. Dividends paid during the year amounted to £nil (2014: £nil).

### **Directors**

Details of directors who held office during the financial year are:

T G Goddard  
P Dolan

### **Political and Charitable Donations**

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £1,000 (2014: £1,000).

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Directors Report (Continued)**

### **Employment of Disabled Persons**

The Company's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled.

### **Employees**

The Company considers that a loyal and highly skilled workforce is essential to the future of its business, and therefore recognises that employees should be kept informed of the progress of their business and of the Company as a whole.

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Paul Dolan**  
*Executive Chairman*



**Terry Goddard**  
*Managing Director*

26th September 2016

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO., LIMITED**

We have audited the financial statements of Towers & Co., Limited for the year ended 31 December 2015 set out on pages 8 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO.,  
LIMITED (Continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Kelly Dunn (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
58 Clarendon Road  
Watford  
Herts WD17 1DE

27 September 2016



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

|   | Note   | 2015<br>£'000  | 2014<br>£'000  |
|---|--------|----------------|----------------|
| <b>Turnover</b>                                       | 1.22,2 | 80,125         | 86,644         |
| Cost of Sales   | 1.4    | (71,900)       | (78,227)       |
| <b>Gross Profit</b>                                   |        | <u>8,225</u>   | <u>8,417</u>   |
| Distribution Costs                                    |        | (1,490)        | (1,548)        |
| Administrative Expenses                               |        | <u>(6,579)</u> | <u>(6,662)</u> |
| <b>Operating Profit</b>                               | 4      | 156            | 207            |
| Income from Shares in Subsidiary Undertakings         |        | 737            | 204            |
| Interest Payable and Similar Charges                  | 1.12,5 | (412)          | (449)          |
| Other Interest receivable and similar income          | 1.12,6 | <u>11</u>      | <u>82</u>      |
| <b>Profit on Ordinary Activities before Taxation</b>  |        | 492            | 80             |
| Tax Credit/ (Charge) on Profit on Ordinary Activities | 1.13,7 | 176            | (58)           |
| <b>Profit for the Financial Year</b>                  | 14     | <u>668</u>     | <u>22</u>      |
| <b>Other Comprehensive Income</b>                     |        |                |                |
| For the year ended 31 December 2015                   |        |                |                |
| Profit for the financial year                         |        | 668            | 22             |
| Remeasurement of defined benefit liability            |        | 31             | (128)          |
| <b>Total comprehensive Income for the year</b>        |        | <u>699</u>     | <u>(106)</u>   |

The accompanying notes on pages 11-32 are an integral part of the financial statements.

The Company has no other comprehensive income for the year and hence the profit for the financial year represents the total comprehensive profit for the year.

**BALANCE SHEET  
AT 31 DECEMBER 2015**

|  | Note   | 2015<br>£'000        | 2014<br>£'000        |
|--|--------|----------------------|----------------------|
| <b>Fixed Assets</b>                          |        |                      |                      |
| Tangible Assets                              | 1.6,8  | 1,461                | 1,480                |
| Investments                                  | 1.4,9  | 5,925                | 5,925                |
|  |        | <u>7,386</u>         | <u>7,405</u>         |
| <b>Current Assets</b>                        |        |                      |                      |
| Stocks                                       | 1.7,10 | 4,376                | 5,290                |
| Debtors                                      | 11     | 17,639               | 18,782               |
| Cash at Bank and in Hand                     | 1.5    | 580                  | 16                   |
|  |        | <u>22,595</u>        | <u>24,088</u>        |
| Creditors Due Within One Year                | 13     | <u>(19,102)</u>      | <u>(21,290)</u>      |
| <b>Net Current Assets</b>                    |        | <u>3,493</u>         | <u>2,798</u>         |
| <b>Total Assets Less Current Liabilities</b> |        | <u>10,879</u>        | <u>10,203</u>        |
| <b>Provision for liabilities</b>             |        |                      |                      |
| Pension Asset                                | 16     | 285                  | 262                  |
| <b>Net Assets</b>                            |        | <u><u>11,164</u></u> | <u><u>10,465</u></u> |
| <b>Capital and Reserves</b>                  |        |                      |                      |
| Called Up Share Capital                      | 14     | 13,549               | 13,549               |
| Profit and Loss Account                      |        | (6,135)              | (6,834)              |
| Revaluation Reserve                          |        | 3,750                | 3,750                |
| <b>Shareholders' Equity</b>                  |        | <u><u>11,164</u></u> | <u><u>10,465</u></u> |

These financial statements were approved by the Board of Directors on 26th September 2016 and were signed on its behalf by:

  
**Paul Dolan**  
Executive Chairman

  
**Terry Goddard**  
Managing Director

Company Registration number: 58397

The accompanying notes on pages 11-32 are an integral part of the financial statements.

**TOWERS & CO., LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

|  | Called Up<br>Share<br>Capital<br>£'000 | Profit and<br>Loss<br>Account<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>Equity<br>£'000 |
|--|--|--|---------------------------------|--------------------------|
| Balance at 1 January 2015                  | 13,549                                 | (6,834)                                | 3,750                           | 10,465                   |
| Total comprehensive<br>income for the year | -                                      | 699                                    | -                               | 699                      |
| Balance at 31 December<br>2015             | <u>13,549</u>                          | <u>(6,135)</u>                         | <u>3,750</u>                    | <u>11,164</u>            |

|  | Called Up<br>Share<br>Capital<br>£'000 | Profit and<br>Loss<br>Account<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>Equity<br>£'000 |
|--|--|--|---------------------------------|--------------------------|
| Balance at 1 January 2014                | 13,549                                 | (6,702)                                | 3,475                           | 10,322                   |
| Revaluation in year                      | -                                      | -                                      | 275                             | -                        |
| Other comprehensive<br>income            | -                                      | (284)                                  | -                               | -                        |
| Loss, restated                           | -                                      | (106)                                  | -                               | -                        |
| Effect of irrecoverable<br>Surplus limit | -                                      | 176                                    | -                               | -                        |
| Deferred tax on actuarial<br>loss        | -                                      | 82                                     | -                               | -                        |
| Balance at 31 December<br>2014           | <u>13,549</u>                          | <u>(6,834)</u>                         | <u>3,750</u>                    | <u>10,465</u>            |

## NOTES TO THE ACCOUNTS

### I. ACCOUNTING POLICIES

Towers & Co., Limited is a Company limited by shares and incorporated and domiciled in the UK.

These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Company is provided in note 20.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

Business combinations – Business combinations that took place prior to 1 January 2015 have not been restated.

Fair value or revaluation as deemed cost – The previous GAAP revaluation at transition date has been used as deemed cost for specific tangible fixed assets.

Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at 1 January 2015.

Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2015 rather than commencement date of the arrangement.

The Company's ultimate parent undertaking, Towers Thompson Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Towers Thompson Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire EN11 8UR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Reconciliation of the number of shares outstanding from the beginning to end of the period;

Cash Flow Statement and related notes; and

Key Management Personnel compensation.

## **NOTES TO THE ACCOUNTS**

### **Accounting policies (continued)**

As the consolidated financial statements of Towers Thompson Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

Certain disclosures required by FRS 102.26 Share Based Payments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates or discontinued operations.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: tangible fixed assets and intangible assets measured in accordance with the revaluation model.

#### **1.2 Going concern**

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for the Company for a period of at least 12 months from the date of approval of these financial statements and these show that the Company should be able to operate within the current facilities. In doing so, the Directors have considered all factors likely to affect future developments, performance and the businesses financial position, including cashflows, liquidity position and borrowing facilities and the risks and uncertainties relating to business activities and current economic climate. There can be no certainty as to the timing or quantum of these cash flows. However, the Company has held discussions with its bankers about its future borrowing needs and no matters have been drawn to the Company's attention to suggest that renewal or support from the bank to meet the Company's cashflow needs may not be forthcoming on acceptable terms. On the strength of this assurance, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **1.3 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## **NOTES TO THE ACCOUNTS**

### **Accounting policies (continued)**

#### **1.4 Basic financial instruments**

##### **Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

##### **Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### **Investments in subsidiaries**

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment/at fair value through profit or loss.

#### **1.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

## NOTES TO THE ACCOUNTS

### Accounting policies (continued)

The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.19 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- freehold buildings 50 to 100 years
- leasehold buildings period of the lease
- plant and equipment 5 to 10 years
- motor vehicles 4 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

### Revaluation

Freehold buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in equity/revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 15 years.

## **NOTES TO THE ACCOUNTS**

### **Accounting policies (continued)**

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

### **1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

### **1.8 Impairment excluding stocks, and deferred tax assets**

#### **Financial assets (including trade and other debtors)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.



## **NOTES TO THE ACCOUNTS**

### **Accounting policies (continued)**

#### **1.9 Employee Benefits**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans and other long term employee benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed every three years by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the profit and loss accounts in the periods during which services are rendered by employees.

#### **1.10 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

## **NOTES TO THE ACCOUNTS**

### **Accounting policies (continued)**

#### **1.11 Turnover**

Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable. Turnover is recognised upon despatch of the goods or services.

#### **1.12 Expenses**

##### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### **Finance lease**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable, finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## **NOTES TO THE ACCOUNTS**

### **Accounting policies (continued)**

#### **1.13 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## NOTES TO THE ACCOUNTS

### 2. ANALYSIS OF TURNOVER

All the Company's turnover is derived from the Company's main activity, food wholesaling.

Turnover is analysed by geographical market as follows:

|                | 2015<br>£'000 | 2014<br>£'000 |
|----------------|---------------|---------------|
| United Kingdom | 59,436        | 66,174        |
| Europe         | 297           | 1,984         |
| Rest of World  | 20,392        | 18,486        |
|                | <u>80,125</u> | <u>86,644</u> |

### 3. EMPLOYEES AND DIRECTORS

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

|                           | Number of employees |            |
|---------------------------|---------------------|------------|
|                           | 2015                | 2014       |
| Management                | 3                   | 3          |
| Administration            | 23                  | 26         |
| Production & distribution | 107                 | 93         |
|                           | <u>133</u>          | <u>122</u> |

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| The aggregate payroll costs of these persons were as follows: |               |               |
| Wages and salaries  | 3,969         | 3,641         |
| Social security costs   | 442           | 363           |
| Contributions made to defined contribution plans              | 210           | 183           |
|   | <u>4,621</u>  | <u>4,187</u>  |

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Remuneration paid to executive directors | 229           | 287           |
| Pension contributions                    | 65            | 55            |
|  | <u>294</u>    | <u>342</u>    |

## NOTES TO THE ACCOUNTS

The remuneration paid to the highest paid director, excluding defined benefit pension contributions, amounted to £115,000 (2014: £100,000). Pension contributions of £30,000 (2014: £27,000) were paid on his behalf during the year.

Two of the directors accrued retirement benefits under a Company defined benefit scheme in both the current and the previous year. The highest paid director had an accrued pension at the year-end of £55,000 (2014: £28,000).

### 4. EXPENSES AND AUDITOR'S REMUNERATION

Operating profit is stated after charging/ (crediting):

|                                    | 2015<br>£'000     | 2014<br>£'000     |
|------------------------------------|-------------------|-------------------|
| Auditor's remuneration:            |                   |                   |
| Audit of the financial statements  | 50                | 53                |
| Operating lease charges:           |                   |                   |
| Plant & machinery                  | 402               | 270               |
| Other                              | 168               | 182               |
| Depreciation - owned assets        | 136               | 204               |
| Profit on disposal of fixed assets | (11)              | (9)               |
|                                    | <u>          </u> | <u>          </u> |

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

|                              | 2015<br>£'000 | 2014<br>£'000 |
|------------------------------|---------------|---------------|
| On bank loans and overdrafts | 287           | 406           |
| Group interest               | 125           | 43            |
|                              | <u>412</u>    | <u>449</u>    |

### 6. OTHER FINANCE INCOME

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Net interest income on net defined benefit Plan assets | <u>11</u>     | <u>82</u>     |

## NOTES TO THE ACCOUNTS

### 7. TAXATION

|   |               |               |
|---|---------------|---------------|
| <b>Total tax expenses recognised in the profit and loss account</b> | 2015<br>£'000 | 2014<br>£'000 |
| <b>Current tax</b>  |               |               |
| Current tax on income for the year                                  | -             | -             |
| Total current tax   | -             | -             |
| <i>Deferred tax (Note 12)</i>                                       |               |               |
| Origination/reversal of timing differences                          | 176           | 32            |
| <b>Total deferred tax</b>   | 176           | 32            |
| Deferred tax on pension scheme asset                                | -             | 26            |
| <b>Total tax</b>  | 176           | 58            |

|   | Current<br>Tax<br>£000s | 2015<br>Deferred<br>Tax<br>£000s | Total<br>Tax<br>£000s | Current<br>Tax<br>£000s | 2014<br>Deferred<br>Tax<br>£000s | Total<br>Tax<br>£000s |
|---|-------------------------|----------------------------------|-----------------------|-------------------------|----------------------------------|-----------------------|
| Recognised in Profit and loss account                 | -                       | 176                              | 176                   | -                       | 58                               | 58                    |
| <b>Total tax</b>                                      | -                       | 176                              | 176                   | -                       | 58                               | 58                    |
| Analysis of current tax recognised in profit and loss | -                       | -                                | -                     | -                       | -                                | -                     |
| UK corporation tax                                    | -                       | -                                | -                     | -                       | -                                | -                     |
| <b>Total current tax recognised in</b>                | -                       | 176                              | 176                   | -                       | 58                               | 58                    |

## NOTES TO THE ACCOUNTS

### 7. TAXATION (continued)

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| <b>Reconciliation of effective tax rate</b>                   |               |               |
| Profit for the year   | <u>492</u>    | <u>80</u>     |
| Total tax expense   | <u>176</u>    | <u>58</u>     |
| Profit excluding taxation                                     | <u>492</u>    | <u>80</u>     |
| Tax using the UK corporation tax rate of 20.25% (2014: 21.5%) | 99            | 17            |
| Non-deductible expenses                                       | 3             | 5             |
| Tax losses utilized   | (102)         | (22)          |
| Total tax expense included in profit and loss                 | <u>-</u>      | <u>-</u>      |

The current UK Corporation tax rate that has been used for the period is a blended rate of 20.25% (2014: 21.5%). This is on the basis that the rate changed from 21% to 20% as of 1 April 2015. In addition, a further reduction to the main rate is proposed to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. This further change was substantively enacted on 26 October 2015, before the balance sheet date, and therefore has been included in these financial statements. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 and substantively enacted on 6 September 2016. Such changes are not expected to have a significant effect on the deferred tax balances

## NOTES TO THE ACCOUNTS

### 8. TANGIBLE FIXED ASSETS

|                          | Freehold<br>Land and<br>Buildings<br>£'000 | Short<br>Leasehold<br>Property<br>£'000 | Plant,<br>Equipment<br>& Vehicles<br>£'000 | Total<br>£'000 |
|--------------------------|--|---|--|----------------|
| <b>Cost or Valuation</b> |  |   |  |                |
| At 1 January 2015        | 414  | 169                                     | 4,585                                      | 5,168          |
| Additions                | -  | -                                       | 158  | 158            |
| Disposals                | -  | -                                       | (298)                                      | (298)          |
| At 31 December 2015      | <u>414</u>                                 | <u>169</u>                              | <u>4,445</u>                               | <u>5,028</u>   |
| <b>Depreciation</b>      |  |   |  |                |
| At 1 January 2015        | 5  | 159                                     | 3,524                                      | 3,688          |
| Charge For Year          | -  | 5                                       | 131  | 136            |
| Disposals                | -  | -                                       | (257)                                      | (257)          |
| At 31 December 2015      | <u>5</u>                                   | <u>164</u>                              | <u>3,398</u>                               | <u>3,567</u>   |
| <b>Net Book Value</b>    |  |   |  |                |
| At 31 December 2015      | <u>409</u>                                 | <u>5</u>                                | <u>1,047</u>                               | <u>1,461</u>   |
| At 1 January 2015        | <u>409</u>                                 | <u>10</u>                               | <u>1,061</u>                               | <u>1,480</u>   |

Included in the total for freehold land and buildings is land of £120,000 which is not depreciated.

The net book value of leased assets is £nil within plant, equipment and vehicles (2014: £nil). Depreciation charged to the profit and loss account on these assets during the year was £nil (2014: £nil).

The directors are not aware of any material change in value to the other classes of assets.



## 9. FIXED ASSET INVESTMENTS

|                               | Shares in Subsidiary<br>Undertakings<br>£'000 |
|-------------------------------|---|
| Valuation at 1 January 2015   | 5,925   |
| Valuation at 31 December 2015 | <u>5,925</u>                                  |

Details of the principal subsidiary undertakings are listed in Note 19.

## 10. STOCKS

|                | 2015<br>£'000 | 2014<br>£'000 |
|----------------|---------------|---------------|
| Finished goods | <u>4,376</u>  | <u>5,290</u>  |

## 11. DEBTORS

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Amounts receivable within one year:          |               |               |
| Trade debtors                                | 7,568         | 8,989         |
| Amounts owed by group undertakings           | 8,360         | 8,228         |
| Other debtors                                | 365           | 426           |
| Corporation tax                              | 12            | 12            |
| Prepayments and accrued income               | 133           | 102           |
|  | <u>16,438</u> | <u>17,757</u> |
| Amounts receivable after more than one year: |               |               |
| Deferred tax asset (Note 12)                 | 1,201         | 1,025         |
|  | <u>17,639</u> | <u>18,782</u> |

## NOTES TO THE ACCOUNTS

## 12. DEFERRED TAXATION

The elements of deferred taxation are as follows:

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Difference between accumulated depreciation and capital allowances | (29)          | (72)          |
| Effect of trading losses   | 1,230         | 1,097         |
|  | <u>1,201</u>  | <u>1,025</u>  |

The Company holds tax losses of £7,628,000 (2014: £7,104,000) available for carry forward. However, £960,000 (2014: £1,619,000) of these losses with a potential deferred tax asset of £182,000 (2014: £324,000), have not been recognised in these financial statements as the future recovery is uncertain. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which tax losses can be deducted.

## 13. CREDITORS DUE WITHIN ONE YEAR

|                                    | 2015<br>£'000 | 2014<br>£'000 |
|------------------------------------|---------------|---------------|
| Bank overdrafts                    | 6,278         | 10,278        |
| Trade creditors                    | 4,862         | 4,868         |
| Amounts owed to group undertakings | 6,431         | 4,192         |
| Taxation and social security       | 151           | 290           |
| Other creditors                    | 114           | 224           |
| Accruals and deferred income       | 1,266         | 1,438         |
|                                    | <u>19,102</u> | <u>21,290</u> |

The majority of the Company's bank overdrafts are secured by a debenture.

## 14. CALLED UP SHARE CAPITAL

|   | At 1 January<br>and 31<br>December 2015<br>£'000 |
|---|--|
| <b>Authorised</b>                         |  |
| 17,000,000 ordinary shares at £1 each     | <u>17,000</u>                                    |
| <b>Allotted, called up and fully paid</b> |  |
| 13,548,673 ordinary shares at £1 each     | <u>13,549</u>                                    |
| Shares classified in Shareholder's funds  | 13,549   |

## NOTES TO THE ACCOUNTS

### 15. FINANCIAL INSTRUMENTS

#### Fair values of financial instruments

Set out in the table below are the carrying values and fair values of all of the Company's financial instruments at 31 December 2015 and 31 December 2014:

|                              | Fair Value<br>Hierarchy<br>level | Fair Value    |               | Carrying Value |               |
|------------------------------|----------------------------------|---------------|---------------|----------------|---------------|
|                              |                                  | 2015<br>£'000 | 2014<br>£'000 | 2015<br>£'000  | 2014<br>£'000 |
| <b>Financial Assets</b>      |                                  |               |               |                |               |
| <b>Loans and debtors</b>     |                                  |               |               |                |               |
| Trade debtors                | 3                                | 7,568         | 8,989         | 7,568          | 8,989         |
| Other debtors                | 3                                | 365           | 426           | 365            | 426           |
| Cash and cash<br>equivalents | 3                                | 580           | 16            | 580            | 16            |
|                              |                                  | <u>8,513</u>  | <u>9,431</u>  | <u>8,513</u>   | <u>9,431</u>  |
| <b>Financial Liabilities</b> |                                  |               |               |                |               |
| Trade creditors              | 3                                | 4,862         | 4,868         | 4,862          | 4,868         |
| Short term borrowings        | 3                                | 6,278         | 10,278        | 6,278          | 10,278        |
|                              |                                  | <u>11,140</u> | <u>15,146</u> | <u>11,140</u>  | <u>15,146</u> |

The following assumptions were used to estimate fair values:

Trade and other receivables – these are carried at amortised cost using the year end exchange rate and fair value is deemed to be the same as this.

Cash and cash equivalents – approximate to the carrying amounts stated in the accounts.

Trade payables – these are carried at amortised cost using the year end exchange rate and fair value is deemed to be the same as this.

Loans – approximates to the carrying amount because of the short maturity of these instruments. Interest is calculated at the rate stated in the contract and is not discounted as it is due within less than one year.

## **NOTES TO THE ACCOUNTS**

### **15. FINANCIAL INSTRUMENTS (Continued)**

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history. The Company maintains a credit insurance policy to insure the majority of trade debtors against credit default. Overall, the Company considers that it is not exposed to a significant amount of credit risk.

#### **Foreign exchange risk**

The Company makes purchases and sales in foreign currencies. The risk of foreign currency fluctuations is minimized through the use of foreign currency hedging.

## NOTES TO THE ACCOUNTS

### 16. PENSION COSTS

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £81,000 (2014: £73,000) reflects the amount of contributions during the calendar year. No contributions (2014: £nil) were payable to the fund at the year-end and included in creditors.

Contributions to the Group's defined benefits scheme (the John Silver Scheme) are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The John Silver Scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method, when expressed as a percentage of the pensionable payroll, can be expected to increase over time, as the average age of the membership increases.

The most recent actuarial valuation for the John Silver Scheme was carried out on 1 November 2012 and assessed on the Continuing Valuation basis. The realisable value of the Scheme's assets at that date was £3,112,000 and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Following the 1 November 2012 actuarial valuation, the Company has agreed to pay 30% of Pensionable Earnings to cover the cost of benefits accruing in the future along with £50,000 per annum from 2014 to 2016 to make good the funding shortfall (including £25,000 per annum towards the cost of administering the Scheme).

The pension contribution made by the Company over the year to the John Silver Scheme was £115,000 (2014: £109,000). No contributions were outstanding to the fund at the year-end (2014: £nil).

|                             | 2015              | 2014              |
|-----------------------------|-------------------|-------------------|
|                             | £'000             | £'000             |
| Plan assets                 | 2,650             | 2,546             |
| Defined benefit obligations | (2,300)           | (2,219)           |
| Surplus in the scheme       | <u>350</u>        | <u>327</u>        |
| Related deferred tax asset  | (65)              | (65)              |
| Net pension asset           | <u><u>285</u></u> | <u><u>262</u></u> |

## NOTES TO THE ACCOUNTS

### 16. PENSION COSTS (continued)

*Movements in present value of defined benefit obligation:*

|   | 2015         | 2014         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Scheme liabilities at start of the year | 2,219        | 2,665        |
| Current service cost                    | 76           | 58           |
| Interest cost                           | 79           | 110          |
| Contributions by scheme participants    | 21           | 20           |
| Actuarial (gain)/loss                   | (95)         | 418          |
| Benefits paid                           | -            | (30)         |
| Settlements                             | -            | (1,022)      |
| Scheme liabilities at end of the year   | <u>2,300</u> | <u>2,219</u> |

*Movement in fair value of plan assets:*

|  | 2015         | 2014         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Fair value of scheme assets at start of year   | 2,546        | 3,402        |
| Interest income                                | 90           | 144          |
| Actuarial (losses)/gains                       | (64)         | 135          |
| Contributions by employer                      | 112          | 109          |
| Contributions by scheme participants           | 21           | 20           |
| Non-investment expenses                        | (55)         | (80)         |
| Benefits paid                                  | -            | (30)         |
| Settlements                                    | -            | (1,154)      |
| Fair value of scheme assets at end of the year | <u>2,650</u> | <u>2,546</u> |

The scheme has a small number of pensions in payment relating to previous member retirements, which have been fully secured through an insurance company. The value of these insured liabilities has been excluded from the calculation of the present scheme liabilities. Similarly the market value of assets held by the insurance companies in respect of these policies has been excluded from the Company's above disclosure.

Expense recognised in the Profit and Loss Account:

|   | 2015       | 2014       |
|---|------------|------------|
|   | £'000      | £'000      |
| Current service cost                          | 76         | 58         |
| Administrative costs incurred during period   | 55         | 80         |
| Net interest on net defined benefit liability | (11)       | (34)       |
|   | <u>120</u> | <u>104</u> |

## NOTES TO THE ACCOUNTS

### 16. PENSION COSTS (continued)

The fair value of the plan assets and the return on those assets were as follows:

|                              | 2015                | 2014                |
|------------------------------|---------------------|---------------------|
|                              | Fair value<br>£'000 | Fair value<br>£'000 |
| Equities                     | 1,422               | 1,223               |
| Bonds                        | 792                 | 790                 |
| Property                     | 290                 | 464                 |
| Cash                         | 146                 | 69                  |
|                              | <u>2,650</u>        | <u>2,546</u>        |
| Actual return on plan assets | <u>26</u>           | <u>279</u>          |

An actuarial valuation of the scheme was carried out at 31 December 2015 on a set of assumptions consistent with those required under FRS 17 by a qualified actuary. The major assumptions used by the actuary were:

|  | 2015  | 2014  |
|--|-------|-------|
| Rate of increase in pensionable salaries   | 2.40% | 3.75% |
| Rate of increases in pensions in payment<br>(LPI with a minimum of 0% and a maximum of 5%) | 3.3%  | 3.0%  |
| Rate of increases in pensions in payment<br>(LPI with a minimum of 3% and a maximum of 5%) | 3.7%  | 3.6%  |
| Discount rate  | 3.6%  | 3.5%  |
| Rate of revaluation of deferred pensions   | 2.4%  | 2.1%  |
| Inflation assumption   | 3.4%  | 3.1%  |

In valuing the liabilities of the pension plan at 31 December 2015, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2015 would have increased by £77,000 (2014: £66,000) before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard achievable mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pension age 65: 24.4 years (male), 25.7 years (female).

Future retiree (currently aged 45) upon reaching 65: 27.3 years (male), 28.7 years (female). The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

## NOTES TO THE ACCOUNTS

### 17. COMMITMENTS

The minimum annual lease payments to which the Company was committed under non-cancellable operating leases at 31 December 2015 were as follows:

|                                   | Land &<br>Buildings<br>2015<br>£'000 | Plant<br>Equipment<br>& Vehicles<br>2015<br>£'000 | Land &<br>Buildings<br>2014<br>£'000 | Plant<br>Equipment<br>& Vehicles<br>2014<br>£'000 |
|-----------------------------------|--------------------------------------|---|--------------------------------------|---|
| <b>The Group and the Company</b>  |                                      |   |                                      |   |
| Operating leases which expire:    |                                      |   |                                      |   |
| Within one year                   | -                                    | 373   | -                                    | 269   |
| In second to fifth year inclusive | 136                                  | 738   | 136                                  | 422   |
|                                   | <u>136</u>                           | <u>1,111</u>                                      | <u>136</u>                           | <u>691</u>  |

### 18. RELATED PARTY DISCLOSURES

The Company is controlled by Towers Thompson Holdings Limited. The Company is a subsidiary undertaking of Towers Thompson Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Towers Thompson Holdings Limited. The consolidated financial statements of this group can be obtained from 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire EN11 8UR.

### 19. SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertaking which is wholly owned is as follows:

| Operating Subsidiary | Activity             | Country of Incorporation | Ordinary Share Capital |
|----------------------|----------------------|--------------------------|------------------------|
| Rassau Seafood GmbH  | Seafood Distribution | Germany                  | 100%                   |

This subsidiary is included in the consolidated results of the parent company, Towers Thompson Holdings Limited.



## **NOTES TO THE ACCOUNTS**

### **20. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has made one adjustment in relation to FRS 102, pension schemes where the net interest is measured as the balance sheet net defined benefit liability multiplied by the discount rate that is used to measure the defined benefit obligation. This resulted in a £31,000 movement between profit and loss and Other Comprehensive Income for the year ended 31 December 2015. There are no other adjustments to amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).