

WM Nelstrop and Company Limited

Report and Financial Statements

Year Ended

31 March 2013

Company Number 00260082



WM Nelstrop and Company Limited

Report and financial statements for the year ended 31 March 2013

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Directors

C J Nelstrop (Chairman)
P A Roberts
Dr G A Nelstrop
C H Syers (Managing Director)
S J M Roberts
A P F Nelstrop
M B Nelstrop

Registered office

Albion Flour Mills, Stockport, SK4 1TZ

Registered number

00260082

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

WM Nelstrop and Company Limited

Report of the directors for the year ended 31 March 2013

The directors submit their report together with the audited financial statements for the year ended 31 March 2013

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year

The directors proposed an interim dividend of 200p (2012 - 300p) per share which was paid post year end. No final dividend has been declared (2012 - 300p per share)

Principal activities and future developments

The principal activity of the Company continued to be that of flour milling

Review of business

The profit and loss is set out on page 5 and shows turnover for the year of £50,575,664 (2012 - £51,188,276) and loss before tax for the year of £1,638,225 (2012 - Loss before tax for the year £39,417)

Severe UK wheat quality issues, resulting in the need to import more expensive wheat grades, have substantially affected the profitability of the company in this financial year. In addition, one major flour customer went into administration for which losses have been provided for. The company is fortunate to have a very strong reserve position which has been amassed to weather periods such as this.

The company takes a long term view of business performance and continues to invest in the quality of products, capacity and efficiency of the business.

There have been no significant events since the balance sheet date.

Key Performance Indicators

The directors consider the key performance indicators for the business to be the sales volumes, margins and operating costs. The profit and loss account shows the figures related to these indicators. The directors are satisfied with the performance in each of these areas given the prevailing trading conditions.

Principal risks and uncertainties

The Company is exposed to commodity price risk as part of its operations. The company hedges its exposure appropriately through forward buying and the use of futures contracts on international exchanges.

The Company's exposure to credit is primarily attributable to its trade debtors. Debtor levels are closely monitored.

Corporate Responsibility

The company provides support to local projects and charities which are considered to provide significant benefits to the community.

The company is committed to a policy which recognises environmental issues in all aspects of its business.

Directors

The directors of the company during the year were

C J Nelstrop (Chairman)	A P F Nelstrop
P A Roberts	M B Nelstrop
Dr G A Nelstrop	
C H Syers (Managing Director)	
S J M Roberts	

WM Nelstrop and Company Limited

Report of the directors for the year ended 31 March 2013 (continued)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political and charitable donations

During the year the group made charitable donations of £1,150 (2012 - £780)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

C J Nelstrop
Director



Date 8 November 2013

WM Nelstrop and Company Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WM NELSTROP AND COMPANY LIMITED

We have audited the financial statements of WM Nelstrop and Company Limited for the year ended 31 March 2013 which comprise profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditors

As explained more fully in the statement of directors' responsibilities, 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.

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 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WM Nelstrop and Company Limited

Independent auditor's report (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



*Julien Rye (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
Date 8 November 2013*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

WM Nelstrop and Company Limited

Profit and loss account for the year ended 31 March 2013

	Note	2013 £	2013 £	2012 £	2012 £
Turnover	2		50,575,664		51,188,276
Cost of sales			(47,761,900)		(46,739,791)
Gross profit			2,813,764		4,448,485
Distribution costs		3,322,512		2,958,730	
Administrative expenses		2,125,532		1,932,400	
			5,448,044		4,891,130
			(2,634,280)		(442,645)
Other operating income	3		64,235		65,868
Operating loss	4		(2,570,045)		(376,777)
Other interest receivable and similar income	7		931,820		337,360
Loss on ordinary activities before taxation			(1,638,225)		(39,417)
Taxation on loss on ordinary activities	8		339,980		36,559
Loss for the financial year			(1,298,245)		(2,858)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

WM Nelstrop and Company Limited

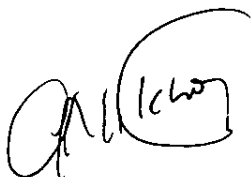
Balance sheet at 31 March 2013

Company Number 00260082

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	10		4,575,770		4,816,440
Current assets					
Stocks	11	3,386,788		2,898,662	
Debtors	12	8,796,737		6,472,959	
- due within one year		8,697,773		6,369,577	
- due after more than one year		98,964		103,382	
Investments	13	4,385,553		6,830,412	
Cash at bank and in hand		4,031,984		2,334,150	
		20,601,062		18,536,183	
Creditors: amounts falling due within one year	14	6,698,417		3,063,939	
Net current assets			13,902,645		15,472,244
Total assets less current liabilities			18,478,415		20,288,684
Provisions for liabilities and charges					
Deferred taxation	15		-		339,980
			18,478,415		19,948,704
Capital and reserves					
Called up share capital	16		28,674		28,674
Capital redemption reserve	17		23,268		23,268
Profit and loss account	17		18,426,473		19,896,762
Shareholders' funds	18		18,478,415		19,948,704

These financial statements were approved by the directors and authorised for issue on 8 November 2013

C J Nelstrop
Director



The notes on pages 8 to 17 form part of these financial statements

WM Nelstrop and Company Limited

Consolidated cash flow statement for the year ended 31 March 2013

	Note	2013 £	2012 £
Net cash (outflow)/inflow from operating activities	22	(1,518,373)	457,073
Returns on investments and servicing of finance	23	193,680	265,588
Corporation tax received		187,329	80,942
Capital expenditure	23	(161,706)	(304,078)
		<u>(1,299,070)</u>	<u>499,525</u>
Dividends paid		(172,044)	(172,044)
Cash (outflow)/inflow before use of liquid resources		(1,471,114)	327,481
Management of liquid resources	23	3,168,948	1,025,584
		<u>3,168,948</u>	<u>1,025,584</u>
Increase in cash	24	<u>1,697,834</u>	<u>1,353,065</u>
Reconciliation of net cash flow to movement in net funds (note 24)			
		2013 £	2012 £
Increase in cash in the year		1,697,834	1,353,065
Inflow from changes in liquid resources		(3,168,948)	(1,025,584)
Increase in valuation of investments within liquid resources		724,089	93,450
		<u>(2,767,125)</u>	<u>(578,079)</u>
Change in net funds in the year		(1,069,291)	775,406
Net funds at beginning of year		9,164,562	8,743,631
		<u>9,164,562</u>	<u>8,743,631</u>
Net funds at end of year		<u>8,417,537</u>	<u>9,164,562</u>

The notes on pages 8 to 17 form part of these financial statements

WM Nelstrop and Company Limited

Notes forming part of the financial statements for the year ended 31 March 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards. The principal accounting policies are as follows:

Turnover

Turnover represents sales to external customers at invoiced amounts excluding value added tax and discounts.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives. It is calculated from the addition date, using the following rates:

Freehold buildings	-	2% per annum straight line
Motor vehicles	-	25% per annum on written down value
Plant and machinery	-	Written down over 10-20 years straight line

A full year's depreciation is charged in the year of acquisition and assets under construction are not depreciated.

Gains and losses on disposal of fixed assets

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, being the historic cost (less any provisions made).

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and consumables - cost of purchase on a first in, first out basis

Finished goods and goods for resale - cost of raw materials and labour together with attributable overheads based on the actual level of activity

Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value. Investments held as current assets are stated at the lower of cost and market value.

The investment bonds will be taxed under the loan relationship rules from 1 April 2008.

The historic cost basis has been used and no income has been recognised in the accounts for the current year. As such there is no taxable income in the year.

Financial instruments

Futures contracts are used to hedge against wheat price movements. Any resulting gains and losses are recognised in the profit and loss account when they occur.

WM Nelstrop and Company Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for

- timing differences arising on revalued properties unless the company has entered into a binding sale agreement at the year end and it is not intending to take advantage of rollover relief, and
- deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax liabilities arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed as and when all conditions for retaining those allowances have been met

Deferred tax balances are not discounted

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Leased assets

Annual rents received from operating leases are credited to the profit and loss account on a straight line basis over the term of the lease, with the leased asset accounted for in accordance with the policy for tangible fixed assets.

Foreign currency

Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction. Exchange differences are taken to the profit and loss account.

Pension costs

The group operates a defined contribution pension scheme for executive directors, the contributions to which are determined by the directors. In addition the group contributes to individual staff pension scheme arrangements.

Contributions for both of the above are charged to the profit and loss account in the year in which they become payable.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

2 Turnover

	2013 £	2012 £
Analysis by geographical market		
United Kingdom	46,381,942	51,188,276
Rest of Europe	4,375,722	-
	<hr/>	<hr/>
	50,575,664	51,188,276
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company

3 Other operating income

	2013 £	2012 £
Rents receivable	43,720	43,800
Weighbridge income	18,133	21,122
Other operating income	2,382	946
	<hr/>	<hr/>
	64,235	65,868
	<hr/>	<hr/>

4 Operating loss

	2013 £	2012 £
This is arrived at after charging		
Depreciation	424,520	415,842
Auditors' remuneration - audit services	15,950	15,500
- tax services	11,000	11,000
- all other services	1,000	2,050
Staff costs (note 5)	2,476,386	2,602,564
	<hr/>	<hr/>

5 Employees

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

	2013 Number	2012 Number
Full time - management	7	7
- office	3	3
- production	33	33
- sales	6	6
Part time	5	5
	<hr/>	<hr/>
	54	54
	<hr/>	<hr/>

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

5 Employees (*continued*)

Staff costs for all employees, (including directors) consist of

	2013 £	2012 £
Wages and salaries	2,166,083	2,289,274
Social security costs	271,381	275,648
Other pension costs	38,922	37,642
	<u>2,476,386</u>	<u>2,602,564</u>

6 Directors' remuneration

Directors' emoluments consist of

	2013 £	2012 £
Emoluments for services	322,300	319,279
Contributions to defined contribution pension schemes	-	-
	<u>322,300</u>	<u>319,279</u>

Directors who are in defined contribution pension schemes are as follows

Number	Number
3	3

Emoluments of the highest paid director amounted to £98,652 (2012 - £102,819)

7 Interest receivable and similar income

	2013 £	2012 £
Interest from short term investments and deposits	187,658	243,910
Profit on disposal of current asset investments	744,162	65,088
Increase in value of current asset investments	-	28,362
	<u>931,820</u>	<u>337,360</u>

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (continued)

8 Taxation on profit on ordinary activities

	2013 £	2013 £	2012 £	2012 £
<i>UK corporation tax</i>				
Current tax (credit)/charge on loss for the year	-		-	
Adjustment in respect of previous periods	-		(12,702)	
Total current tax credit		-		(12,702)
<i>Deferred tax</i>				
Origination and reversal of timing differences		(339,980)		(23,857)
Taxation credit on loss on ordinary activities		(339,980)		(36,559)

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(1,638,225)	(39,417)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2012 - 26%)	(327,645)	(10,248)
Effect of:		
Expenses not deductible for tax purposes	1,329	2,400
Other short term timing differences	(6,863)	(9,357)
Adjustment to tax charge in respect of previous periods	-	(12,702)
Capital allowances for the period in excess of depreciation	(3,690)	(35,734)
Unrelieved tax losses and other deductions arising in the period	326,874	40,616
Depreciation on assets not eligible for capital allowances		
Industrial Building Allowances	9,995	12,323
	-	(12,702)

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

9 Dividends

	2013 £	2012 £
Ordinary shares		
Interim paid of 300p (2012 - 300p) per share	86,022	86,022
Final proposed for the prior year 300p per share (2012 - 300p) per share	86,022	86,022
	<hr/>	<hr/>
	172,044	172,044
	<hr/>	<hr/>

Interim and final dividends of 200p (2012 - 300p) and £nil (300p) respectively have been declared in respect of the year, however in accordance with FRS21 have not been provided for as at 31 March 2013

10 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 April 2012	2,082,293	9,746,270	104,215	11,932,778
Additions	-	170,609	18,409	189,018
Disposals	-	(1,048,441)	(30,530)	(1,078,971)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	2,082,293	8,868,438	92,094	11,042,825
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2012	563,115	6,484,260	68,963	7,116,338
Provided for the year	41,646	370,976	12,198	424,820
Disposals	-	(1,048,441)	(25,662)	(1,074,103)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	604,761	5,806,795	55,499	6,467,055
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2013	1,477,532	3,061,643	36,595	4,575,770
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	1,519,178	3,262,010	35,252	4,816,440
	<hr/>	<hr/>	<hr/>	<hr/>

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

11 Stocks

	2013 £	2012 £
Raw materials and consumables	2,734,618	2,228,057
Finished goods and goods for resale	652,170	670,605
	<u>3,386,788</u>	<u>2,898,662</u>

In the opinion of the directors, the replacement cost of stock is not materially different from the above carrying value

12 Debtors

	2013 £	2012 £
Trade debtors	8,039,667	5,506,113
Other debtors	139,618	162,655
Prepayments and accrued income	287,299	415,278
Taxation and social security	330,153	201,558
Corporation tax receivable	-	187,355
	<u>8,796,737</u>	<u>6,472,959</u>

All amounts shown under debtors fall due for payment within one year except, other debtors of £98,964 (2012 - £103,382)

13 Investments

	2013 £	2012 £
Short term listed investments	<u>4,385,553</u>	<u>6,830,412</u>

14 Creditors falling due within one year

	2013 £	2012 £
Trade creditors	5,342,870	1,724,115
Taxation and social security	78,615	89,743
Other creditors	8,234	26,948
Accruals	1,268,698	1,223,133
	<u>6,698,417</u>	<u>3,063,939</u>

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (*continued*)

15 Provision for liabilities		Deferred taxation £
<i>Deferred taxation</i>		
At 1 April 2012		339,980
Credited to profit and loss account		(339,980)
		<hr/>
At 31 March 2013		-
		<hr/>
16 Share capital		
	Allotted, called up and fully paid	
	2013	2012
	£	£
Ordinary shares of £1	28,674	28,674
	<hr/>	<hr/>
17 Reserves		
	Capital Redemption reserve £	Profit and loss account £
At 1 April 2012	23,268	19,896,762
Loss for the year	-	(1,298,245)
Dividend paid in the year	-	(172,044)
	<hr/>	<hr/>
At 31 March 2013	23,268	18,426,473
	<hr/>	<hr/>
18 Reconciliation of movements in shareholders' funds		
	2013	2012
	£	£
Opening shareholders' funds	19,948,704	20,123,606
Loss for the year	(1,298,245)	(2,858)
Dividends	(172,044)	(172,044)
	<hr/>	<hr/>
Closing shareholders' funds	18,478,415	19,948,704
	<hr/>	<hr/>

WM Nelstrop and Company Limited

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

19 Pensions

The group operates a defined contribution pension scheme for executive directors and contributes to individual pension arrangements of other employees. The assets of these arrangements are held separately from those of the company and the pension cost charge (note 5) represents contributions payable by the company to the above arrangements. At 31 March 2013 £nil (2012 - £nil) was payable under the arrangements.

20 Capital commitments and future contracts

There were no contracted capital commitments at the balance sheet date (2012 - £nil) relating to capital expenditure.

At the year end the company is committed to purchasing stock of £4,251,794 (2012 - £nil).

21 Related party transactions

During the year the company sold goods to the value of £573,526 (2012 - £665,257) to Freshpack Limited, a company in which P A Roberts and S J M Roberts are shareholders. The transactions were on normal commercial terms. The year end balance with Freshpack was £61,653 (2012 - £32,228).

Included within other debtors is a loan due from M B Nelstrop of £3,750 (2012 - £5,550).

The directors received dividends in aggregate of £140,886 (2012 - £140,886).

22 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2013 £	2012 £
Operating loss	(2,570,045)	(376,777)
Depreciation charges	424,820	415,842
Loss/(profit) on sale of tangible assets	618	(946)
(Increase)/decrease in stocks	(488,126)	511,551
(Increase)/decrease in debtors	(2,520,118)	1,371,475
Increase/(decrease) in creditors	3,634,478	(1,464,072)
Net cash (outflow)/inflow from operating activities	(1,518,373)	457,073

WM Nelstrop and Company Limited

Notes forming part of the financial statements
for the year ended 31 March 2013 (continued)

23 Gross cashflows

	2013 £	2012 £
Returns on investment and servicing of finance		
Interest received	193,680	265,588
Net cash inflow	193,680	265,588
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(189,018)	(312,079)
Decrease in loans receivable	23,062	-
Receipts from sale of tangible fixed assets	4,250	8,001
Net cash outflow	(161,706)	(304,078)
Management of liquid resources		
Purchase of current asset investments	-	(273,011)
Increase in short term deposits	-	(114,509)
Sale of current asset investments	3,168,948	1,413,104
Net cash inflow	3,168,948	1,025,584

24 Analysis of changes in net funds

	At 1 April 2012 £	Cash flows £	Non- cashflows £	At 31 March 2013 £
Cash in hand and at bank	2,334,150	1,697,834	-	4,031,984
Current asset investments	6,830,412	(3,168,948)	724,089	4,385,553
	9,164,562	(1,471,114)	724,089	8,417,537

The non-cashflow movement relates to the movement in market value of current asset investments