

**Company Registration No. 58397**

**TOWERS & CO., LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**SATURDAY**



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## **TOWERS & CO., LIMITED**

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**TOWERS & CO., LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors

T G Goddard  
P Dolan

Company Secretary

P Dolan

Head and Registered Office

3-5 Tower House  
Amwell Street  
Hoddesdon  
Hertfordshire EN11 8UR

Independent Auditor

Alliotts LLP  
Imperial House  
8 Kean Street  
London  
WC2B 4AS

## **TOWERS & CO., LIMITED**

### **STRATEGIC REPORT**

#### **Business Review**

Towers & Co., Limited ('Towers') is a long-established UK business which was founded in 1898, with its origins in the distribution of meat and poultry products. Today the business is an international food group trading meat, poultry and seafood in many key markets worldwide.

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

#### **Financial Performance**

The Company's turnover was £55.0 mln (2019: £59.0 mln) down 6.6% reflecting a generally resilient performance during the COVID-19 impacted months, coupled with a strong performance in the second half of 2020.

The operating profit for the year was £51,000 (2019: loss £392,000).

The UK business made substantial progress during the year, turning an operating loss into a profit, despite the challenges produced by the COVID-19 pandemic.

The gross profit margin in 2020 was 13.2% as compared to 11.7% in 2019. The improvement in gross margin was the result of less export sales at lower than average gross margin and the diversity of the business across multiple markets.

The Company's net current assets remained consistent with £4.5 mln (2019: £4.2 mln) and the net assets of £11.5 mln (2019: £11.3 mln).

#### **Wholesale Distribution**

Our Wholesale Distribution business consists of our four depots in Mexborough, Northfleet, Portsmouth and Avonmouth.

The distribution business faced a difficult situation as the effects of the pandemic unfolded in March 2020. Our Depots though reacted swiftly to the changing scenario and managed the difficult task of keeping customers supplied whilst dealing sympathetically to the numerous issues staff had to face during this difficult period.

Despite the difficulties faced, due to the efforts of all the team the business results were strong, with an increased demand from our customers and good margins earned throughout the year.

## **TOWERS & CO., LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Trading**

Towers imports beef, lamb and poultry from around the World. We sell to wholesalers, processors and distributors in the UK and Europe and have established customer and supplier relationships developed over many years.

#### **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.

#### **Principal Risks and Uncertainties**

##### **Covid-19**

Throughout the unprecedented Covid-19 pandemic, we have continued to prioritise the safety and wellbeing of our people. Although the Company has traded well so far throughout the pandemic, the Board considers that the situation represents a potential challenge to customer demand and credit ratings, product supply lines and on our operations during this year and next.

We consider that Towers is a well diversified business, operating in different market sectors and supplying many different product lines. The Company is well positioned in a global marketplace. The management team and the Board will continue to closely monitor the situation and react accordingly.

#### **Risk Management**

The Company's international trading expose it to degrees of risk that include liquidity risk, credit risk, interest rate risk and foreign currency risk. This note describes the Company's objectives, policies and procedures for managing these risks and the methods used to measure them.

##### **Credit risk**

The Company's credit risk is primarily attributable to its trade receivables. The Company does not have a significant concentration of risk, with experience spread over a wide variety of customer accounts. The risk is further mitigated by credit insurance of trade receivables.

## **TOWERS & CO., LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Liquidity risk**

Prudent liquidity risk management involves ensuring adequate working capital levels using bank borrowing arrangements.

In managing liquidity risk, the main objective is to ensure that the Company has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure it can meet its liability payments as they fall due.

#### **Interest rate risk**

The interest payable on the Company's bank borrowing facilities is variable and are linked to movements on the Bank base rate.

#### **Foreign Exchange risk**

Any foreign account exposure is mainly in relation to the strength of sterling against the Euro and US dollar. The transactional risk is considered manageable and the Company does buy foreign currency forward contracts to mitigate the risk.

#### **Section 172 (1) Statement**

Under s172 of the Companies Act 2006 directors of UK companies have a duty to promote the success of the company for the benefit of the members as a whole and, in doing so, have regard to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment; and
- The desirability of the company maintaining a reputation for high standards of business conduct.

The Directors consider the following areas to be of key importance in the fulfilment of this duty:

- Carrying out detailed planning and forecasting to ensure the ongoing financial safety of the business;
- Monitoring the business plan in order to control deviation and achieve annual sales targets;
- Seeking opportunities to grow the business profitability and sustainably, for the benefit of current and future employees, customers and suppliers as well as the wider UK economy;
- Supervising the overall strategy of the Company and maintaining the highest standards of integrity and honesty in the company's dealings with employees, suppliers, the general public and local and national government.

## **TOWERS & CO., LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Outlook for 2021**

Trading across the EU is more complex than anticipated following Brexit with customers and suppliers relying upon our expertise more heavily than before.

The Company is well positioned for further profitable growth in 2021, with the first quarter's results ahead of last year, despite the on-going Covid-19 restrictions.

With the hope that the Covid-19 restrictions ease across Europe, opportunities arising from Brexit and building upon the success of 2020, the Board is confident of making further progress in 2021. However forecasting remains challenging due to the ever changing macro economic climate.

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

On behalf of the board

*Paul Dolan*

Paul Dolan (Jun 21, 2021 16:11 GMT+1)

**Paul Dolan**

*Executive Chairman*

*Terry G. Goddard*

Terry G. Goddard (Jun 21, 2021 14:34 GMT+1)

**Terry Goddard**

*Managing Director*

21 June 2021

## **TOWERS & CO., LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under United Kingdom Accounting Standards.

#### **Going Concern**

The directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence for a minimum of 12 months from the date of signing the accounts. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

#### **Key Performance Indicators (KPI)**

The main KPI, gross margin, increased to 13.2% in 2020 from 11.7% in 2019.

#### **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 several different geographical territories.

#### **Results**

The results for the year are set out in the profit and loss account on page 17.

#### **Proposed Dividend**

The directors do not recommend the payment of a dividend (2019: £nil).

#### **Directors**

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

T G Goddard  
P Dolan

#### **Directors' Indemnities**

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, the Group maintains liability insurance for its directors and officers.

The Company has not made qualifying third party indemnity provisions for the benefit of its directors during the year.



## **TOWERS & CO., LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Covid-19**

The outbreak of Covid-19 in 2020 had an unprecedented impact on people and economies worldwide. Towers moved quickly to adapt our operations to operate in these new trading conditions.

Our people are our priority and we will continue to take the necessary action to ensure the safety of our workforce and protect income and jobs.

We have been able to maintain the supply of product and we are keeping our depots running throughout the many challenges in local operating environments.

Towers will continue to adapt throughout the crisis. Demand patterns are changing and our business is experiencing growth in turnover and margins.

#### **Political and Charitable Donations**

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £2,000 (2019: £2,000).

## **TOWERS & CO., LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **UK Greenhouse gas emissions and energy use data for the period 1 January to 31 December 2020**

The reduction in CO<sub>2</sub> emissions in 2020 is set to be the largest year-to-year reduction on record, with the International Energy Agency (IEA) projecting a decline of 8% (or 2.6 Gt).

We have also seen a renewed focus from governments, regulators, our customers and suppliers, who are agreeing sustainability plans to ensure the decline in emissions becomes permanent. As a business we are committed to protecting the environment wherever possible and building towards a cleaner future.

#### **Greenhouse Gas Emissions in 2020 (tonnes of kg CO<sub>2</sub>e).**

Scope 1 - combustion of fossil fuels	885.3
Scope 2 – Electricity purchased for own use	386.1
Intensity ratio (tonnes of CO <sub>2</sub> e/£k turnover)	0.02310
Underlying energy consumption used to calculate emissions (KwH)	1,656,408

#### **Quantification and reporting methodology**

We have followed the 2020 DEFRA conversion factors that are for use by UK and International organisations to report on 2020 greenhouse gas emissions.

#### **Intensity measurement**

The chosen intensity measurement is total gross emissions in metric tonnes CO<sub>2</sub>e to turnover.

#### **Measures taken to improve energy efficiency**

The refurbishment of our head office updated all heating and air-conditioning units to the latest standards. This included upgrading the lighting to the latest energy LED panels to maximise energy efficiency. Travel both within the UK and internationally has been greatly reduced due to Covid-19.

#### **2020 Objectives**

The main objective has been to reduce the carbon footprint of the business by reducing mileage travelled and energy use.

2020 also saw a substantial increase in the use of technology in remote virtual meetings and it is anticipated that this will continue, with the resulting impact upon business travel.

## **TOWERS & CO., LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **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.

#### **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**

Alliotts LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

By order of the board

Paul Dolan  
Paul Dolan (Jun 21, 2021 16:11 GMT+1)

**Paul Dolan**  
Executive Chairman

Terry G. Goddard  
Terry G. Goddard (Jun 21, 2021 14:34 GMT+1)

**Terry Goddard**  
Managing Director

21 June 2021

3-5 Tower House  
Amwell Street  
Hoddesdon  
Hertfordshire  
EN11 8UR

## TOWERS & CO., LIMITED

### 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 judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

This report was approved by the board on 21 June 2021 and signed on its behalf.

Paul Dolan  
Paul Dolan (Jun 21, 2021 16:11 GMT+1)

**Paul Dolan**

*Executive Chairman*

Terry G. Goddard  
Terry G. Goddard (Jun 21, 2021 14:34 GMT+1)

**Terry Goddard**

*Managing Director*

## **TOWERS & CO., LIMITED**

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

#### **Opinion**

We have audited the financial statements of Towers & Co., Limited (the "company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements of Towers & Co., Limited (the company):

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **TOWERS & CO., LIMITED**

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

#### **Strategic Report and Directors' Report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements do not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are Required to Report by Exception**

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

#### **Directors' Responsibilities**

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **TOWERS & CO., LIMITED**

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

#### **Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the meat wholesale sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation, including FSA requirements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;

## **TOWERS & CO., LIMITED**

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

#### **Auditor's Responsibilities (continued)**

- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**TOWERS & CO., LIMITED**

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

**The Purpose of our Audit Work and to whom we Owe our Responsibilities**

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.

*Stephen Meredith*

**Stephen Meredith FCA (Senior Statutory Auditor)  
for and on behalf of Alliotts LLP  
Chartered Accountants  
Statutory Auditor**

Imperial House  
8 Kean Street  
London  
WC2B 4AS

Date: 21 June 2021

**TOWERS & CO., LIMITED**

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Note</i>	2020	2019
		£'000	£'000
<b>Turnover</b>	1.11, 2	55,002	59,015
Cost of Sales		(47,714)	(52,126)
<b>Gross Profit</b>		<u>7,288</u>	<u>6,889</u>
Distribution Costs		(1,126)	(1,307)
Administrative Expenses		(6,171)	(5,974)
Other Income	1.14	60	-
<b>Operating Profit/(Loss)</b>	4	<u>51</u>	<u>(392)</u>
Income from Shares in Group Undertakings		453	616
Interest Payable and Similar Charges	1.12, 5	(222)	(291)
<b>Profit/(Loss) Before Taxation</b>		<u>282</u>	<u>(67)</u>
Tax on Profit	1.13, 6	(26)	-
<b>Profit/(Loss) for the Financial Year</b>		<u><u>256</u></u>	<u><u>(67)</u></u>
<b>Other Comprehensive Income</b>			
<b>For the year ended 31 December 2020</b>			
Actuarial loss on defined benefit pension scheme		(21)	(25)
<b>Total Comprehensive Income/(Expense) for the year</b>		<u><u>235</u></u>	<u><u>(92)</u></u>

The accompanying notes on pages 20-41 are an integral part of the financial statements.

# TOWERS & CO., LIMITED

## BALANCE SHEET AT 31 DECEMBER 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Assets	1.6,7		1,830		1,955
Investments	1.4,8		5,261		5,261
			<u>7,091</u>		<u>7,216</u>
<b>Current Assets</b>					
Stocks	1.7,9	5,752		4,313	
Debtors (including £1,098,000 due after more than one year, 2019: £1,124,000)	10	13,754		14,838	
Cash at Bank and in Hand	1.5	<u>7</u>		<u>5</u>	
		19,513		19,156	
Creditors Due within One Year	12	<u>(15,050)</u>		<u>(14,966)</u>	
<b>Net Current Assets</b>			<u>4,463</u>		<u>4,190</u>
<b>Total Assets Less Current Liabilities</b>			11,554		11,406
<b>Provision for Liabilities</b>					
Pensions and Similar Obligations	15		(126)		(193)
<b>Net Assets</b>			<u>11,428</u>		<u>11,213</u>
<b>Capital and Reserves</b>					
Called Up Share Capital	13		13,549		13,549
Profit and Loss Account			(5,871)		(6,086)
Revaluation Reserve			<u>3,750</u>		<u>3,750</u>
<b>Shareholder's Funds</b>			<u>11,428</u>		<u>11,213</u>

The accompanying notes on pages 20-41 are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 21 June 2021 and were signed on its behalf by:

Paul Dolan  
Paul Dolan (Jun 21, 2021 16:11 GMT+1)

**Paul Dolan**  
Executive Chairman

Company Registration number: 58397

Terry G. Goddard  
Terry G. Goddard (Jun 21, 2021 14:34 GMT+1)

**Terry Goddard**  
Managing Director

**TOWERS & CO., LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

	Called Up Share Capital £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2020	13,549	(6,086)	3,750	11,213
Total Comprehensive Income for the year	-	235	-	235
Exchange differences		(20)		(20)
Balance at 31 December 2020	<u>13,549</u>	<u>(5,871)</u>	<u>3,750</u>	<u>11,428</u>

	Called Up Share Capital £'000	Profit and Loss Account £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 January 2019	13,549	(6,011)	3,750	11,288
Total Comprehensive (Expense)	-	(92)	-	(92)
Exchange differences	-	17	-	17
Balance at 31 December 2019	<u>13,549</u>	<u>(6,086)</u>	<u>3,750</u>	<u>11,213</u>

The accompanying notes on pages 20-41 are an integral part of the financial statements.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. ACCOUNTING POLICIES**

Towers & Co., Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 58397 and the registered address is 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire and EN11 8UR.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. 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"). The functional and presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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 Financial Reporting Standards 102, 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

##### **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.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **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. On the strength of these forecasts, 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.

#### **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.

#### **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.

## TOWERS & CO., LIMITED

### NOTES TO THE ACCOUNTS (continued)

#### 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.

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 1.12 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.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **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.



## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (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.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **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.

#### **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.

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.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (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 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.

#### **1.14 Government Grants**

Government grants are recognised at the fair value of the asset received or receivable when there is a reasonable assurance that the grant conditions will be met and the grants received.

During the period the Company has made use of the UK government coronavirus job retention scheme.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **1.15 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Revenue Recognition**

Revenue is recognised upon the date of the sale goods, the principal revenue activity being the supply of meat product.

The director considers that this is when it is probable that the economic benefits associated with the provision of the service will flow to the entity.

#### **Deferred tax**

The company has a deferred tax asset on tax losses which has been recognised in the accounts due to the forecasts that the company will be profitable for the foreseeable future.

#### **Key sources of estimation uncertainty**

#### **Tangible assets**

The directors assess whether there are indicators of impairment on the freehold building and other tangible assets that would result in a change in the estimate of the residual value of the asset, depreciation method or useful life. Factors taken into consideration in reaching such a decision include changes in market prices and expected future financial performance of the asset.

#### **Going concern**

As described in note 1.2 the board considers that there is sufficient certainty that the company will continue in business so that the Financial Statements can be prepared under the going concern basis. In reaching that decision the board have evaluated future financing options available to the company and considered estimates of future cashflows and profitability.

# TOWERS & CO., LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 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:

	2020 £'000	2019 £'000
United Kingdom	49,184	51,200
Europe	437	577
Rest of World	5,381	7,238
Total turnover	<u>55,002</u>	<u>59,015</u>

### 3. EMPLOYEES AND DIRECTORS

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

	<b>Number of employees</b>	
	2020	2019
Management	3	3
Administration	21	21
Production & distribution	83	97
	<u>107</u>	<u>121</u>

	2020 £'000	2019 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	3,695	3,642
Social security costs	378	372
Contributions made to defined contribution plans	125	118
	<u>4,198</u>	<u>4,132</u>

	2020 £'000	2019 £'000
Remuneration paid to executive directors	223	170
Pension contributions	-	-
	<u>223</u>	<u>170</u>

The remuneration paid to the highest paid director, excluding defined benefit pension contributions, amounted to £131,000 (2019: £117,000). Pension contributions of £nil (2019: £nil) were paid on his behalf during the year. Neither director accrued benefits in the year. The highest paid director had an accrued pension at the year end of £nil (2019: £nil).

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**4. EXPENSES AND AUDITOR'S REMUNERATION**

Included in operating profit are the following:

	2020 £'000	2019 £'000
Auditor's remuneration:		
Audit of these financial statements	40	40
Operating lease charges:		
Plant & machinery	411	424
Other	181	146
Depreciation - owned assets	213	165

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020 £'000	2019 £'000
On bank loans and overdrafts	176	231
Interest payable to group undertakings	44	55
Net interest cost on net defined benefit plan assets (note 15)	2	5
 Total interest payable and similar charges	 <u>222</u>	 <u>291</u>

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**6. TAXATION**

<b>Total tax expense recognised in the profit and loss account, other comprehensive income and equity</b>	2020 £'000	2019 £'000
<b>Current tax</b>		
Adjustments in respect of prior periods	-	-
Current tax on income for the year	-	-
<b>Total current tax</b>	-	-
<i>Deferred tax (note 11)</i>		
Origination/reversal of timing differences	26	-
<b>Total deferred tax</b>	26	-
Deferred tax on pension scheme asset	-	-
<b>Total tax</b>	26	-

	Current Tax £000s	2020 Deferred Tax £000s	Total Tax £000s	Current Tax £000s	2019 Deferred Tax £000s	Total Tax £000s
Recognised in Profit and Loss Account	-	26	26	-	-	-
<b>Total tax</b>	-	26	26	-	-	-

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**6. TAXATION (continued)**

	2020 £'000	2019 £'000
<b>Reconciliation of effective tax rate</b>		
Profit/(Loss) for the year	267	(67)
Total taxation credit	<u>26</u>	<u>-</u>
Profit/(Loss) excluding taxation	<u>293</u>	<u>(67)</u>
<i>Tax using the UK corporation tax rate of 19% (2019: 19%)</i>	55	-
Expenses not deductible for tax purposes	-	-
Non-taxable income	(86)	-
Adjustments in respect of prior periods	-	-
Current year losses for which no deferred tax asset was recognized	57	-
Total tax expense included in profit and loss	<u>26</u>	<u>-</u>



**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**7. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant, Equipment & Vehicles £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 January 2020	414	335	5,292	6,041
Additions	-	-	88	88
Disposals	-	-	-	-
At 31 December 2020	<u>414</u>	<u>335</u>	<u>5,380</u>	<u>6,129</u>
<b>Depreciation</b>				
At 1 January 2020	5	209	3,872	4,086
Charge For Year	-	14	199	213
Disposals	-	-	-	-
At 31 December 2020	<u>5</u>	<u>223</u>	<u>4,071</u>	<u>4,299</u>
<b>Net Book Value</b>				
At 31 December 2020	<u>409</u>	<u>112</u>	<u>1,309</u>	<u>1,830</u>
At 1 January 2020	<u>409</u>	<u>126</u>	<u>1,420</u>	<u>1,955</u>

Included in the total for freehold land and buildings is land of £120,000 which is not depreciated (2019: £120,000).

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

# TOWERS & CO., LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Undertakings £'000
At 1 January 2020	5,261
Impairment losses	-
At 31 December 2020	<u>5,261</u>

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

<b>Operating Subsidiary</b>	<b>Activity</b>	<b>Country of Incorporation</b>	<b>Registered Address</b>	<b>Ordinary Share Capital</b>
Rassau Seafood GmbH	Seafood Distribution.	Germany	Virchowstrasse 17, 22767 Hamburg	100%

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

The details of the other Company's subsidiaries, all of which are wholly owned, are shown below. The country of incorporation and principal place of business is the UK and the address of the registered office of each entity is the same as the registered office of this Company unless otherwise stated.

British and Overseas Meats Ltd  
 House of Hermanns (Growers) Ltd  
 Kenton Packing Station Ltd  
 New Zealand Premier Lamb Importers Ltd  
 New Zealand Premier Meat Company Ltd  
 Premonit Ltd  
 Pyke Biggs Fairfax (Brighton) Ltd  
 Rowlands (Food Providers) Ltd  
 Sinoway Food Industries Pty Ltd (incorporated in Hong Kong)  
 Superior Foods (Mexborough) Ltd  
 The Stockbreeders Meat Company Ltd  
 Towers & Co (Services) Ltd  
 Towers Barron Ltd  
 Towers Meats Ltd  
 Towers Thompson Ltd  
 Towers Thompson (Australia) Pty Ltd (incorporated in Australia)  
 Towers Thompson Seafood Ltd

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**9. STOCKS**

	2020 £'000	2019 £'000
Finished goods	5,752	4,313

**10. DEBTORS**

	2020 £'000	2019 £'000
Amounts receivable within one year:		
Trade debtors	4,976	5,877
Amounts owed by group undertakings	7,026	7,026
Other debtors	119	375
Prepayments and accrued income	535	436
	<u>12,656</u>	<u>13,714</u>
Amounts receivable after more than one year:		
Deferred tax asset (note 11)	1,098	1,124
	<u>13,754</u>	<u>14,838</u>

**11. DEFERRED TAXATION**

The elements of deferred taxation are as follows:

	2020 £'000	2019 £'000
Difference between accumulated depreciation and capital allowances	(132)	(106)
Effect of trading losses	1,230	1,230
	<u>1,098</u>	<u>1,124</u>

The Company holds tax losses of £10,896,000 (2019: £10,364,000) available for carry forward. However, £4,422,000 (2019: £3,891,000) of these losses with a potential deferred tax asset of £840,000 (2019: £739,000), 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.

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**12. CREDITORS DUE WITHIN ONE YEAR**

	2020 £'000	2019 £'000
Bank overdrafts	5,350	5,586
Trade creditors	4,539	4,388
Amounts owed to group undertakings	3,330	3,318
Taxation and social security	550	246
Other creditors	243	176
Accruals and deferred income	1,038	1,252
	<u>15,050</u>	<u>14,966</u>

The majority of the Group's bank overdrafts are secured by a debenture. These are repayable on demand and attract a core blended interest rate of 3.3%.

**13. CALLED UP SHARE CAPITAL**

	At 1 January and 31 December 2020 £'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>
<b>Shares Classified in Shareholder's Funds</b>	<u>13,549</u>

# TOWERS & CO., LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 14. 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 2020 and 31 December 2019:

	Fair Value Hierarchy level	Fair Value		Carrying Value	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Financial Assets</b>					
<b>Loans and debtors</b>					
Trade debtors	3	4,976	5,877	4,976	5,877
Other debtors	3	119	375	119	375
Cash and cash equivalents	1	7	5	7	5
		<u>5,102</u>	<u>6,257</u>	<u>5,102</u>	<u>6,257</u>
<b>Financial Liabilities</b>					
Trade creditors	3	4,539	4,388	4,539	4,388
Short term borrowings	3	<u>5,350</u>	<u>5,586</u>	<u>5,350</u>	<u>5,586</u>
		<u>9,889</u>	<u>9,974</u>	<u>9,889</u>	<u>9,974</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 – the fair value is aligned 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 – the fair value 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.

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **14. 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.

#### **15. PENSION COSTS**

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £125,000 (2019: £118,000) reflects the amount of contributions during the calendar year. No contributions (2019: £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 2018 and assessed on the Continuing Valuation basis. The realisable value of the Scheme's assets at that date was £37,400 and the actuarial value of those assets represented 11% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Following the 1 November 2018 actuarial valuation, the Company has agreed to pay £75,000 per annum from 2020 to 2022 and £37,500 for the calendar year 2023 to make good the funding shortfall.

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**15. PENSION COSTS (continued)**

The pension contribution made by the Company over the year to the John Silver Scheme was £90,000 (2019: £90,000). No contributions were outstanding to the fund at the year end (2019: £nil).

	2020 £'000	2019 £'000
Plan assets	234	130
Defined benefit obligation	(360)	(323)
Net pension (liability)/ (pre deferred tax)	(126)	(193)
Related deferred tax asset	-	-
Net pension (liability)	(126)	(193)

*Movements in present value of defined benefit obligation:*

	2020 £'000	2019 £'000
Scheme liabilities at start of the year	323	286
Current service cost	-	-
Interest cost	6	8
Actuarial loss	31	29
Benefits paid	-	-
Curtailments	-	-
Settlements	-	-
Scheme liabilities at end of the year	360	323

*Movement in fair value of plan assets:*

	2020 £'000	2019 £'000
Fair value of scheme assets at start of year	130	54
Interest income	4	3
Actuarial gain/(loss)	10	4
Contributions by employer	90	90
Non-investment expenses	-	(21)
Benefits paid	-	-
Settlements	-	-
Fair value of scheme assets at end of the year	234	130

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.

**TOWERS & CO., LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**15. PENSION COSTS (continued)**

Expense recognised in the Profit and Loss Account:

	2020	2019
	£'000	£'000
Current service cost	-	-
Non-investment expenses	-	21
Net interest on net defined benefit liability	2	5
Curtailments	-	-
Settlements	-	-
	<u>2</u>	<u>26</u>

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

	2020	2019
	Fair value £'000	Fair value £'000
Equities	142	92
Bonds	-	-
Cash	92	38
	<u>234</u>	<u>130</u>
Actual return on plan assets	<u>14</u>	<u>7</u>

An actuarial valuation of the scheme was carried out at 31 December 2020 on a set of assumptions consistent with those required under FRS 102 by a qualified actuary.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follow by the actuary were:

	2020	2019
Rate of increase in pensionable salaries	-	-
Rate of increases in pensions in payment (LPI with a minimum of 0% and a maximum of 5%)	2.9%	3.1%
Rate of increases in pension payment (LPI with a minimum of 3% and a maximum of 5%)	3.5%	3.6%
Discount rate	1.3%	2.0%
Rate of revaluation of deferred pensions	2.2%	2.2%
Inflation assumption	3.0%	3.2%

In valuing the liabilities of the pension plan at 31 December 2020, 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 2020 would have increased by £18,000 before deferred tax (2019: £15,000).



# TOWERS & CO., LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 15. PENSION COSTS (continued)

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: 23.3 years (male), 24.8 years (female).

Future retiree upon reaching 65: 24.9 years (male), 26.5 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.

### 16. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings	Plant Equipment & Vehicles	Land & Buildings	Plant Equipment & Vehicles
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Within one year	178	284	182	447
Between one and five years	124	70	302	277
	<u>302</u>	<u>354</u>	<u>484</u>	<u>724</u>

During the year £592,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £570,000).

## **TOWERS & CO., LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **17. RELATED PARTIES**

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.

##### **Transactions with related parties**

The Company has taken advantage of the exemption available in Paragraph 33.1A of FRS 102 whereby it has not disclosed transactions with other companies that are wholly owned within the Group.

The following amounts were outstanding at the reporting end date:

	2020 £000s	2019 £000s
<b>Amounts due from related parties</b>		
Parent company	7,026	7,026
<b>Amounts due to related parties</b>		
Subsidiaries	3,330	3,318

The directors are considered to be the key management personnel and their remuneration is disclosed in Note 3.

#### **18. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP**

The Company is a subsidiary undertaking of Towers Thompson Holdings Limited. The ultimate controlling party is Towers Thompson Holdings Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Towers Thompson Holdings Limited, 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire and EN11 8UR. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from 3-5 Tower House, Amwell Street, Hoddesdon, Hertfordshire and EN11 8UR.