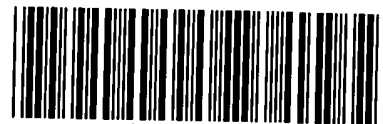


**Associated Cold Stores & Transport
Limited**
**Annual report and financial statements
for the year ended 31 December 2016**

Registered Number: 553154

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Associated Cold Stores & Transport Limited

Annual Report and financial statements for the year ended 31 December 2016

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Directors and Advisors for the year ended 31 December 2016

Directors

M Johnstone

S Tomlinson

T Franks

K Lea (appointed 01/02/2016)

Company secretary

J Morton

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

2 Humber Quays

Wellington Street West

Hull

HU1 2BN

Bankers

HSBC Bank plc

1-3 Bishopgate

London

EC2N 3AQ

Principal Place of Business

Estate Road No. 2

South Humberside Industrial Estate

Grimsby

DN31 2TG

Registered Office

Linton Park

Linton

Maidstone

Kent

England

ME17 4AB

Registered Number

553154

Strategic report for the year ended 31 December 2016

The directors present their strategic report on the company for the year ended 31 December 2016.

Review of business and future developments

The total comprehensive income and expenditure for the year is set out on page 9.

The Directors acknowledge that the business has declared results slightly lower than in the period ended 2 January 2016, showing an operating profit of £0.7m (2 January 2016: £0.8m). The results are deemed acceptable given the competitive environment in which the business operates.

The turnover in 2016 decreased to £20.9m (2 January 2016: £22.9m). Both warehousing and distribution turnover decreased. Our London-based warehousing and distribution operation, delivering into the south of the country, was sold in October 2015. The company also chose to withdraw from some unprofitable distribution business.

As ever, there was a strong focus on cost control and better utilisation of assets. Despite the distribution turnover decreasing, there was a significant improvement in the profitability of our distribution business due, in part, to the better utilisation of trucks.

In 2015 the company invested £1.4m on a new “Tier 1” state-of-the-art warehouse management system and associated IT infrastructure. The implementation began in late 2015 and was completed in Q1 2016 and was deemed very successful. This investment allows us to further enhance our service offering to our customers and is a key-differentiator to the competition. This continues our strategy of continued investment in the business to ensure long-term profitable growth. The investment was made using cash reserves rather than through debt and this is an indication of the financial strength of the company.

In 2016, the company continued to invest in recruitment and the training of its staff to grow the skills and the capabilities of the workforce. We expanded the apprenticeship training program to employ staff in our Engineering, Customer Services and IT departments.

At the end of 2016, the company was in a strong financial position with the net assets having increased to £16.6m (2 January 2016: £16.5m).

Looking towards the future, in 2017 the company will continue to invest in its LGV fleet, taking advantage of new technologies to provide improved fuel efficiencies. We plan to further expand our fleet of 30-pallet refrigerated long trailers reducing the number of journeys required compared to standard 26-pallet trailers. Market conditions remain challenging but the Directors are confident in the strategic direction of the business.

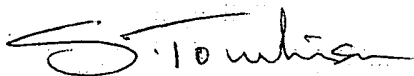
Strategic report for the year ended 31 December 2016 (continued)

Key performance indicators (KPI's)

The company measured its performance for the year ended 31 December 2016 using a series of key performance indicators as follows:

| | |
|-----------------|-----------------------------------|
| Gross margin %: | 20.3% (2 January 2016: 20.3%) |
| Debtor days: | 59 days (2 January 2016: 59 days) |

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



S Tomlinson

Director

Date 17 May 2017

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Principal activities

The principal activities of the company are temperature controlled storage and distribution and dry goods warehousing.

The company is a limited company, domiciled and incorporated in the United Kingdom. The principal place of business is situated in Grimsby, Lincolnshire, which is different to the registered office with the address as set out on page 1.

Future developments

Details on the future developments of the company are detailed in the Strategic Report.

Dividends

Dividends of £511,745 have been paid in the year ended 31 December 2016 (2 January 2016: £312,000). No further dividends are proposed (2 January 2016: £nil).

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 effects 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 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 generates available finance from continuing operations to provide it with 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 does not have any interest bearing liabilities. In the prior year, the company had interest bearing liabilities in relation to hire purchase contracts that bore 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.

Directors' report for the year ended 31 December 2016 (continued)

Directors

The directors who served during the year and up to the date of signing the financial statements are given below:

M Johnstone
S Tomlinson
T Franks
K Lea (appointed 01/02/2016)

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities (continued)

The directors 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.

Provision of information to auditors

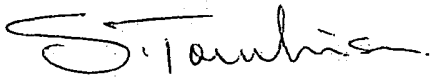
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP will be retiring as auditors of the company and a resolution proposing the appointment of Deloitte LLP will be put to the annual general meeting.

This report was approved by the board and signed on its behalf



S Tomlinson

Director

Date 17 May 2017

Independent auditors' report to the members of Associated Cold Stores & Transport Limited

Report on the financial statements

Our opinion

In our opinion, Associated Cold Stores & Transport Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Associated Cold Stores & Transport Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

17 May 2017

Statement of Comprehensive Income for the year ended 31 December 2016

| | Note | 31 December 2016 £ | 2 January 2016 £ |
|---|------|--------------------------|------------------------|
| Revenue | 1 | 20,914,920 | 22,869,972 |
| Cost of sales | | (16,684,876) | (18,225,920) |
| Gross profit | | 4,230,044 | 4,644,052 |
| Administrative expenses | | (3,550,026) | (3,887,188) |
| Operating profit | 2 | 680,018 | 756,864 |
| Finance income | 3 | 5,372 | 5,295 |
| Profit on ordinary activities before tax | | 685,390 | 762,159 |
| Income tax | 6 | (44,542) | 3,825 |
| Profit for the year | | 640,848 | 765,984 |
| Total comprehensive income for the year | | 640,848 | 765,984 |

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

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

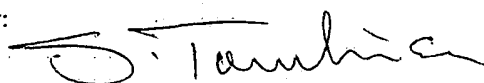
Statement of Changes in Equity for the year ended 31 December 2016

| | Share capital | Retained earnings | Total equity |
|---|------------------|-------------------|-------------------|
| | £ | £ | £ |
| At 28 December 2014 | 9,000,000 | 7,060,616 | 16,060,616 |
| Profit for the year and total comprehensive income for the year | - | 765,984 | 765,984 |
| Dividends paid | - | (312,000) | (312,000) |
| At 2 January 2016 | 9,000,000 | 7,514,600 | 16,514,600 |
| Profit for the year and total comprehensive income for the year | - | 640,848 | 640,848 |
| Dividends paid | - | (511,745) | (511,745) |
| At 31 December 2016 | 9,000,000 | 7,643,703 | 16,643,703 |

Balance Sheet as at 31 December 2016

| | Note | 31 December 2016 £ | 2 January 2016 £ |
|--------------------------------------|------|--------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 7 | 9,425,963 | 10,560,803 |
| Intangible assets | 8 | 1,059,123 | 1,222,235 |
| Deferred tax assets | 9 | 1,873,552 | 1,788,094 |
| Total non-current assets | | 12,358,638 | 13,571,132 |
| Current assets | | | |
| Inventories | 10 | 104,944 | 88,227 |
| Trade and other receivables | 11 | 5,307,949 | 5,091,080 |
| Cash and cash equivalents | | 3,596,170 | 1,998,797 |
| Total current assets | | 9,009,063 | 7,178,104 |
| Current liabilities | | | |
| Trade and other payables | 12 | 3,988,882 | 3,182,568 |
| Other taxation and social security | 12 | 735,116 | 713,813 |
| Total current liabilities | | 4,723,998 | 3,896,381 |
| Net current assets | | 4,285,065 | 3,281,723 |
| Non-current liabilities | | | |
| Trade and other payables | 13 | | 338,255 |
| Total non-current liabilities | | | 338,255 |
| Net assets | | 16,643,703 | 16,514,600 |
| Equity | | | |
| Share capital | 14 | 9,000,000 | 9,000,000 |
| Retained earnings | | 7,643,703 | 7,514,600 |
| Total equity | | 16,643,703 | 16,514,600 |

The financial statements on pages 9 to 33 were approved by the board of directors on 17 May 2017 and were signed on its behalf by:



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

Cash Flow Statement for the year ended 31 December 2016

| | Note | 31 December 2016 £ | 2 January 2016 £ |
|---|------|--------------------------|------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 19 | 2,981,484 | 1,967,284 |
| Interest received | | 5,372 | 5,295 |
| Net cash generated from operating activities | | 2,986,856 | 1,972,579 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (500,279) | (1,551,343) |
| Purchase of intangible assets | | (137,607) | (1,219,222) |
| Proceeds from sale of property, plant and equipment | 19 | 98,403 | 512,927 |
| Net cash used in investing activities | | (539,483) | (2,257,638) |
| Cash flows from financing activities | | | |
| Net movement in intra group loans | | (338,255) | 300,000 |
| Dividends paid to group company | | (511,745) | (312,000) |
| Net cash used in financing activities | | (850,000) | (12,000) |
| Net increase/(decrease) in cash and cash equivalents | | 1,597,373 | (297,059) |
| Cash and cash equivalents at beginning of the year | | 1,998,797 | 2,295,856 |
| Cash and cash equivalents at end of the year | | 3,596,170 | 1,998,797 |

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:

| | 31 December 2016 £ | 2 January 2016 £ |
|--------------------------|--------------------------|------------------------|
| Cash at bank and in hand | 3,596,170 | 1,998,797 |
| Bank overdrafts | - | - |
| | 3,596,170 | 1,998,797 |

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

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern and a historical cost basis, where cost includes the deemed cost of property on transition to IFRS. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Impairment of assets

The company has significant investments in intangible assets and property, plant and equipment. These assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors considered which could trigger an impairment review include the significant fall in market values, significant underperformance relative to historical or projected future operating results, a major change in market conditions or negative cash flows.

(ii) Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

Accounting policies (continued)

Critical accounting estimates and judgements (continued)

(iii) Taxation

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses professional firms and previous experience when assessing tax risks. Where actual tax liabilities differ from the provisions, adjustments are made which can have a material impact on the company's profits for the year.

New standards and interpretations

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

(a) Standards effective for annual periods beginning on or after 1 January 2016

There are no new standards, amendments or interpretations with a material impact for the year ended 31 December 2016.

(b) New accounting pronouncements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statement. None of these is expected to have an effect on the financial statements of the company, except the following set out below:

- | | |
|---------|---|
| IFRS 15 | <p>Revenue from contracts with customers – effective from 1 January 2018</p> <p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.</p> <p>A new five-step process must be applied before revenue can be recognised:</p> <ul style="list-style-type: none"> – identify contracts with customers. – identify the separate performance obligation. – determine the transaction price of the contract. – allocate the transaction price to each of the separate performance obligations, and – recognise the revenue. |
| IFRS 16 | <p>Leases – effective from 1 January 2019</p> <p>IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.</p> <p>The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years.</p> <p>Additionally, operating expense will be replaced with interest and depreciation. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.</p> |

Accounting policies (continued)

New standards and interpretations (continued)

| | | |
|--------------------|----|---|
| IAS (amendment) | 12 | <p>Recognition of deferred tax – effective from 1 January 2017</p> <p>Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:</p> <ul style="list-style-type: none"> – A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. – An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. – Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. – Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. |
|--------------------|----|---|

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 in the year that the services were performed. 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 and the differences recognised in the statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out (FIFO) method. Provision has been made for obsolete and slow moving items where necessary.

Accounting policies (continued)

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 year in which they are incurred.

No depreciation is provided on freehold land. Depreciation of HGV motor vehicles is calculated to write off their cost less residual value on a diminishing balance basis over their expected useful lives. 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 statement of comprehensive income.

Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Intangible assets

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Accounting policies (continued)

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 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 are 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.

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 year 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 / to 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.

Accounting policies (continued)

Pension costs

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.

Provisions

Provisions 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 expenditure expected to be required to settle the obligation using a pre-tax discount 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.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Notes to the financial statements for the year ended 31 December 2016

1 Revenue

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 revenue, arising from the one operating segment, has been generated in the United Kingdom.

2 Operating profit

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Operating profit is stated after charging / (crediting) | | |
| Staff costs (note 4) | 5,301,392 | 5,506,584 |
| Depreciation of property, plant and equipment: | | |
| - Owned | 1,594,475 | 1,897,285 |
| Amortisation | 300,719 | 111,113 |
| Operating lease charges for the hire of plant and other assets | 262,984 | 274,276 |
| Auditors' remuneration - Fees payable for the audit | 32,000 | 31,650 |
| Profit/(loss) on disposal of tangible fixed assets | 57,759 | (4,546) |

3 Finance income

| | 31 December 2016 £ | 2 January 2016 £ |
|----------------------------------|--------------------------|------------------------|
| Interest income on cash deposits | 5,372 | 5,295 |

Notes to the financial statements for the year 31 December 2016 (continued)

4 Employees

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

| By activity | 31 December 2016 Number | 2 January 2016 Number |
|---|-------------------------------|-----------------------------|
| Production | 129 | 134 |
| Management and administration | 35 | 42 |
| Sales and distribution | 4 | 4 |
| | 168 | 180 |
| | 31 December 2016 £ | 2 January 2016 £ |
| Employment costs (including directors) | | |
| Wages and salaries | 4,591,109 | 4,898,235 |
| Social security costs | 447,777 | 456,516 |
| Other pension costs | 262,506 | 151,833 |
| | 5,301,392 | 5,506,584 |

5 Directors emoluments

| | 31 December 2016 £ | 2 January 2016 £ |
|---|--------------------------|------------------------|
| Aggregate emoluments including benefits | 475,818 | 310,62 |
| Defined contribution scheme pension contributions | 25,569 | 43,40 |

No retirement benefits are accruing to the directors under the defined benefit scheme (2 January 2016: Nil).

Notes to the financial statements for the year ended 31 December 2016 (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:

| | 31 December 2016 £ | 2 January 2016 £ |
|---|--------------------------|------------------------|
| Aggregate emoluments including benefits | 215,662 | 142,925 |
| Defined contribution scheme pension contributions | 12,800 | 35,340 |

6 Income tax

(a) Analysis of tax charge/(credit) for the year

| | 31 December 2016 £ | 2 January 2016 £ |
|---------------------------------------|--------------------------|------------------------|
| Current tax: | | |
| UK Corporation tax for the year | 130,000 | - |
| Total current tax | 130,000 | - |
| Deferred tax (note 9): | | |
| Reversal of timing differences | (213,709) | (205,033) |
| Impact of change in tax rate | 128,251 | 201,208 |
| Total deferred tax | (85,458) | (3,825) |
| Income tax charge for the year | 44,542 | (3,825) |

Notes to the financial statements for the year ended 31 December 2016 (continued)

6 Income tax (continued)

(b) Factors affecting the tax charge/(credit) for the year

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Profit on ordinary activities before tax | 685,390 | 762,159 |
| Expected tax on ordinary activities at the standard rate of UK corporation tax of 20% (2 January 2016: 20.25%) | 137,078 | 154,337 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 96,872 | 150,788 |
| Group relief claimed | (317,659) | (510,158) |
| Re-measurement of deferred tax - change in UK tax rate | 128,251 | 201,208 |
| Total tax charge for the year | 44,542 | (3,825) |

(c) Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax has been calculated at the rate at which temporary differences are expected to reverse.

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Property, plant and equipment

| | Land and buildings | Plant and machinery | Fixtures and fittings | Total |
|---------------------------------|-----------------------|------------------------|-----------------------------|-------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 3 January 2016 | 29,896,404 | 17,938,229 | 1,217,359 | 49,051,992 |
| Additions | 129,571 | 330,387 | 40,321 | 500,279 |
| Disposals | (35,067) | (1,021,296) | (8,000) | (1,064,363) |
| At 31 December 2016 | 29,990,908 | 17,247,320 | 1,249,680 | 48,487,908 |
| Accumulated depreciation | | | | |
| At 3 January 2016 | 23,540,998 | 14,113,555 | 836,636 | 38,491,189 |
| Charge for the year | 634,302 | 823,031 | 137,142 | 1,594,475 |
| Disposals | (18,423) | (997,296) | (8,000) | (1,023,719) |
| At 31 December 2016 | 24,156,877 | 13,939,290 | 965,778 | 39,061,945 |
| Net book amount | | | | |
| At 31 December 2016 | 5,834,031 | 3,308,030 | 283,902 | 9,425,963 |
| At 2 January 2016 | 6,355,406 | 3,824,674 | 380,723 | 10,560,803 |

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Intangible assets

| | Computer Software £ |
|---------------------------------|---------------------------|
| Cost or deemed cost | |
| At 3 January 2016 | 3,754,871 |
| Additions | 137,607 |
| Disposals | (1,937,123) |
| At 31 December 2016 | 1,955,355 |
| Accumulated Amortisation | |
| At 3 January 2016 | 2,532,636 |
| Charge for the year | 300,719 |
| Disposals | (1,937,123) |
| At 31 December 2016 | 896,232 |
| Net book amount | |
| At 31 December 2016 | 1,059,123 |
| At 2 January 2016 | 1,222,235 |

9 Deferred tax asset

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Opening balance | 1,788,094 | 1,784,269 |
| (Charge)/Credit to the statement of comprehensive income | 85,458 | 3,825 |
| Closing balance | 1,873,552 | 1,788,094 |

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Deferred tax asset (continued)

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

| | Temporary differences on capital allowances £ | Short term temporary differences £ | Total £ |
|---|--|---------------------------------------|------------------|
| Deferred tax asset | | | |
| At 3 January 2016 | 1,791,943 | (3,849) | 1,788,094 |
| Credited to the statement of comprehensive income | 83,758 | 1,700 | 85,458 |
| At 31 December 2016 | 1,875,701 | (2,149) | 1,873,552 |

There are no amounts of unrecognised deferred tax. The deferred tax asset is deemed to be recoverable against the continued profitability of the company.

10 Inventories

| | 31 December 2016 £ | 2 January 2016 £ |
|-------------------------------|-----------------------|---------------------|
| Raw materials and consumables | 104,944 | 88,227 |

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £1,881,662 (2 January 2016: £2,287,071).

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Trade and other receivables

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Amounts falling due within one year | | |
| Trade receivables | 4,645,413 | 4,466,433 |
| Amounts owed by group undertakings | 8,995 | 22,922 |
| Prepayments and accrued income | 653,541 | 601,725 |
| | 5,307,949 | 5,091,080 |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand (2 January 2016: unsecured, interest free and repayable on demand).

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 31 December 2016, trade receivables of £831,405 (2 January 2016: £1,099,416) 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:

| | 31 December 2016 £ | 2 January 2016 £ |
|----------------|--------------------------|------------------------|
| Up to 3 months | 813,100 | 1,098,427 |
| Over 3 months | 18,305 | 989 |
| | 831,405 | 1,099,416 |

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Trade and other payables - current

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Trade payables | 3,504,537 | 2,679,414 |
| Accruals and deferred income | 159,158 | 197,957 |
| Amounts owed to group undertakings | 195,187 | 305,197 |
| Corporation tax payable | 130,000 | - |
| Other taxation and social security payable | 735,116 | 713,813 |
| | 4,723,998 | 3,896,381 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13 Trade and other payables – non-current

| | 31 December 2016 £ | 2 January 2016 £ |
|---------------------------------------|--------------------------|------------------------|
| Non-current loans from parent company | - | 338,255 |

Non-current loans from the parent company are interest free, unsecured and have no set repayment date.

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Share capital

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Allotted, called up and fully paid | | |
| 9,000,000 (2 January 2016: 9,000,000) ordinary shares of £1 each | 9,000,000 | 9,000,000 |

15 Pensions

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

The company operates a defined contribution scheme. The charge to the statement of comprehensive income for the year ended 31 December 2016 was £262,506 (2 January 2016: £151,833).

At 31 December 2016 the company had accrued unpaid contributions of £22,235 (2 January 2016: £19,573).

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Commitments

| | 31 December 2016 | 2 January 2016 |
|-----------------------------------|---------------------|-------------------|
| | £ | £ |
| Future capital expenditure | | |
| Contracted but not provided for | - | 300,767 |

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

| | 31 December 2016 | 2 January 2016 |
|--|---------------------|-------------------|
| | £ | £ |
| Not later than 1 year | 218,058 | 235,789 |
| Later than 1 year and not later than 5 years | 691,652 | 708,933 |
| Later than 5 years | 1,011,938 | 1,179,648 |
| | 1,921,648 | 2,124,370 |

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

17 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 cash and cash equivalents and equity comprising issued share capital and retained earnings.

Categories of financial instruments

The company's principal financial liabilities comprise amounts owed to group 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, amounts owed by group companies and cash and cash equivalents.

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Financial Instruments (continued)

| Financial Assets | 31 December 2016 | 2 January 2016 |
|---|-----------------------------|---------------------------|
| | £ | £ |
| Cash and cash equivalents | 3,596,170 | 1,998,797 |
| Trade and other receivables | 4,645,413 | 4,466,433 |
| Amounts owed by group undertakings | 8,995 | 22,922 |
| | 8,250,578 | 6,488,152 |
| Financial Liabilities | 31 December 2016 | 2 January 2016 |
| | £ | £ |
| Trade and other payables | 4,528,811 | 3,591,184 |
| Amounts owed to group undertakings – under one year | 195,187 | 305,197 |
| Amounts owed to group undertakings – over one year | - | 338,255 |
| | 4,723,998 | 4,234,636 |

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 0.1% 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 (2 January 2016: £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, six customers accounted for 79% (2 January 2016: six customers accounted for 71%) of the total trade receivable balance and £564,681 (2 January 2016: £711,742) was past due but not impaired, with no credit issues noted in relation to these amounts.

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Financial Instruments (continued)

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.

The table below summarises the maturity profile of the Company's financial liabilities at the year-end based upon contractual undiscounted payments.

| 31 December 2016 | On demand | Less than 3 months | 3 to 12 months | Greater than 1 year | Total |
|------------------------------------|-----------|--------------------|----------------|---------------------|-----------|
| | £ | £ | £ | £ | £ |
| Interest bearing borrowings | - | - | - | - | - |
| Amounts owed to group undertakings | - | 195,187 | - | - | 195,187 |
| Trade and other payables | - | 4,528,811 | - | - | 4,528,811 |
| | | 4,723,998 | - | - | 4,723,998 |
| 2 January 2016 | | | | | |
| Interest bearing borrowings | - | - | - | - | - |
| Amounts owed to group undertakings | - | 155,197 | 150,000 | 338,255 | 643,452 |
| Trade and other payables | - | 3,591,184 | - | - | 3,591,184 |
| | | 3,746,381 | 150,000 | 338,255 | 4,234,636 |

At 31 December 2016, the company had undrawn agreed overdraft facilities of £500,000 (2 January 2016: £500,000), which are due for renewal in less than one year from the year end date.

18 Ultimate and immediate parent companies

The parent company is Linton Park Plc which is registered in England and Wales and the ultimate parent company is Camellia Plc which is also registered in England and Wales.

Control of Camellia Plc

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.67% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd, a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Ultimate and immediate parent companies (continued)

Copies of the Camellia Plc report and accounts prepared in accordance with International Financial Reporting Standards can be obtained from Linton Park, Linton, Maidstone, Kent ME17 4AB. Camellia Plc is the only company to consolidate the company's financial statements.

19 Cash generated from operations

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Profit on ordinary operations before taxation | 680,018 | 756,864 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,895,194 | 2,008,398 |
| (Profit)/loss on the sale of property, plant and equipment | (57,759) | 4,546 |
| Changes in working capital: | | |
| Inventories | (16,717) | 63,361 |
| Trade and other receivables | (230,796) | 294,978 |
| Trade and other payables | 319,372 | (993,195) |
| Intra group balances | 392,172 | (167,668) |
| | 2,981,484 | 1,967,284 |

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

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Cost value of disposals of property, plant and equipment | 1,064,363 | 1,041,358 |
| Accumulated depreciation of disposals of property, plant and equipment | (1,023,719) | (523,885) |
| Net book amount | 40,644 | 517,473 |
| Profit/(loss) on the sale of property, plant and equipment | 57,759 | (4,546) |
| Proceeds from the sale of property, plant and equipment | 98,403 | 512,927 |

Notes to the financial statements for the year ended 31 December 2016 (continued)

20 Dividends

| | 31 December 2016 £ | 2 January 2016 £ |
|---|--------------------------|------------------------|
| Equity - ordinary | | |
| Final paid: 5.69p (2016: 3.47p) per £1 ordinary share | 511,745 | 312,000 |

21 Related party transactions

£nil (2 January 2016: £488,255) is owed to Linton Park Plc. for group relief received.

| | 31 December 2016 £ | 2 January 2016 £ |
|--|--------------------------|------------------------|
| Purchase of Services | | |
| Linton Park Plc (parent company) | 723,889 | 431,142 |
| Linton Park Services Limited (fellow group company) | 1,751,819 | 1,929,183 |
| Total | 2,475,708 | 2,360,325 |
| Outstanding at 3 January 2016 | 195,187 | 155,197 |
| Sale of Services | | |
| Abbey Metal Finishing Limited (fellow group company) | - | 16,800 |
| AKD Engineering (fellow group company) | - | 2,946 |
| Linton Park Plc (parent company) | 90,788 | 24,216 |
| Loddon Engineering (fellow group company) | - | 2,575 |
| Total | 90,788 | 46,537 |
| Outstanding at 31 December and 2 January | 8,995 | 29,922 |