Company Registration No. 00571334 (England and Wales)

Philip Dennis Foodservice Limited

Annual report and financial statements for the period ended 1 February 2020

Philip Dennis Foodservice Limited

Company information

Directors	Christopher Dennis Peter Dennis Stephen Carr
Company number	00571334
Registered office	Mullacott Industrial Estate Ilfracombe N Devon EX34 8PL
Independent auditor	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

Philip Dennis Foodservice Limited

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Strategic report
For the period ended 1 February 2020

The directors present the strategic report for the period ended 1 February 2020.

Fair review of the business
The company's key financial and other performance indicators during the period were as follows:

	Unit	2020	2019
Turnover	£000	47,328	45,427
Gross margin	%	23	23
Operating margin	%	2	2
Net assets	£000	6,774	5,707

The directors are pleased with the company's performance during the period, which has seen growth in turnover of £1.9m (4.2%) to £47m. Following the development of the Midlands depot last year, the company began operations from the site, which will continue in the next financial year. This investment in operational sites has helped to drive overall growth.

Despite the very competitive environment, gross margin has increased from 22.7% to 22.9%. The increase in sales has helped the company to take advantage of purchasing efficiencies and there have been improvements in operational practices.

The company has maintained control of overheads during the period which are 20.8% as a percentage of turnover (2019: 20.5%). Operating profit is was broadly in line with last year at £1m compared to £964k in 2019.

The company has a strong net assets position of £6.7m (2019: £5.7m). As noted above, the company has invested in a new depot in the Midlands as well as continued investment in the fleet and new ERP system.

Principal risks and uncertainties
The key risks faced by the company are margin pressure and the steady rise of distribution costs. In addition, the company operates in a highly competitive market place. The company looks to address these risks by continual monitoring and management of direct costs, including, where possible, negotiating fixed prices with suppliers and maximising volume discounts, while investing in customer service. The company has an agreement for the supply of electricity through an on-site wind turbine and solar panels.

The directors have assessed the risks associated with Brexit and the impact on the company. The risks to the company have been assessed as low due to a small percentage of product lines being imported and so a minimal impact is expected from any increases in customs duties, tariffs and changes in exchange rates. The directors have identified key risk areas as the impact on short life products following delays at ports and the impact on the labour force. The directors have already taken steps to mitigate against the risks such as increasing stock holding of key items and providing additional staff training.

Section 172 statement

Philip Dennis Foodservice Ltd is a fourth-generation family owned and managed business with the shareholding directors acting in the way to promote the success of the company and benefit its stake holders.

The company is managed to build the business for the future, investing in long term projects in the distribution areas we choose to operate in. This includes investment in IT infrastructure as well as training, vehicles and plant and machinery. The results are greater customer and employee satisfaction.

Employees

Communication is encouraged, through numerous channels such as the company website, newsletters formal appraisals and management briefings. Risks are kept to a minimum through health and safety and regular training.

Relationships with suppliers

Suppliers are met with annually, have the opportunity to attend trade shows and list in the trade brochure to maintain the best product offering for the customer.

Relationships with customers

Service excellence is key to Philip Dennis Foodservice and is paramount to everything. It is the customers passion that drives the success their business and we are as passionate about food as we are about our customers.

Community and environment

The company has invested in minimising its carbon footprint with an onsite wind turbine, battery storage and solar panel arrays. Routes are optimised as to reduce food miles and the staff have chosen a charity to support in each geographic region.

Maintain high standards

The company's reputation for outstanding service, knowledge and experience is the result of an energy and ambition that is shared across every department at Philip Dennis Foodservice.

On behalf of the board

Stephen Carr
Director

18 November 2020

Directors' report
For the period ended 1 February 2020

The directors present their annual report and financial statements for the period ended 1 February 2020.

Principal activities
The principal activity of the company continued to be that of was the distribution of catering food.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Christopher Dennis
Peter Dennis
Stephen Carr

Results and dividends
The results for the period are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial risk management objectives & policies
The businesses principal financial instruments comprise bank balances, trade debtors, trade creditors and bank loans. The main financial risks that arise from day-to-day activities are discussed below.

Liquidity risk
Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. Trade creditors are paid within agreed terms subject to disputes.

The liquidity risk arising from overdraft facilities is managed against anticipated cash inflow from operations based on the plan for the financial year and seasonal trends observed in previous years.

The liquidity risk in respect of bank loans is managed by ensuring there are sufficient funds available to meet repayment commitments as and when they contractually fall due.

Interest rate risk
The company is exposed to interest rate risk due to variable rates of interest on its borrowing.

Credit risk
Trade debtors are managed in respect of credit risk by using policies derived to accommodate customer needs but also to avoid ageing debts and irrecoverable debt. There is no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Employees

The company continues to have an equal opportunities employment policy. Within the limitation of its trading activities, the company's policy is that all employees, including disabled persons, are treated equally in matters relating to recruitment, training, personal development and promotion.

The company's policy is to consult and discuss with employees, by way of meetings with local management, matters likely to affect employee's interests. Information concerning the company on matters of interest and concern to employees is communicated to employees.

Statement of business relationships

The directors have due regard for maintaining strong relationships with the key stakeholders, in particular customers and suppliers. The directors maintain regular correspondence with these stakeholders to invest in the business relationship.

Post reporting date events

Subsequent to the period end, an outbreak of coronavirus struck the UK and the wider global economy. This resulted in a national lockdown, the closure of the majority of the hospitality industry and a corresponding fall in company turnover.

The company is continuously monitoring the impact of the pandemic on its trade, customers and suppliers. The Board has streamlined its cost base and has successfully secured long term financing under the CLBILS scheme.

It is unclear as at the date of signing the financial statements when such policy will come to a close, resulting in a material uncertainty outside of the company's control however the Board is satisfied that Philip Dennis Foodservice's brand awareness, particularly in the South West, alongside its rapid adaptation during the pandemic will allow the company to maintain its stronghold throughout the crisis.

Auditor

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

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Stephen Carr
Director

18 November 2020

Opinion

We have audited the financial statements of Philip Dennis Foodservice Limited (the 'company') for the period ended 1 February 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 February 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which discloses the measures that the company has taken during the pandemic, which support the going concern basis of accounting.

As stated in note 1.2, it is not certain when business will return to near previous levels, however the directors are confident that, with the measures in place, the company can continue in operational existence for the foreseeable future and have therefore prepared the accounts on a going concern basis. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

Matters on which we are required to report by exception

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 material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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 Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

David Sedgwick (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

25 November 2020

Chartered Accountants
Statutory Auditors

St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

Philip Dennis Foodservice Limited

Income statement
For the period ended 1 February 2020

	Notes	Period ended 1 February 2020 £	Period ended 26 January 2019 as restated £
Turnover	3	47,328,285	45,426,612
Cost of sales		(36,495,908)	(35,137,619)
Gross profit		10,832,377	10,288,993
Administrative expenses		(9,832,425)	(9,324,992)
Operating profit	4	999,952	964,001
Interest receivable and similar income	8	4,134	4,917
Interest payable and similar expenses	9	(87,661)	(75,760)
Profit before taxation		916,425	893,158
Tax on profit	10	87,592	(194,209)
Profit for the financial period		1,004,017	698,949

The income statement has been prepared on the basis that all operations are continuing operations.

Philip Dennis Foodservice Limited

Statement of comprehensive income
For the period ended 1 February 2020

	Period ended 1 February 2020 £	Period ended 26 January 2019 as restated £
Profit for the period	1,004,017	698,949
Other comprehensive income		
Revaluation of tangible fixed assets	102,073	649,857
Tax relating to other comprehensive income	(39,100)	(110,476)
Other comprehensive income for the period	62,973	539,381
Total comprehensive income for the period	1,066,990	1,238,330

Philip Dennis Foodservice Limited

Statement of financial position
As at 1 February 2020

	Notes	2020		2019 as restated	
		£	£	£	£
Fixed assets					
Intangible assets	**12**		867,389		404,615
Tangible assets	**13**		8,734,307		8,276,894
Investments	**14**		10,400		10,500
			9,612,096		8,692,009
Current assets					
Stocks	**16**	2,673,745		2,167,941	
Debtors	**17**	4,581,813		4,280,640	
Cash at bank and in hand		12,914		616,292	
		7,268,472		7,064,873	
Creditors: amounts falling due within one year	**18**	(5,914,297)		(5,855,302)	
Net current assets			1,354,175		1,209,571
Total assets less current liabilities			10,966,271		9,901,580
Creditors: amounts falling due after more than one year	**19**		(3,432,191)		(3,511,007)
Provisions for liabilities	**22**		(759,993)		(683,476)
Net assets			6,774,087		5,707,097
Capital and reserves					
Called up share capital	**25**		105,267		105,267
Revaluation reserve			589,978		539,381
Capital redemption reserve			10,000		10,000
Profit and loss reserves			6,068,842		5,052,449
Total equity			6,774,087		5,707,097

Philip Dennis Foodservice Limited

Statement of financial position (continued)
As at 1 February 2020

The financial statements were approved by the board of directors and authorised for issue on 18 November 2020 and are signed on its behalf by:

Stephen Carr
Director

Company Registration No. 00571334

Philip Dennis Foodservice Limited

Statement of changes in equity
For the period ended 1 February 2020

	Notes	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
As restated for the period ended 26 January 2019:						
Balance at 28 January 2018		105,267	-	10,000	4,485,500	4,600,767
Prior year adjustments		-	-	-	68,000	68,000
As restated		105,267	-	10,000	4,553,500	4,668,767
Period ended 26 January 2019:						
Profit for the period		-	-	-	698,949	698,949
Other comprehensive income:						
Revaluation of tangible fixed assets		-	649,857	-	-	649,857
Tax relating to other comprehensive income		-	(110,476)	-	-	(110,476)
Total comprehensive income for the period		-	539,381	-	698,949	1,238,330
Dividends	**11**	-	-	-	(200,000)	(200,000)
Balance at 26 January 2019		105,267	539,381	10,000	5,052,449	5,707,097
Period ended 1 February 2020:						
Profit for the period		-	-	-	1,004,017	1,004,017
Other comprehensive income:						
Revaluation of tangible fixed assets		-	102,073	-	-	102,073
Tax relating to other comprehensive income		-	(39,100)	-	-	(39,100)
Total comprehensive income for the period		-	62,973	-	1,004,017	1,066,990
Transfers		-	(12,376)	-	12,376	-
Balance at 1 February 2020		105,267	589,978	10,000	6,068,842	6,774,087

1 Accounting policies

Company information

Philip Dennis Foodservice Limited is a private company limited by shares incorporated in England and Wales. The registered office is Mullacott Industrial Estate, Ilfracombe, N Devon, EX34 8PL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. T he company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Philip Dennis Foodservice (Holdings) Limited. These consolidated financial statements are available from its registered office, Mullacott Industrial Estate, Ilfracombe, Devon EX34 8PL.

1 Accounting policies (continued)

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, due to the outbreak of Coronavirus post year end, the directors have had to reforecast and consider the position of the company for the foreseeable future.

Government policy on social distancing and lockdown has had a direct impact on the company's sales. Assumptions have had to be made regarding the length of time before travel and leisure restrictions are relaxed, which will lead to increased consumer spending thereafter.

The company has made use of a number of the Government measures available such as obtaining finance under the CIBILS scheme, VAT deferments and the furlough scheme (among others) and has taken all other steps considered reasonably necessary in order to mitigate the impact on the business and manage its cash flows throughout the post year end period.

However, it is unclear as at the date of signing the financial statements when lockdown restrictions and social distancing policies will come to a close, enabling trading to recover fully, resulting in a material uncertainty that may cast doubt on the company's ability to continue as a going concern. As such, the timing is uncertain as to when the company will realise its assets and discharge its liabilities in the normal course of business.

1.3 Reporting period

The period end date has changed to be in line with the company policy to fall on a Saturday. The prior year figures still remain comparable year on year.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which occurs upon delivery of the goods.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1 Accounting policies (continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years

1.7 Tangible fixed assets

All tangible fixed assets, with the exception of freehold property, are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Freehold property is measured at cost and subsequently measured at its fair value at each reporting period end.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and Buildings	2% on cost, valuation or over life of lease
Plant and computers	10% to 33% on cost
Fixtures and fittings	10% to 33% on cost
Motor vehicles	12.5% to 33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies (continued)

1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts.

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies (continued)

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1 Accounting policies (continued)

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Critical accounting judgements and key sources of estimation uncertainty

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

The company has recognised a provision for dilapidations and accruals for overriders in its financial statements which require management to make judgements. This judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other relevant factors.

The company adopts the revaluation model for its freehold land and buildings. The directors apply judgement to determine the fair value of these properties as at each reporting period end.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	47,328,285	45,426,612

	2020	2019
	£	£
Other revenue		
Interest income	4,134	4,917

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	47,328,285	45,426,612

4 Operating profit

	2020	2019
Operating profit for the period is stated after charging/(crediting):	£	£
Depreciation of owned tangible fixed assets	1,298,509	1,204,374
Profit on disposal of tangible fixed assets	(9,759)	(12,356)
Operating lease charges	207,715	191,811

5 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	23,150	18,500
For other services		
Taxation compliance services	3,500	3,100

6 Employees

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

	2020 Number	2019 Number
Production	111	105
Administration and support	93	94
Distribution	97	95
Total	301	294

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	7,604,308	7,359,336
Social security costs	743,807	748,414
Pension costs	198,608	135,793
	8,546,723	8,243,543

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	261,798	228,541
Company pension contributions to defined contribution schemes	13,163	12,309
	274,961	240,850

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

7 Directors' remuneration (continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	166,208	156,672
Company pension contributions to defined contribution schemes	13,163	12,309

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	4,134	4,917

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	29,000	30,577
Interest on finance leases and hire purchase contracts	58,661	45,183
	87,661	75,760

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	201,000
Adjustments in respect of prior periods	(125,009)	(791)
Total current tax	(125,009)	200,209
Deferred tax		
Origination and reversal of timing differences	30,188	(6,000)
Previously unrecognised tax loss, tax credit or timing difference	7,229	-
Total deferred tax	37,417	(6,000)
Total tax (credit)/charge	(87,592)	194,209

10 Taxation (continued)

The actual (credit)/charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	916,425	893,158
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	174,121	169,700
Tax effect of expenses that are not deductible in determining taxable profit	38,904	1,212
Adjustments in respect of prior years	(175,889)	17,806
Effect of change in corporation tax rate	(3,550)	725
Group relief	-	307
Permanent capital allowances in excess of depreciation	15,260	8,505
Other permanent differences	-	(3,916)
Deferred tax adjustments in respect of prior years	7,229	(130)
Enhanced R&D deductions	(143,667)	-
Taxation (credit)/charge for the period	(87,592)	194,209

In addition to the amount (credited)/charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020	2019
	£	£
Deferred tax arising on:		
Revaluation of property	39,100	110,476

11 Dividends

	2020	2019
	£	£
Final paid	-	200,000

12 Intangible fixed assets

	Software
	£
Cost	
At 27 January 2019	404,615
Additions - internally developed	462,774
At 1 February 2020	867,389
Amortisation and impairment	
At 27 January 2019 and 1 February 2020	-
Carrying amount	
At 1 February 2020	867,389
At 26 January 2019	404,615

Included within software is £867,389 (2019: £404,614) in respect of assets under construction on which no amortisation has been charged.

13 Tangible fixed assets

	Land and Buildings	Fixtures and fittings	Plant and computers	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 27 January 2019	4,360,642	507,962	4,841,479	6,990,671	16,700,754
Additions	144,637	23,015	429,660	1,062,564	1,659,876
Disposals	-	-	(72,675)	(938,025)	(1,010,700)
Revaluation	102,073	-	-	-	102,073
Transfers	(34,029)	-	34,029	-	-
At 1 February 2020	4,573,323	530,977	5,232,493	7,115,210	17,452,003
Depreciation and impairment					
At 27 January 2019	568,999	266,008	3,096,209	4,492,644	8,423,860
Depreciation charged in the period	38,650	95,043	575,699	589,117	1,298,509
Eliminated in respect of disposals	-	-	(72,675)	(931,998)	(1,004,673)
At 1 February 2020	607,649	361,051	3,599,233	4,149,763	8,717,696
Carrying amount					
At 1 February 2020	3,965,674	169,926	1,633,260	2,965,447	8,734,307
At 26 January 2019	3,791,643	241,954	1,745,270	2,498,027	8,276,894

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020	2019
	£	£
Plant and computers	106,552	128,115
Motor vehicles	2,545,340	2,254,978
	2,651,892	2,383,093

13 Tangible fixed assets (continued)

The freehold property was valued on the basis of open market value between February and April 2018 by professional valuers GVA and BNP Paribas. The directors have obtained a desktop valuation for one property for the period ended 1 February 2020, which has resulted in the revaluation as above. The directors do not believe the remaining property values have materially changed since the previous valuation was carried out.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020	**2019**
	£	**£**
Cost	3,739,186	3,611,260
Accumulated depreciation	(564,055)	(469,474)
Carrying value	3,175,131	3,141,786

14 Fixed asset investments

	Notes	**2020**	**2019**
		£	**£**
Investments in subsidiaries	**15**	10,400	10,400
Unlisted investments		-	100
		10,400	10,500

Listed investments included above:		
Listed investments carrying amount	10,400	10,400

14 Fixed asset investments (continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 27 January 2019	10,400	100	10,500
Disposals	-	(100)	(100)
At 1 February 2020	10,400	-	10,400
Carrying amount			
At 1 February 2020	10,400	-	10,400
At 26 January 2019	10,400	100	10,500

15 Subsidiaries

Details of the company's subsidiaries at 1 February 2020 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct	% Held Indirect
Lundy Fish Limited	1	Ordinary	100.00	

Registered office addresses (all UK unless otherwise indicated):

1 Mullacott Industrial Estate, Ilfracome, North Devon, EX34 8PL

16 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	2,673,745	2,167,941

17 Debtors

	2020	2019
Amounts falling due within one year:	**£**	**£**
Trade debtors	2,865,226	3,102,909
Corporation tax recoverable	125,482	-
Amounts owed by group undertakings	324,760	136,191
Other debtors	674,115	687,348
Prepayments and accrued income	592,230	354,192
	4,581,813	4,280,640

18 Creditors: amounts falling due within one year

		2020	2019
	Notes	**£**	**£**
Bank loans	**20**	310,000	310,000
Obligations under finance leases	**21**	794,691	588,062
Trade creditors		3,436,038	2,577,627
Amounts owed to group undertakings		10,400	10,400
Corporation tax		-	192,000
Other taxation and social security		163,597	176,705
Accruals and deferred income		1,199,571	2,000,508
		5,914,297	5,855,302

19 Creditors: amounts falling due after more than one year

		2020	2019
	Notes	**£**	**£**
Bank loans and overdrafts	**20**	2,052,500	2,362,500
Obligations under finance leases	**21**	1,379,691	1,148,507
		3,432,191	3,511,007

20 Loans and overdrafts

	2020	2019
	£	£
Bank loans	2,362,500	2,672,500
Payable within one year	310,000	310,000
Payable after one year	2,052,500	2,362,500

Bank borrowings consist of two bank loans. The bank loans are secured by a legal charge over the company's properties. The interest rates applied are 1.1% per annum above LIBOR and 2.1% fixed.

21 Finance lease obligations

	2020	2019
Future minimum lease payments due under finance leases:	£	£
Within one year	794,691	588,062
In two to five years	1,379,691	1,148,507
	2,174,382	1,736,569

Net obligations under hire purchase agreements are secured by fixed charges over the relevant assets.

22 Provisions for liabilities

		2020	2019
	Notes	£	£
Dilapidations provision		465,000	465,000
Deferred tax liabilities	23	294,993	218,476
		759,993	683,476

Movements on provisions apart from deferred tax liabilities:

	Dilapidations provision
	£
At 27 January 2019 and 1 February 2020	465,000

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020	Liabilities 2019
Balances:	**£**	**£**
Accelerated capital allowances	145,417	108,000
Revaluations	149,576	110,476
	294,993	218,476

	2020
Movements in the period:	**£**
Liability at 27 January 2019	218,476
Charge to profit or loss	37,417
Charge to other comprehensive income	39,100
Liability at 1 February 2020	294,993

The deferred tax liability is expected to reverse over the lives of the assets or on disposal.

A rate of 17% has been applied as this was the substantively enacted rate at the period end. Following the period end, it was announced in the March 2020 Budget that the corporation tax rate would remain at 19% and so this will be reflected in future years.

24 Retirement benefit schemes

	2020	2019
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	198,608	135,793

25 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
85,267 Ordinary A shares of £1 each	85,267	85,267
20,000 Ordinary B shares of £1 each	20,000	20,000
	105,267	105,267

There are no voting rights attached to the Ordinary B shares. The Ordinary A and Ordinary B shares rank pari passu in all other respects.

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	306,446	170,881
Between two and five years	943,475	492,602
In over five years	783,014	360,917
	2,032,935	1,024,400

The amount of non-cancellable operating lease payments recognised as an expense during the period was £207,715 (2019: £191,811).

27 Capital commitments

At the balance sheet date, the company and group had capital commitments totalling £674,487 (2019: £1,032,936).

28 Events after the reporting date

Since the statement of financial position date there has been a global outbreak of coronavirus, which impacted the global economy. The directors assessed the implications for the company's business and concluded that the matter is a non-adjusting post-balance sheet event. Further details can be found in Directors Report.

29 Related party transactions

Summary of transactions with entities with joint control
A related company with common directors provides electricity to the company. During the year Philip Dennis Foodservice Limited made purchases of £252,879 (2019: £130,770) from this related company. Philip Dennis Foodservice Limited also recharges costs to the related company and total recharges in the year were £17,605 (2019: £16,052). During the year Philip Dennis Foodservice advanced £100,000 (2019: £236,806) to the related company. At the balance sheet date the amount due from the related company was £247,335 (2019: £236,806).

Summary of transactions with other related parties
The company incurred rent payable of £70,000 (2019: £70,000) in respect of its depot at Ilfracombe which is rented from the Philip Dennis Pension Scheme. At the balance sheet date the amount due to the pension scheme in respect of this was £nil (2019: £nil).

30 Ultimate controlling party

The company's immediate and ultimate parent is Philip Dennis Foodservice (Holdings) Limited, incorporated in England and Wales. This is the largest and smallest group in which the accounts of this company are consolidated. the registered office of Philip Dennis Foodservice (Holdings) Limited is Mullacott Industrial Estate, Ilfracombe, EX34 8PL.

31 Prior period adjustment

Changes to the statement of financial position

	As previously reported	*Adjustment at 28 Jan 2018*	*Adjustment at 26 Jan 2019*	*As restated at 26 Jan 2019*
	£	£	£	£
Fixed assets				
Other intangibles	-	-	404,615	404,615
Tangible assets	8,523,772	270,000	(516,878)	8,276,894
Provisions for liabilities				
Other provisions	(298,250)	(202,000)	35,250	(465,000)
Net assets	5,716,110	68,000	(77,013)	5,707,097
Capital and reserves				
Profit and loss	5,061,462	68,000	(77,013)	5,052,449

31 Prior period adjustment (continued)

Changes to the income statement

	As previously reported	*Adjustment*	*As restated*
Period ended 26 January 2019	**£**	**£**	**£**
Administrative expenses	(9,247,979)	(77,013)	(9,324,992)
Profit for the financial period	775,962	(77,013)	698,949

Reconciliation of changes in equity

	Notes	28 January 2018	26 January 2019
		£	**£**
Adjustments to prior period			
Provisions	1	68,000	61,583
Computer software costs	2	-	(70,596)
Total adjustments		68,000	(9,013)
Equity as previously reported		4,600,767	5,716,110
Equity as adjusted		4,668,767	5,707,097

Reconciliation of changes in profit for the previous financial period

	Notes	2019
		£
Adjustments to prior period		
Provisions	1	(6,417)
Computer software costs	2	(70,596)
Total adjustments		(77,013)
Profit as previously reported		775,962
Profit as adjusted		698,949

Notes to reconciliation

1. Provisions

The company has a number of leasehold properties for which dilapidations provisions are recognised. A review has been undertaken of these provisions and the Directors have adjusted the brought forward position, in line with the applicable accounting treatment.

31 Prior period adjustment (continued)

2. Computer software costs

The company incurred a number of costs in relation to internally generated computer software during the prior period and these costs were initially recorded as plant and machinery. The Directors have reviewed the position and have deemed it appropriate to adjust the brought forward position to instead reflect these costs as intangible fixed assets.