Registered number: 00553154

Associated Cold Stores & Transport Limited

Annual report and financial statements

for the period ended 2 January 2021

Associated Cold Stores & Transport Limited

Report and financial statements 2 January 2021

Contents

Associated Cold Stores & Transport Limited

Report and financial statements 2 January 2021

Officers and professional advisers

Directors

T Franks
A Wiltshire

Company secretary

A Takk

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 ME17 4AB

Registered Number

00553154

Independent auditors

Deloitte LLP
Statutory Auditor
The Hanover Building
Corporation Street
Manchester
M4 4AH
United Kingdom

Associated Cold Stores & Transport Limited

Strategic report

The directors present their strategic report on the company for the 53 week period ended 2 January 2021 (comparative 52 week period ended 28 December 2019).

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.

Review of business, future developments and principal risks and uncertainties

The total comprehensive income and expenditure for the period is set out on page 10.

The Directors report that the business achieved an operating profit of £0.6m (2019: £1.8m).

Turnover in 2020 decreased by 17% to £21.1m (2019: £25.5m).

Market conditions were challenging in 2020 with the outbreak of COVID-19. The business ran as normal, being identified as a key business, with employees working from home where possible. Social distancing and increased hygiene procedures were put in place within the warehouse and transport functions. Initially, business was buoyant as panic buying prevailed, then suffering reduced stock movement levels as schools and hospitality closed down. The business took advantage of the government coronavirus job retention scheme during this period to avoid possible redundancies totalling £252,289, furthermore the VAT payment for quarter 2 was also deferred amounting to £236,148, in line with government guidelines.

During the year, warehouse utilisation increased by 10%, however average pallet throughput decreased by 23%. Total loads transported decreased by 22% compared to 2019. Seasonal business and the introduction of a new strategic customer account during quarter 2 allowed the business to end the year on a positive note. This alongside a restructure of the senior management team ensured a strong start to 2021. As ever, there was a focus within the management and business culture on cost control and better utilisation of assets. The production of daily operational and weekly financial KPI's ensures quick and meaningful actions are taken.

There has been considerable capital investment during 2020 amounting to £1.4m. A significant part of this investment related to the replacement of tractor fleet, a new blastfreezer and various energy efficiciency related expenditure. In addition, there was further investment to enhance our IT systems. As in previous years, the number of plug-in hybrid electric vehicles has increased and are starting to be replaced now by fully electric models. Energy efficient capital expenditure has concentrated on the further rollout of LED lighting within the warehouses and also increasing the number of automatic roller shutter doors, this has reduced our electricity usage and further improved our carbon footprint. This maintains 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 2020, the company continued with its key differentiator of quality staff, to invest in the training of those staff and to grow the skills and capabilities of the workforce. We continued to develop our apprentices and utilise the apprenticeship levy through our apprenticeship-training programs in Engineering, Customer Services, Finance and IT departments and our extensive Operations program. In 2021 the business has introduced a series of management training programs covering all managers within all departments, this ultimately leading to qualifications through the Institute of Leadership Management.

At the end of 2020, the company was in a strong financial position with net assets standing at £18.4m (2019: £18.3m).

Looking towards the future, in 2021 the company will benefit from the growth of new client strategic partnerships achieved in 2020 and developing further in 2021. Market conditions still remain challenging with COVID-19, and the currently successful timetable to reopen the country is welcome albeit still at a cautious stage. Various strategic scenarios have been investigated to visualise the effects as we exit the lockdown. The Directors are confident that the business is financially strong with a significant cash balance and as such can weather the current period of disruption. The Directors have addressed the strategic direction of the business overall for the next 5 years and are confident that turnover will start to recover as the country exits the phases of lockdown due to the pandemic. Utilising our strong management culture, steps have been taken to manage costs and maintain operating profit where possible.

Associated Cold Stores & Transport Limited

Strategic report (continued)

There have been no adverse effects due to Brexit, as our customer base is focused on UK supply and our workforce contains minimal European labour.

Key performance indicators (KPI's)

The company measured its performance for the period ended 2 January 2021 using a series of key performance indicators as follows:

Gross margin %:	21.3% (2019: 21.5%)
Average Debtor days:	54 days (2019: 58 days)

Management have undertaken qualitative assessment of these KPIs when appraising business performance, and remain confident in the strategic direction of the business. Increased emphasis has been put on debt collection during the year, with increased focus due to COVID-19 leading to the KPI improvement.

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

J Stowe
Director
4 June 2021

Associated Cold Stores & Transport Limited

Directors' report

The directors present their report and the audited financial statements of the company for the period ended 2 January 2021.

Principal activities

Details on the principal activities of the company are detailed in the Strategic Report.

Future developments

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

Dividends

Dividends of £709,400 have been paid in the period ended 2 January 2021 (2019: £1,250,000). No further dividends are proposed (2019: £nil).

Going Concern

The business is operating at present under COVID-19 restrictions. The Directors, at the time of approving the financial statements and, after assessing the principal risks have considered the impact of a severe but plausible exit scenario to the COVID-19 pandemic. The major variables being the depth of COVID-19 during winter 2021/2022 and the extent of action taken by customers and / or the government.

The Directors have considered the impact of COVID-19 on the business for the next 19 months, including profit & loss account, balance sheet and cashflow effects. The Directors believe that the company is well placed to manage its financing and other business risks satisfactorily and, have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future in this environment. The cash balance as at the date of signing these financial statements was £4,602,917. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk and liquidity 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. The impact of COVID-19 has increased the potential of this risk, and as such increased emphasis and time has been placed on this area of work with greater customer contact to minimise the risk further.

Liquidity risk

The company generates available finance from continuing operations to provide it with sufficient available funds for operations and planned expansion. The company also has access to longer term funding from its ultimate parent undertaking, if required.

Associated Cold Stores & Transport Limited

Directors' report (continued)

Directors

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

A Wiltshire
M Johnstone (resigned 29 July 2020)
K Lea (resigned 7 August 2020)
T Franks (resigned 10 February 2021)
J Stowe (appointed 10 February 2021)
K Ryder (appointed 10 February 2021)
N Hay (appointed 10 February 2021)

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. Each site also has a Works Council in place where more in depth employee consultations are needed.

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 auditor's are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Group Annual General Meeting of the ultimate parent company, Camellia Plc.

Approved by the Board of Directors
and signed on behalf of the Board

J Stowe
Director
4 June 2021

Directors' responsibilities statement

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 (IFRS), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Associated Cold Stores & Transport Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 2 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included UK employment law, GDPR and health and safety regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- revenue cut-off: we obtained the revenue recognised pre and post year-end for a specified risk period and obtained the supporting documentation, ensuring the revenue was recognised in the appropriate period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

E. Benson

Elizabeth Benson BSc ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

4 June 2021

Associated Cold Stores & Transport Limited

Statement of comprehensive income
Period ended 2 January 2021

	Notes	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Revenue	2	21,088,863	25,484,542
Cost of sales		(16,599,640)	(19,993,043)
Gross profit		4,489,223	5,491,499
Administrative expenses	5	(3,840,417)	(3,665,398)
Operating profit		648,806	1,826,101
Finance income	4	5,351	22,105
Finance costs	10	(52,918)	(58,598)
Profit before tax		601,239	1,789,608
Income tax	7	236,832	(805,257)
Profit for the year	3	838,071	984,351
Total comprehensive income for the year		838,071	984,351

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

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

Associated Cold Stores & Transport Limited

Balance sheet
As at 2 January 2021

	Notes	2 January 2021 £	28 December 2019 £
Non-current assets			
Property, plant and equipment	8	10,187,149	10,693,391
Intangible assets	9	140,573	326,562
Right-of-use assets	10	1,067,931	1,194,775
Deferred tax assets	11	2,090,408	1,739,576
Total non-current assets		13,486,061	13,954,304
Current assets			
Inventories	12	120,074	103,499
Trade and other receivables	13	4,522,040	5,716,792
Cash and cash equivalents		6,203,075	4,294,651
Total current assets		10,845,189	10,114,942
Current liabilities			
Lease liabilities	19	(165,337)	(173,165)
Trade and other payables	14	(4,227,224)	(3,749,556)
Corporation tax payable	7	(114,000)	(340,000)
Provisions	15	(473,762)	(473,492)
Total current liabilities		(4,980,323)	(4,736,213)
Net current assets		5,864,866	5,378,729
Total assets less current liabilities		19,350,927	19,333,033
Non-current liabilities			
Lease liabilities	19	(937,361)	(1,048,138)
Total non-current liabilities		(937,361)	(1,048,138)
Net assets		18,413,566	18,284,895
Equity			
Share capital	16	9,000,000	9,000,000
Retained earnings		9,413,566	9,284,895
Total equity		18,413,566	18,284,895

The financial statements of Associated Cold Stores & Transport Limited registered number 00553154 were approved by the Board of Directors on 4 June 2021.

Signed on behalf of the Board of Directors

J Stowe
Director

Associated Cold Stores & Transport Limited

Statement of changes in equity
Period ended 2 January 2021

	Share capital £	Retained earnings £	Total equity £
At 30 December 2018	9,000,000	9,550,544	18,550,544
Profit for the year and total comprehensive income for the year	-	984,351	984,351
Dividends paid (Note 22)	-	(1,250,000)	(1,250,000)
At 28 December 2019	9,000,000	9,284,895	18,284,895
Profit for the year and total comprehensive income for the year	-	838,071	838,071
Dividends paid (Note 22)	-	(709,400)	(709,400)
At 2 January 2021	9,000,000	9,413,566	18,413,566

Associated Cold Stores & Transport Limited

Cash flow statement
Period ended 2 January 2021

	Notes	Period ended 2 January 2020 £	Period ended 29 December 2019 £
Cash generated from operations			
Cash generated from operations	21	4,420,139	3,315,457
Interest received		5,351	22,105
Interest on lease liability		(52,918)	(58,597)
Income taxes paid		(340,000)	(420,000)
Net cash generated from operating activities		4,032,572	2,858,965
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,228,319)	(1,942,623)
Purchase of intangible assets		(79,044)	(87,970)
Proceeds from sale of property, plant and equipment	21	89,080	850,121
Net cash used in investing activities		(1,218,283)	(1,180,472)
Cash flows from financing activities			
Dividends paid to group company	22	(709,400)	(1,250,000)
Payments of lease liabilities		(196,466)	(178,412)
Net cash used in financing activities		(905,866)	(1,428,412)
Net (decrease)/increase in cash and cash equivalents		1,908,423	250,081
Cash and cash equivalents at beginning of the year		4,294,651	4,044,570
Cash and cash equivalents at end of the year		6,203,074	4,294,651

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:

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Cash at bank and in hand	6,203,074	4,294,651
Bank overdrafts	-	-
	6,203,074	4,294,651

Notes to the financial statements
Period ended 2 January 2021

1. Accounting policies

General information

Associated Cold Stores & Transport Limited (the Company, 00553154) is a private Company, limited by shares, incorporated in the United Kingdom under the Companies Act, and is registered in England. The address of the Company's registered office is shown on page 1.

The principal accounting policies in the presentation of these financial statements are set out below. These policies have been consistently applied to all periods, unless otherwise stated. The accounts each year are drawn up to the nearest Saturday to 31 December and hence the accounting periods can be either 52 or 53 weeks long.

Going Concern

The business is operating at present under COVID-19 restrictions. The Directors, at the time of approving the financial statements and, after assessing the principal risks have considered the impact of a severe but plausible exit scenario to the COVID-19 pandemic. The major variables being the depth of COVID-19 during winter 2021/2022 and the extent of action taken by customers and / or the government.

The Directors have considered the impact of COVID-19 on the business for the next 19 months, including profit & loss account, balance sheet and cashflow effects. The Directors believe that the company is well placed to manage its financing and other business risks satisfactorily and, have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future in this environment. The cash balance as at the date of signing these financial statements was £4,602,917. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis

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 significant 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.

(i) Significant judgements in applying the Company's accounting policies.

The directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The deferred tax asset held on the balance sheet is deemed to be recoverable against the continued profitability of the company.

Notes to the financial statements (continued)
Period ended 2 January 2021

1. Accounting policies (continued)

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Impairment of assets

The company has investments in intangible assets, property, plant and equipment and right-of-use assets. These assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors considered which could trigger an impairment review include a 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. There has been no impairment of assets during the year.

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £10,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the financial statements (continued)
Period ended 2 January 2021

1. Accounting policies (continued)

Impairment of financial assets

The company always recognises expected credit losses (ECL) for trade receivables and intercompany receivables. 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 over the customer's stock. If a customer is to exit business with the company, final stock cannot be cleared until the outstanding debtor balance is paid.

Write off policy

The company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

De-recognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 from the handling of goods is recognised when all the following conditions are satisfied:

- identify contracts with customers

- identify the separate performance obligation

- determine the transaction price of the contract, and

- allocate the transaction price of each of the separate performance obligations.

Revenue is recognised in the period that the services were performed.

The transaction price is determined with consideration to the variable costs of the transaction and fixed costs of the company.

Government Grants

Government grants are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. During the year the company has received furlough payments from the government totalling £252,289, netted against administration expenses. In addition, the company took advantage of deferring its 2020 quarter 2 VAT payment to the value of £236,148, which was subsequently paid in full in March 2021.

1. Accounting policies (continued)

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.

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 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	3 - 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.

Notes to the financial statements (continued)
Period ended 2 January 2021

1. Accounting policies (continued)

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 expected useful lives (i.e. on a straight-line basis) over three to five years, and are recognised in cost of sales.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for expected credit losses. Expected credit losses of trade receivables are 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.

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.

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.

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.

Notes to the financial statements (continued)
Period ended 2 January 2021

1. Accounting policies (continued)

New standards and interpretations

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

Standards effective for annual periods beginning on or after 28 December 2019

In the current year, the company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 28 December 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material

The company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Notes to the financial statements (continued)
Period ended 2 January 2021

1. Accounting policies (continued)

New and Revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before intended Use
Amendments to IAS 37 Onerous Contracts	Cost of fulfilling a contract

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

1. Accounting policies (continued)

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to three Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

2. 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, and in respect of IFRS 15 is at a point in time.

Notes to the financial statements (continued)
Period ended 2 January 2021

3. Profit for the year

Profit for the year is stated after charging/(crediting):

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Staff costs (note 5)	6,444,342	7,137,714
Depreciation of property, plant and equipment:		
Owned	1,682,595	1,547,113
Right-of-use assets	204,705	204,838
Amortisation	265,015	291,722
Auditor's remuneration - Fees payable for the auditing of these financial statements	39,000	38,168
Profit on disposal of tangible fixed assets	37,095	72,085

4. Finance income

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Interest income on cash deposits	5,351	22,105

Notes to the financial statements (continued)
Period ended 2 January 2021

5. Employees

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
The average monthly number of persons (including executive directors) employed by the company during the period was:		
By activity		
Production	141	164
Management and administration	45	50
Sales and distribution	3	2
	189	216
Employment costs (including directors' emoluments)		
Wages and salaries	5,493,159	6,095,147
Social security costs	509,595	572,649
Other pension costs	441,588	469,918
Government grant (furlough income)	(252,289)	-
	6,192,053	7,137,714

In 2020, government grants of £ 252,289 were received as part of a Government initiative to provide immediate financial support as a result of the impact of lockdown measures implemented during the global pandemic. There are no future related costs in respect of these grants which were received solely as compensation for payroll costs incurred in the year and hence have been netted off employment costs in the year.

6. Directors emoluments

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Aggregate emoluments including benefits	374,415	578,313
Defined contribution scheme pension contributions	12,017	17,756

No retirement benefits are accruing to the directors under the defined contribution scheme (28 December 2019: Nil).

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:

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Aggregate emoluments including benefits	163,079	238,072
Defined contribution scheme pension contributions	5,217	-

Notes to the financial statements (continued)
Period ended 2 January 2021

7. Income tax

a) Analysis of tax charge for the year

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Current tax:		
UK Corporation tax for the year	114,000	340,000
Total current tax	114,000	340,000
Deferred tax (note 11):		
Reversal of timing differences	(146,176)	443,781
Impact of change in tax rate	(204,656)	21,476
Total deferred tax	(350,832)	465,257
Income tax charge for the year	(236,832)	805,257

b) Factors affecting the tax charge for the year

	Period ended 2 January 2021 £	Period ended 28 December 2019 £
Profit before tax	601,238	1,789,608
Expected tax at the standard rate of UK corporation tax of 19% (28 December 2019: 19.0%)	114,235	340,026
Effects of:		
Expenses not deductible for tax purposes	135,274	138,332
Group relief claimed	(281,685)	(324,453)
Re-measurement of deferred tax - change in UK tax rate	(204,656)	21,476
Adjustment in respect of prior year	-	629,876
Total tax charge for the year	(236,832)	805,257

c) Factors that may affect future tax charges

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 28 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 2 January 2021 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing DT position would be to increase the deferred tax asset by £660,129.

Associated Cold Stores & Transport Limited

Notes to the financial statements (continued)
Period ended 2 January 2021

8. Property, plant and equipment

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 30 December 2018	31,479,558	11,597,713	7,122,970	1,383,602	51,583,843
Additions	456,991	145,282	1,003,632	336,717	1,942,622
Disposals	(1,021,477)	(559,833)	(1,020,757)	(23,960)	(2,626,027)
At 28 December 2019	30,915,072	11,183,162	7,105,845	1,696,359	50,900,438
Additions	283,423	55,630	501,816	387,450	1,228,319
Disposals	(24,958)	-	(833,898)	(106,756)	(965,612)
At 2 January 2021	31,173,537	11,238,792	6,773,763	1,977,053	51,163,145
Accumulated depreciation					
At 30 December 2018	25,427,463	10,327,471	3,902,083	850,908	40,507,925
Charge for the year	495,564	263,279	609,103	179,167	1,547,113
Disposals	(668,145)	(441,971)	(725,100)	(12,775)	(1,847,991)
At 28 December 2019	25,254,882	10,148,779	3,786,086	1,017,300	40,207,047
Prior year adjustment				(19)	(19)
Charge for the year	430,589	227,498	828,668	195,840	1,682,595
Disposals	(24,957)	-	(781,920)	(106,750)	(913,627)
At 2 January 2021	25,660,514	10,376,277	3,832,834	1,106,371	40,975,996
Net book amount					
At 2 January 2021	5,513,023	862,515	2,940,929	870,682	10,187,149
At 28 December 2019	5,660,190	1,034,383	3,319,759	679,059	10,693,391

Notes to the financial statements (continued)
Period ended 2 January 2021

9. Intangible assets

	Computer software £
Cost	
At 29 December 2018	1,714,009
Additions	87,969
Disposals	-
At 28 December 2019	1,801,978
Additions	79,044
Disposals	(5,762)
At 2 January 2021	1,875,260
Accumulated Amortisation	
At 29 December 2018	1,183,694
Amortisation	291,722
Disposals	-
At 28 December 2019	1,475,416
Amortisation	265,015
Disposals	(5,744)
At 2 January 2021	1,734,687
Net book amount	
At 2 January 2021	140,573
At 28 December 2019	326,562

Notes to the financial statements (continued)
Period ended 2 January 2021

10. Right-of-use assets

	Land and buildings £	Motor vehicles £	Total £
Cost			
At 29 December 2018	-	-	-
Adoption of IFRS 16 on 30 December 2018	1,246,597	89,599	1,336,196
Additions	-	63,417	63,417
At 28 December 2019	1,246,597	153,016	1,399,613
Additions	-	77,862	77,862
Disposals	-	(42,125)	(42,125)
At 2 January 2021	1,246,597	188,753	1,435,350
Depreciation			
At 29 December 2018	-	-	-
Adoption of IFRS 16 on 30 December 2018	-	-	-
Charge for the period	138,079	66,759	204,838
At 28 December 2019	138,079	66,759	204,838
Charge for the period	138,079	66,626	204,705
Disposals	-	(42,125)	(42,125)
At 28 December 2019	276,158	91,260	367,418
Net book amount			
At 2 January 2021	970,439	97,493	1,067,932
At 28 December 2019	1,108,518	86,257	1,194,775

The company leases land and buildings at the site in Grimsby over a 60-year term, and company cars over 3 years. Leases that expired during the year and were replaced by new leases for identical or the same underlying assets resulted in additions to right-of-use assets of £77,862. The total cash outflow for leases in the period amounted to £249,385.

	2 January 2021 £	28 December 2019 £
Lease Liability:		
Opening balance	1,221,303	1,336,298
Repayment	(249,385)	(237,010)
Interest	52,918	58,598
Additions	77,862	63,417
Closing balance	1,102,698	1,221,303

The maturity analysis of lease liabilities is presented in note 19.

Notes to the financial statements (continued)
Period ended 2 January 2021

	2 January 2021 £	28 December 2019 £
Amounts recognised in the income statement:		
Interest expenses on lease liabilities	52,918	58,598
Depreciation relating to leases	204,705	204,838
Expenses relating to short-term leases	7,200	16,498
Expenses relating to low-value lease	54	54

11. Deferred tax asset

	2 January 2021 £	28 December 2019 £
Opening balance	1,739,576	2,204,833
Credit to the statement of comprehensive income	350,832	(465,257)
Closing balance	2,090,408	1,739,576

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 29 December 2018	2,198,937	5,896	2,204,833
Charged to the statement of comprehensive income	(463,841)	(1,416)	(465,257)
At 28 December 2019	1,735,096	4,480	1,739,576
Charged to the statement of comprehensive income	349,936	896	350,832
At 2 January 2021	2,085,032	5,376	2,090,408

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

12. Inventories

	2 January 2021 £	28 December 2019 £
Raw materials and consumables	120,074	103,499

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £1,283,571 (28 December 2019: £1,957,248).

Notes to the financial statements (continued)
Period ended 2 January 2021

13. Trade and other receivables

	2 January 2021 £	28 December 2019 £
Amounts falling due within one year		
Trade receivables	3,806,731	4,932,584
Amounts owed by group undertakings	16,606	9,155
Prepayments	698,703	775,053
	4,522,040	5,716,792

Amounts owed by group undertakings are unsecured, interest free and repayable on demand (28 December 2019: 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 2 January 2021, trade receivables of £548,179 (28 December 2019: £992,764) were past due, but impairment was not considered necessary due to the lien over stock mentioned above. 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:

	28 December 2019 £	29 December 2018 £
Up to 3 months	527,571	632,596
Over 3 months	20,608	53,716
	548,179	686,312

During 2020, £0 of customer debt was written off (2019: £0). The balance of the expected credit loss as at 2 January 2021 was £28,275 (28 December 2019: £28,652).

14. Trade and other payables – current

	2 January 2021 £	28 December 2019 £
Trade payables	3,000,901	2,751,883
Accruals	155,800	143,838
Amounts owed to group undertakings	104,905	127,000
Other taxation and social security payable	965,618	726,835
	4,227,224	3,749,556

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

Notes to the financial statements (continued)
Period ended 2 January 2021

15. Provisions

	Other £
At 29 December 2018	345,000
Utilised in the period	(26,508)
Provided in the period	250,000
Unused amounts reversed in the period	(95,000)
At 28 December 2019	473,492
Unused amounts reversed in the period	270
As at 2 January 2021	473,762

The provision relates to the demolition of a cold store, value being based on 3rd party quotes. Whilst there is no planned timing currently in place for the demolition, the work will occur before the end of the site lease in September 2026.

16. Share capital

	2 January 2021 £	28 December 2019 £
Allotted, called up and fully paid		
9,000,000 (29 December 2018: 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 5.

The company operates a defined contribution scheme. The charge to the statement of comprehensive income for the period ended 2 January 2021 was £441,588 (28 December 2019: £469,918).

At 2 January 2021 the company had accrued unpaid contributions of £37,683 (28 December 2019: £34,548).

Notes to the financial statements (continued)
Period ended 2 January 2021

18. Commitments

	2 January 2021 £	28 December 2019 £
Future capital expenditure		
Contracted but not provided for	179,040	614,790

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 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. Financial assets and liabilities are held at amortised cost.

	2 January 2021 £	28 December 2019 £
Financial assets		
Cash and cash equivalents	6,203,074	4,294,651
Trade and other receivables excluding prepayments	3,806,731	4,932,693
Amounts owed by group undertakings	16,606	218
	10,026,411	9,227,562
Financial liabilities		
Trade and other payables	4,122,319	3,622,556
Amounts owed to group undertakings – under one year	104,905	127,000
	4,227,224	3,749,556

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 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 (28 December 2019: £nil). The sensitivity analysis is based upon a reasonable approximation of the potential changes to interest rates.

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 period end, six customers accounted for 84.5% (28 December 2019: six customers accounted for 74%) of the total trade receivable balance and £300,153 (28 December 2019: £646,694) was past due, however expected credit losses amounted to a specific provision of £23,560 and a general provision of £4,715. No credit issues have been noted in relation to the general provision post year end.

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 period end based upon contractual undiscounted payments.

	On demand £	Less than 1 year £	Between 1-2 years £	Between 2-5 years £	After 5 years	Total £
2 January 2021						
Interest bearing borrowings	-	-	-	-	-	-
Amounts owed to group undertakings	104,905	-	-	-	-	104,905
Trade and other payables	-	4,054,788	-	-	-	4,054,788
Lease liabilities	-	165,337	165,455	446,252	325,654	1,102,698
	104,905	4,220,125	165,455	446,252	325,654	5,262,391
28 December 2019						
Interest bearing borrowings	-	-	-	-	-	-
Amounts owed to group undertakings	-	127,000	-	-	-	127,000
Trade and other payables	-	3,622,556	-	-	-	3,622,556
Lease liabilities	-	173,165	142,646	429,526	475,964	1,221,301
	-	3,922,721	142,646	429,526	475,964	4,962,029

At 2 January 2021, the company had undrawn agreed overdraft facilities of £500,000 (28 December 2019: £500,000), which were renewed for 1 year on 19 April 2021.

Notes to the financial statements (continued)
Period ended 2 January 2021

20. Ultimate and immediate parent companies

The immediate parent company is Linton Park Plc which is registered in England and Wales and the ultimate parent company, being the ultimate controlling party is Camellia Plc which is also registered in England and Wales.

Copies of the Camellia Plc report and financial statements 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. This is both the smallest and largest registered office of the company.

21. Cash generated from operations

	2 January 2021 £	28 December 2019 £
Operating profit before taxation	648,806	1,826,101
Adjustments for:		
Depreciation and amortisation	1,947,610	1,838,836
Depreciation of right-of-use assets	204,705	204,838
(Profit) on the sale of property, plant and equipment	(37,095)	(72,085)
Changes in working capital:		
Inventories	(16,575)	(4,428)
Trade and other receivables	1,194,750	144,723
Trade and other payables	477,668	(622,528)
Provisions	270	-
	4,420,139	3,315,457

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

	2 January 2021 £	28 December 2019 £
Cost value of disposals of property, plant and equipment	965,612	2,626,028
Accumulated depreciation of disposals of property, plant and equipment	(913,627)	(1,847,992)
Net book amount	51,985	778,036
Proceeds on the sale of property, plant and equipment	89,080	850,121
Profit from the sale of property, plant and equipment	37,095	72,085

Notes to the financial statements (continued)
Period ended 2 January 2021

22 Dividends

	2 January 2021 £	28 December 2019 £
Equity - ordinary		
Final paid: 7.9p (2019: 13.9p) per £1 ordinary share	709,400	1,250,000

23. Related party transactions

£114,000 (28 December 2019: £340,000) is owed to Linton Park Plc. for group relief received.

	2 January 2021 £	28 December 2019 £
Purchase of Services		
Linton Park Plc (parent company)	675,124	747,981
Linton Park Services Limited (fellow group company)	1,329,581	1,560,623
Total	2,004,705	2,308,604
Outstanding at balance sheet date (Note 14)	104,905	127,000
Sale of Services		
Abbey Metal Finishing Co Ltd (fellow group company)	1,089	1,089
AJT Engineering Ltd (fellow group company)	1,089	1,089
Linton Park Plc (parent company)	2,177	4,920
Atfin (fellow group company)	1,089	1,089
Kakuzi (fellow group company)	544	-
Total	5,988	8,187
Outstanding at balance sheet date (Note 13)	16,606	9,155