Associated Cold Stores & Transport Limited

Annual report

for the year ended 1 January 2011

Registered Number 553154

Associated Cold Stores & Transport Limited

Annual Report for the year ended 1 January 2011

Contents

Associated Cold Stores and Transport Limited

Directors and Advisors for the year ended 1 January 2011

Directors
M Johnstone
C Ames
C Robinson
S Tomlinson

Company secretary
A Mathur (appointed 29 March 2011)
M Conway (resigned 29 March 2011)

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

Bankers
HSBC Bank plc
Eastcheap
London
EC3M 1ED

Principal Place of Business
Estate Road No 2
South Humberside Industrial Estate
Grimsby
DN31 2TG

Registered Office
Linton Park
Linton
Near Maidstone
Kent
ME17 4AB

Registered Number
553154

Associated Cold Stores and Transport Limited

Directors' report for the year ended 1 January 2011

The dırectors present theır report and the audıted financıal statements of the company for the year ended 1 January 2011

Principal activitıes
The prıncıpal actıvıtıes of the company are temperature controlled storage and dıstrıbutıon and dry goods warehousıng

The company ıs a lımıted company, domıcıled and ıncorporated ın the Unıted Kıngdom The prıncıpal place of busıness ıs sıtuated ın Grımsby, Lıncolnshıre, whıch ıs dıfferent to the regıstered office wıth the address as set out on the prevıous page

Review of business and future developments
The total comprehensıve ıncome and expendıture for the year ıs set out on page 8

Tradıng condıtıons were challengıng for both ACS&T and ıts customers throughout 2010 due to the general downtown of the UK economy The ımpact was wıtnessed ın the faılure of a number of our customers, most notably Brıtısh Seafood at the start of the year Whılst our tıght financıal controls meant all debt was recovered, tradıng for the remaınder of the year was adversely ımpacted

In the cold storage and dıstrıbutıon market over-capacıty remaıns a challenge puttıng pressure on the utılısatıon of our assets and customer rates

The ongoıng strategy of centralısıng our Foodservıce offerıng has secured sıgnıficant busıness wıns wıth new and exıstıng clıents Thıs coupled wıth our cost savıng ınıtıatıves, has put us ın a strong posıtıon to secure new busıness contracts goıng forward and recover our profitabılıty

The balance sheet remaıns strong and the busıness contınues to be cash-generatıve allowıng ACS&T to contınually ınvest to ensure long-term profitable growth

The company measured ıts performance for the year ended 1 January 2011 usıng a serıes of key performance ındıcators as follows

Gross margın % 10 9% (2010 20 6%)

Debtor days 46 days (2010 46 days)

Credıtor days 55 days (2010 46 days)

Dividends
No dıvıdends have been paıd or proposed for the year ended 1 January 2011 (2010 £nıl)

Directors' report for the year ended 1 January 2011 (continued)

Financial risk management
The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit adverse affects on the financial performance of the company

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The company's finance department implements the policies set by the board of the directors and by Linton Park plc and Camellia plc, its parent companies

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual warehouse customer is limited by the warehouse keeper's lien

Liquidity risk
The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions The company also has access to longer term funding from its ultimate parent undertaking, if required

Interest rate cash flow risk
The company has interest bearing liabilities Interest bearing liabilities include overdraft balances, all of which bear interest at a floating rate Interest bearing liabilities also include hire purchase contracts that bear interest at fixed rates The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Associated Cold Stores and Transport Limited

Directors' report for the year ended 1 January 2011 (continued)

Directors
The current directors of the company are listed on page 1

Employees
The company's policy is to consult and discuss with employees on any matters likely to affect their interests

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate Should any employee become disabled, every practical effort is made to provide continuing employment

Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the company The company has also achieved certification as an Investor in People partly in recognition of the work done in improving the awareness of its employees

Policy and practice on payment of creditors
In respect of all suppliers it is the company's policy to settle the terms of payment when agreeing the terms of the related transaction, to ensure that the suppliers are made aware of the terms and then to abide by those terms

The company's average creditor payment period at 1 January 2011 was 55 days (2010 46 days)

Associated Cold Stores and Transport Limited

Directors' report for the year ended 1 January 2011 (continued)

Statement of 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

By order of the Board

Managing Director

22 September 2011

Independent Auditors' report to the members of Associated Cold Stores and Transport Limited

We have audited the financial statements of Associated Cold Stores & Transport Limited for the year ended 1 January 2011 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flow, the Statement of Changes in Equity, the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 1 January 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent Auditors' report to the members of Associated Cold Stores and Transport Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

S J Simpson

Steve Simpson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
23 September 2011

Statement of Comprehensive Income for the year ended 1 January 2011

	Note	1 January 2011 £	2 January 2010 £
Revenue	1	**16,390,284**	23,069,332
Cost of sales		**(14,597,664)**	(18,299,225)
Gross profit		**1,792,620**	4,770,107
Administrative expenses		**(2,710,463)**	(3,682,106)
Operating (loss)/profit before exceptional costs		**(917,843)**	1,088,001
Exceptional reorganisation costs	3	**(113,818)**	(253,927)
Operating (loss)/profit	2	**(1,031,661)**	834,074
Interest receivable		**10,158**	8,781
Finance costs	6	**(55,223)**	(99,357)
(Loss)/Profit on ordinary activities before taxation		**(1,076,726)**	743,498
Income tax	7	**367,912**	329,227
(Loss)/Profit for the year attributable to equity shareholders		**(708,814)**	1,072,725
Total comprehensive (expenditure)/income for the year		**(708,814)**	1,072,725

All of the operations included in the statement of comprehensive income above relate to continuing operations

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above, and their historical cost equivalents

Statement of changes in shareholders' equity for the year ended 1 January 2011

	Share capital	Retained earnings	Total equity
	£	£	£
At 27 December 2008	9,000,000	4,618,046	13,618,046
Profit for the year	-	1,072,725	1,072,725
At 2 January 2010	9,000,000	5,690,771	14,690,771
Loss for the year	-	(708,814)	(708,814)
At 1 January 2011	**9,000,000**	**4,981,957**	**13,981,957**

Associated Cold Stores and Transport Limited

Balance sheet as at 1 January 2011

	Note	1 January 2011	2 January 2010
		£	£
Non-current assets			
Property, plant and equipment	8	**11,546,767**	13,516,566
Deferred tax assets	14	**1,055,743**	687,831
Total Non-current assets		**12,602,510**	14,204,397
Current assets			
Inventories	9	**159,978**	162,200
Trade and other receivables	10	**3,282,806**	3,937,239
Cash and cash equivalents		**1,612,398**	789,970
Total current assets		**5,055,182**	4,889,409
Current liabilities			
Trade and other payables	11	**2,915,633**	2,702,936
Financial liabilities borrowings	12	**435,083**	574,497
Provisions for liabilities	15	**-**	150,000
Total current liabilities		**3,350,716**	3,427,433
Net current assets		**1,704,466**	1,461,976
Total assets less current liabilities		**14,306,976**	15,666,373
Non current liabilities			
Financial liabilities borrowings	12	**160,169**	545,752
Amounts due to group undertakings	13	**164,850**	429,850
Total non-current liabilities		**325,019**	975,602
Net assets		**13,981,957**	14,690,771
Equity			
Called up share capital	16	**9,000,000**	9,000,000
Retained earnings		**4,981,957**	5,690,771
Total shareholders' equity		**13,981,957**	14,690,771

The financial statements were approved by the board of directors on 22 September 2011 and were signed on its behalf by

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

Associated Cold Stores and Transport Limited

Cash Flow Statement for the year ended 1 January 2011

	Note	1 January 2011	2 January 2010
		£	£
Cash flows from operating activities			
Cash generated from operations	21	**1,451,822**	2,978,500
Interest paid		**(55,223)**	(99,357)
Interest received		**10,158**	8,781
Net cash flow from operating activities		**1,406,757**	2,887,924
Cash flows from investing activities			
Purchase of property, plant and equipment		**(249,932)**	(1,186,438)
Proceeds from sale of property, plant and equipment	21	**455,600**	94,900
Net cash flow from investing activities		**205,668**	(1,091,538)
Cash flows from financing activities			
Net movement in intra group loans		**(265,000)**	(875,000)
Repayment of borrowings		**(574,497)**	(732,440)
Net cash flow from financing activities		**(839,497)**	(1,607,440)
Net increase in cash and cash equivalents		**772,928**	188,946
Cash and cash equivalents at beginning of the year		**789,970**	601,024
Cash and cash equivalents at end of the year		**1,562,898**	789,970

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts

	1 January 2011	2 January 2010
	£	£
Cash at bank and in hand	**1,612,398**	789,970
Bank overdrafts	**(49,500)**	-
	1,562,898	789,970

Associated Cold Stores and Transport Limited

Accounting policies

The principal accounting policies in the presentation of these financial statements are set out below These policies have been consistently applied to all years, unless otherwise stated

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU

The financial statements have been prepared on the historical cost basis, where cost includes the deemed cost of property on transition to IFRS

New standards and interpretations

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

i) IFRIC 17 "Distributions of non-cash assets to owners" - effective on or after July 1, 2009 The interpretation was published in November 2008 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends

ii) IAS 36 (amendment) "Impairment of assets" - effective from 1 January 2010 This amendment clarifies the largest cash generating unit (or Group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating Segments" (that is, before the aggregation of segments with similar economic characteristics)

iii) IFRS 5 (amendment) "Non-current assets held for sale and discontinued operations" - effective from 1 January 2010 This amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting period beginning on or after 2 January 2011, or later periods, but the company has not early adopted them

i) IFRS 9 "Financial instruments" - effective for annual periods beginning on or after January 1, 2013

ii) IAS 24 (revised) "Related party disclosures" - effective from 1 January 2011

Associated Cold Stores and Transport Limited

Accounting policies (continued)

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes

Revenue, other than for handling goods, is recognised at the point of raising an invoice in respect of that activity Revenue for handling is recognised at the point that the goods are actually handled

Foreign currency translation
The financial statements are presented in sterling which is the company's functional and presentational currency Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date

Inventories
Inventories are stated at the lower of cost, assessed on a FIFO basis, and net realisable value Provision has been made for obsolete and slow moving items where necessary

Property, plant and equipment
All property, plant and equipment is shown at cost less subsequent depreciation and impairment Cost includes expenditure that is directly attributable to the acquisition of these assets Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred

No depreciation is provided on freehold land Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives, which are as follows

Land & Buildings -	
Freehold buildings	10 - 40 years
Long leasehold buildings	period of lease
Short leasehold buildings	period of lease
Plant & Machinery -	
General Plant and machinery	3 - 24 years
Motor vehicles	4 - 10 years
Fixtures & Fittings	3 - 24 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement

Accounting policies (continued)

Impairment of Assets
Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, where the value in use is measured based on the future discounted cash flows ('DCF') For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units)

A number of significant assumptions and estimates are involved in using DCF models to forecast operating cash flows, for example with respect to factors such as market growth rates, revenue volumes, capital expenditures and working capital requirements Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses using historical trends, general market conditions and other available information These assumptions are subject to review by management and the Board of Directors The cash flow forecasts are adjusted by an appropriate discount rate derived from the Company's cost of capital at the date of the evaluation

Trade receivables
Trade receivables are carried at original invoice amount less provision made for impairment of these receivables A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms The amount of the provision is recognised in the statement of comprehensive income

Cash and cash equivalents
Cash and cash equivalents comprise deposits with banks and other bank and cash balances For the purposes of the cash flow statement cash equivalents include bank overdrafts In the balance sheet, bank overdrafts are included in borrowings in current liabilities

Finance and operating leases
Leases of property, plant and equipment, where the company has substantially all the risks and rewards of ownership, are classified as finance leases Finance leases are capitalised at the lease's inception at the lower of fair value of the leased asset and the present value of the minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding The corresponding rental obligations, net of finance charges, are included in Financial liabilities borrowings The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period The property, plant and equipment acquired under finance leases is depreciated over the useful lives of equivalent owned assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease

Accounting policies (continued)

Borrowings
Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year adjusted to take account of losses surrendered by group companies Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

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

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

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

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker The chief operating decision maker, who is responsible for allocating resources and assessing performance, has been identified as the board of directors

Associated Cold Stores and Transport Limited

Accounting policies (continued)

Provisions
Provisions for onerous leases are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably established Provisions are not recognised for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation The increase in the provision due to the passage of time is recognised as an interest expense

Notes to the financial statements for the year ended 1 January 2011

1 Revenue and segmental reporting

The directors consider that the operations of the company fall into one operating segment, being temperature controlled storage and distribution and dry goods warehousing All turnover, arising from the one operating segment, has been generated in the United Kingdom

2 Operating profit

	1 January 2011 £	2 January 2010 £
Operating profit is stated after including:		
Staff costs (note 4)	**5,706,106**	8,082,531
Depreciation of property, plant and equipment		
- Owned	**1,748,561**	2,111,288
- Finance lease and hire purchase	**424,556**	590,289
Operating lease charges for the hire of plant and other assets	**501,125**	601,317
Auditors' remuneration	**26,848**	26,400
Profit on disposal of tangible fixed assets	**(408,987)**	(72,160)

The profit on disposal of tangible fixed assets includes £380,865 relating to a sale of property

3 Reorganisation costs

	1 January 2011 £	2 January 2010 £
Consultancy fees paid to third parties	**35,223**	59,724
Staff termination costs	**78,595**	194,203
	113,818	253,927

Associated Cold Stores and Transport Limited

Notes to the financial statements for the year ended 1 January 2011 (continued)

4 Employees

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

By activity	1 January 2011 Number	2 January 2010 Number
Management	**18**	17
Administration	**45**	58
Operations and sales	**147**	216
	210	291

	1 January 2011 £	2 January 2010 £
Employment costs (including directors' emoluments)		
Wages and salaries	**4,976,645**	7,102,345
Social security costs	**440,646**	574,570
Other pension costs	**288,815**	405,616
	5,706,106	8,082,531

5 Directors' emoluments

	1 January 2011 £	2 January 2010 £
Aggregate emoluments including benefits	**306,679**	306,925
Defined benefit scheme pension contributions	**-**	-
Defined contribution scheme pension contributions	**18,848**	18,692

No retirement benefits are accruing to the directors under the defined benefit scheme (2010 Nil)

Notes to the financial statements for the year ended 1 January 2011 (continued)

5 Directors' emoluments (continued)

The key management of the company is deemed to be the Board of Directors

The above emoluments include amounts paid to the highest paid director as follows

	1 January 2011	2 January 2010
	£	£
Salary and other emoluments (including benefits in kind)	**123,461**	128,824
Pension entitlement	**7,442**	7,380

6 Finance costs

	1 January 2011	2 January 2010
	£	£
Interest payable on overdrafts	**4**	136
Interest payable on finance leases	**55,219**	99,221
Finance costs	**55,223**	99,357

Notes to the financial statements for the year ended 1 January 2011 (continued)

7 Tax on profit on ordinary activities

(a) Analysis of tax credit for the year

	1 January 2011 £	2 January 2010 £
Current tax		
UK Corporation tax at 28%	-	150,000
Total current tax	-	150,000
Deferred tax (note 14)		
Reversal of timing differences	**(367,912)**	(527,100)
Adjustments in respect of previous periods	-	47,873
Total deferred tax	**(367,912)**	(479,227)
Income tax credit for the year	**(367,912)**	(329,227)

(b) Factors affecting the tax credit for the year

	1 January 2011 £	2 January 2010 £
(Loss)/Profit on ordinary activities before tax	**(1,076,726)**	743,498
Expected tax on ordinary activities at the standard rate of UK corporation tax of 28% (2010 28%)	**(301,483)**	208,179
Effects of		
Adjustment to tax in respect of prior years	-	47,873
Group relief claimed for no consideration	**(112,364)**	(730,678)
Permanent differences	**45,935**	145,399
Total tax credit for the year	**(367,912)**	(329,227)

Notes to the financial statements for the year ended 1 January 2011 (continued)

8 Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

In addition to the changes in rates of Corporation tax that were announced in the Finance Act 2010 which saw the main rate of corporation tax reduced to 27% from 1 April 2011, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011 Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or deemed cost				
At 2 January 2010	16,618,701	26,487,665	4,224,865	47,331,231
Additions	12,919	102,035	134,978	249,932
Disposals	(309,268)	(731,164)	(32,080)	(1,072,512)
Transfer between categories	11,716,982	(11,714,532)	(2,450)	-
At 2 January 2011	**28,039,334**	**14,144,004**	**4,325,313**	**46,508,651**
At 2 January 2010	10,898,439	19,497,006	3,419,220	33,814,665
Charge for the year	938,091	952,088	282,938	2,173,117
Disposals	(280,133)	(713,685)	(32,080)	(1,025,898)
Transfer between categories	8,793,944	(8,793,944)	-	-
At 1 January 2011	**20,350,341**	**10,941,465**	**3,670,078**	**34,961,884**
Net book amount				
At 1 January 2011	**7,688,993**	**3,202,539**	**655,235**	**11,546,767**
At 2 January 2010	5,720,262	6,990,659	805,645	13,516,566

Notes to the financial statements for the year ended 1 January 2011 (continued)

9 Property, plant and equipment (continued)

Plant and machinery includes the following amounts where the Company is a lessee under a finance lease

	1 January 2011	2 January 2010
	£	£
Cost	**2,157,213**	3,120,705
Accumulated depreciation	**(1,376,458)**	(1,753,928)
Net book amount	**780,755**	1,366,777

10 Inventories

	1 January 2011	2 January 2010
	£	£
Raw materials and consumables	**159,978**	162,200

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £1,962,011 (2010 £2,032,807)

The company reported inventories valued at £159,978 at the year-end (2010 £162,200) There were no write-downs of inventory (2010 £nil)

Notes to the financial statements for the year ended 1 January 2011 (continued)

11 Trade and other receivables

	1 January 2011	2 January 2010
	£	£
Amounts falling due within one year		
Trade receivables	**2,737,361**	3,462,387
Amounts due from group undertakings	**7,726**	1,301
Prepayments and accrued income	**537,719**	473,551
	3,282,806	3,937,239

The company retains the benefit of a general lien over most of the stock of its customers in its possession, which serves to limit its credit risk Credit checks on potential customers are also made, if considered appropriate, before sales are made

As of 1 January 2011, trade receivables of £446,590 (2010 £1,276,233) were past due but not impaired These relate to a number of independent customers for whom there is no recent history of default The ageing analysis of these trade receivables is as follows

	1 January 2011	2 January 2010
	£	£
Up to 3 months	**446,590**	1,276,233
Over 3 months	-	-
	446,590	1,276,233

Associated Cold Stores and Transport Limited

Notes to the financial statements for the year ended 1 January 2011 (continued)

12 Trade and other payables

	1 January 2011	2 January 2010
	£	£
Trade payables	**2,227,225**	1,989,514
Accruals and deferred income	**86,054**	303,770
Amounts due to group undertakings	-	805
Other taxation and social security payable	**602,354**	408,847
	2,915,633	2,702,936

13 Financial liabilities - borrowings

	1 January 2011	2 January 2010
	£	£
Current		
Finance lease obligations	**385,583**	574,497
Bank overdraft	**49,500**	-
	435,083	574,497

	1 January 2011	2 January 2010
	£	£
Non current		
Finance lease obligations	**160,169**	545,752
	160,169	545,752

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default

Associated Cold Stores and Transport Limited

Notes to the financial statements for the year ended 1 January 2011 (continued)

12 Financial liabilities – borrowings (continued)

Finance lease liabilities – minimum lease payments

	1 January 2011	2 January 2010
	£	£
In one year or less	**411,444**	633,732
Between one and five years	**167,234**	578,678
	578,678	1,212,410
Future finance charges on finance leases	**(32,926)**	(92,161)
	545,752	1,120,249

Finance charges on finance leases are fixed at the inception of the lease and are generally in line with borrowing rates on bank loans

All finance leases include an option to purchase the relevant asset at the end of the term of the lease at nominal amount

Finance lease liabilities – present values

	1 January 2011	2 January 2010
	£	£
In one year or less	**385,584**	574,497
Between one and five years	**160,169**	545,752
	545,752	1,120,249

The rates of interest payable by the Company were

	1 January 2011	2 January 2010
	£	£
Overdrafts	**3.1%**	3 1%
Bank loans	**n/a**	n/a

Notes to the financial statements for the year ended 1 January 2011 (continued)

13 Related party transactions

	1 January 2011 £	2 January 2010 £
Non current loans from parent company		
At 2 January 2010	**429,850**	1,304,850
Loans received during the year	**-**	150,000
Loans repaid during the year	**(265,000)**	(1,025,000)
At 1 January 2011	**164,850**	429,850

Non current loans from the parent company are interest free, unsecured and are not repayable within 12 months

14 Deferred tax asset

	1 January 2011 £	2 January 2010 £
At 2 January 2010	**687,831**	208,604
Credited to the income statement	**367,912**	479,227
At 1 January 2011	**1,055,743**	687,831

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

	Timing differences on capital allowances £	Other £	Total £
Deferred tax asset			
At 2 January 2010	596,886	90,945	687,831
Credited to the income statement	448,073	(80,161)	367,912
At 1 January 2011	**1,044,959**	**10,784**	**1,055,743**

There are no amounts of unprovided deferred tax

Notes to the financial statements for the year ended 1 January 2011 (continued)

15 Provision for liabilities

	1 January 2011	2 January 2010
	£	£
At 2 January 2010	**150,000**	123,599
Released in the year	**(150,000)**	(123,599)
Charged to the income statement	-	150,000
At 1 January 2011	-	150,000

The provision for liabilities in the prior year related to an onerous lease

16 Share capital

	1 January 2011	2 January 2010
	£	£
Authorised, allotted, called up and fully paid		
9,000,000 ordinary shares of £1 each	**9,000,000**	9,000,000

17 Pensions

The pension cost charge for the year is disclosed as 'other pension costs' in note 4

Linton Park plc, the immediate holding company of Associated Cold Stores & Transport Limited, operates a group personal pension plan and The Linton Park Group Pension Scheme ("the Scheme"), a funded final salary pension scheme of which Associated Cold Stores & Transport Limited is a participating employer The Scheme's assets are administered by trustees and are kept separate from those of the group Contributions to the group personal pension plan are charged to the income statement when payable

The amount of the employers' contributions to the Scheme are assessed by the scheme's actuary and agreed by the trustees and Linton Park Plc, the principal employer of the scheme A full actuarial valuation of the Scheme was last undertaken as at the 1 January 2006, updated in March 2008 and showed a deficit of £1,120,000 Full details of the actuarial valuation of the group scheme are contained in the notes to the financial statements of Linton Park plc

Notes to the financial statements for the year ended 1 January 2011 (continued)

17 Pensions (continued)

The company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and has consequently accounted for the scheme as if it were a defined contribution scheme, as permitted by IAS19

At 1 January 2011 the company had accrued unpaid contributions of £34,066 (2010 £34,028)

The company also operates a defined contribution scheme The charge to the income statement for the year ended 1 January 2011 was £49,211 (2010 £46,555)

18 Commitments

	1 January 2011 £	2 January 2010 £
Future capital expenditure		
Contracted but not provided for	**11,610**	147,999

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

	1 January 2011 £	2 January 2010 £
Not later than 1 year	**473,066**	456,637
Later than 1 year and not later than 5 years	**1,184,047**	1,162,148
Later than 5 years	**1,568,355**	2,066,855
	3,225,468	3,685,640

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

Associated Cold Stores and Transport Limited

Notes to the financial statements for the year ended 1 January 2011 (continued)

19 Financial Instruments

Capital risk management
The company manages its capital to ensure that the company will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance The capital structure of the company consists of debt, which includes the borrowings disclosed in note 12, cash and cash equivalents and equity comprising issued capital and retained earnings

Categories of financial instruments
The company's principal financial liabilities comprise bank overdrafts, amounts due to fellow subsidiary companies and trade payables The main purpose of these financial liabilities is to provide working capital for the company The company's financial assets consist of trade and other receivables and cash and cash equivalents

Financial Assets

	1 January 2011	2 January 2010
	£	£
Cash and cash equivalents	**1,612,398**	789,970
Trade and other receivables	**2,737,361**	3,462,387
	4,349,759	4,252,357

Financial Liabilities

	1 January 2011	2 January 2010
	£	£
Trade and other payables	**2,227,225**	1,989,514
Borrowings	**595,252**	1,120,249
Amounts due to group companies – non-current	**164,850**	429,850
	2,987,327	3,539,613

Notes to the financial statements for the year ended 1 January 2011 (continued)

19 Financial Instruments (continued)

Financial risk management objectives
The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk The Board of Directors reviews and agrees policies for managing each of these risks, which is summarised below

Interest rate risk
The company's exposure to the risk of changes in market interest rates relates to the company's overdrafts at floating interest rates

A 1% change in interest rates, using the company's average overdraft balance during the year would increase/reduce the company's profit before tax by £nil

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual warehouse customer is limited by the warehouse keeper's lien At the year end five customers accounted for 55% of the total trade receivable balance and £446,590 was past due but not impaired

Liquidity Risk
The company manages its liquidity risk through the preparation of cash flow projections and the monitoring of accounts receivable and payable It has access to banking facilities and inter-company funding so as to ensure that it has sufficient funds available to operate

Notes to the financial statements for the year ended 1 January 2011 (continued)

19 Financial Instruments (continued)

The table below summarises the maturity profile of the Company's financial liabilities at 1 January based upon contractual undiscounted payments

1 January 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	£	£	£	£	£
Interest bearing	-	102,861	308,583	167,234	578,678
Trade and other payables	-	2,227,225	-	-	2,227,225
		2,330,086	**308,583**	**167,234**	**2,805,903**
2 January 2010					
Interest bearing	49,500	158,433	475,299	578,678	1,261,910
Trade and other payables	-	1,989,514	-	-	1,989,514
	49,500	**2,147,947**	**475,299**	**578,678**	**3,251,424**

At 1 January 2011, the company had undrawn agreed overdraft facilities of £500,000, which are due for review in less than one year from the year end date

Notes to the financial statements for the year ended 1 January 2011 (continued)

20 Ultimate and immediate parent companies

The parent company is Linton Park plc, which is registered in England and Wales and the senior parent company that produces consolidated accounts is Camellia plc, which is registered in England and Wales

Copies of the Camellia plc report and accounts prepared in accordance with International Financial Reporting Standards can be obtained from Linton Park, Linton, near Maidstone, Kent, ME17 4AB

The ultimate controlling party is the Camellia Foundation, a Bermudian Trust

21 Cash generated from operations

	1 January 2011	2 January 2010
	£	£
(Loss)/Profit on ordinary operations before taxation	**(1,076,726)**	743,498
Adjustments for		
Depreciation	**2,173,117**	2,701,577
Profit on the sale of property, plant and equipment	**(408,987)**	(72,160)
Interest expense	**55,223**	99,357
Interest income	**(10,158)**	(8,781)
Changes in working capital		
Inventories	**2,222**	(5,545)
Trade and other receivables	**654,433**	538,615
Trade and other payables	**62,698**	(1,018,061)
	1,451,822	2,978,500

Notes to the financial statements for the year ended 1 January 2011 (continued)

21 Cash generated from operations (continued)

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

	1 January 2011	2 January 2010
	£	£
Cost value of disposals of property, plant and equipment	**1,072,511**	1,642,282
Accumulated depreciation of disposals of property, plant and equipment	**(1,025,898)**	(1,619,542)
Net book amount	**46,613**	22,740
Profit on the sale of property, plant and equipment	**408,987**	72,160
Proceeds from the sale of property, plant and equipment	**455,600**	94,900