

AJ & RG Barber (Sales) Ltd

Directors' Report and Financial Statements

for the year ended 31 March 2013



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AJ & RG Barber (Sales) Ltd

Contents

Company Information	1
Directors' Report	2 to 4
Independent Auditor's Report	5 to 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 to 16

The following pages do not form part of the statutory financial statements

Detailed Profit and Loss Account	17 to 20
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AJ & RG Barber (Sales) Ltd
Company Information

Directors T N Barber
 P K Barber
 C L Barber
 C M Newcombe
 M J Pullin

Company secretary T N Barber

Registered office Maryland Farm
 Ditcheat
 Shepton Mallet
 Somerset
 BA4 6PR

Bankers HSBC Bank Plc
 1 Middle Street
 Yeovil
 Somerset
 BA20 1LR

 Lloyds TSB Plc
 London Commercial Banking Centre
 3rd Floor
 39 Threadneedle Street
 London

Auditor Old Mill Audit LLP
 Bishopbrook House
 Cathedral Avenue
 Wells
 Somerset
 BA5 1FD

AJ & RG Barber (Sales) Ltd

Directors' Report for the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Directors of the company

The directors who held office during the year were as follows

T N Barber

P K Barber

C L Barber

C M Newcombe

M J Pullin

Principal activity

The principal activity of the company is the maturation and wholesaling of group-produced and bought-in cheese and dairy products to retailers, wholesalers and food manufacturers

Independence and trusts

J H Jackson who was a member in Old Mill Accountancy LLP and Old Mill Audit LLP during the year, is a trustee of a trust holding shares in the parent company J H Jackson has no beneficial interest in the trust Old Mill Accountancy LLP undertakes accountancy, taxation and other non-audit services on behalf of the company Old Mill Audit LLP undertakes the audit on behalf of the company but J H Jackson has no involvement in the audit process or management of that LLP

Directors' responsibilities

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

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

- select suitable accounting policies and 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

AJ & RG Barber (Sales) Ltd
Directors' Report for the year ended 31 March 2013

Business review

Turnover increased by 3.42% to £53.34m and operating profit decreased by 6.56%, (2012 - +8.87% and +13.3%, respectively). Turnover growth was primarily due to improved sales volumes and average sales values of our pre-pack cheese for retail customers, combined with strong growth in our direct and indirect export markets, however operating profit decreased as the increasing cost of cheese sold reflected the higher farm gate milk prices over the last 12 months. The directors are satisfied with the results for the year and with the solid financial position of the company, which is expected to continue for next year.

Principle risks and uncertainty

Risk and Uncertainty

The directors regularly identify and monitor potential key risks and uncertainties facing the business. The directors consider the primary risks currently facing the business are the continuing competition for raw milk supplies from a reducing community of local dairy farmers and competition from domestic and imported cheese.

Despite the risks to the business in increased competition the directors are confident that the market for premium West Country cheddar remains strong and sufficiently differentiated to maintain current levels of demand and profitability. Additionally, the business has widened its customer geographical base to include overseas markets and the business continues to pursue profitable opportunities through the development of innovative products, existing customer relationships and increased brand awareness.

The directors fully recognise and appreciate the importance of maintaining our very high standards of food quality and continually strive to ensure that our high standards are maintained. The business has a range of initiatives in place to actively manage this specific risk,

- Stringent quality control procedures
- Food safety assurance system, including regular internal and external auditing
- Rigorous testing of raw material product, in-production processes and final product testing
- Staff training in hygiene procedures
- Enhanced product traceability system
- Third-party insurance cover
- Crisis Management Plan (CMP) and Disaster Recovery Plan – Review and adoption of 'best practice'

Financial Management

The directors actively manage the financial aspects of the business via timely and relevant management information. The primary financial performance and position metrics, including product margins, stock levels, wastage and yields are continually reviewed and any deviation from plan are investigated and, where possible, action undertaken to rectify the variance.

Social Responsibility

The directors fully appreciate that the decisions and resultant actions have a direct impact on our staff, the local community and the environment. The directors take this responsibility seriously, and consider such matters in their decision making process.

Environment

The directors recognise the importance of protecting the environment and the responsibility of ensuring that our operations do not adversely impact the local and wider environment. Where necessary, the group's environmental management systems are certified in accordance with the ISO14001 2004 international standard and this enables the company to meet its obligations under the waste and recycling regulations.

AJ & RG Barber (Sales) Ltd
Directors' Report for the year ended 31 March 2013

Workplace

The directors recognise that the success of the company is built upon the skills, hard work and continued loyalty of our staff. Increasing complexity and regulation in many areas of the business have driven the need to ensure that our staff receive on-going training to address these changes, and that newly recruited staff bring to the business the necessary skills and experience to further develop our business.

The directors recognise the importance of keeping our staff informed. Our employee consultation forum ensures that staff are fully consulted, and employees' views considered, before any proposals, that may impact staff, are implemented. Employee representatives are appointed by ballot by the employees for whom they represent.

The directors take the health and safety of our staff and visitors to our facilities very seriously and this is reflected in the commitment to the Health & Safety Management System which includes the monitoring, reporting and review of incidents and potential incidents and ensures the closer involvement of our staff, via the staff consultation forum, in helping to manage health and safety in our workplace. The benefits and awareness of our Health & Safety Management System continues to be valued by the workforce and visitors to our facilities. The directors are confident that the systems that are in place will continue to ensure that the business maintains its excellent health and safety record.

Community

The directors recognise that the company is a major employer in the locality and that its actions impact the local community. The company continues to provide work experience opportunities to local senior school children, participate in local fundraising activities and liaise with the local community in relation to matters impacting local residents.

Financial instruments

Objectives and policies

The company finances its operation through a mixture of retained profits and parent company support.

In managing the financial risks faced by the company, the directors aim to

- retain sufficient funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on the surplus funds.

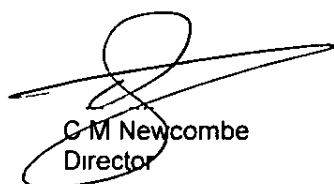
Directors' liabilities

Directors and Officers liability insurance was in force during the period.

Disclosure of information to the auditor

Each director has taken 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 is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 21/8/13 and signed on its behalf by


C M Newcombe
Director

Independent Auditor's Report to the Members of AJ & RG Barber (Sales) Ltd

We have audited the financial statements of AJ & RG Barber (Sales) Ltd for the year ended 31 March 2013, set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of AJ & RG Barber (Sales) Ltd

Matters on which we are required to report by exception

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

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



JOLYON STONEHOUSE
(Senior Statutory Auditor)

For and on behalf of Old Mill Audit LLP, Statutory Auditor

Bishopbrook House
Cathedral Avenue
Wells
Somerset
BA5 1FD

Date 4 September 2013

AJ & RG Barber (Sales) Ltd
Profit and Loss Account for the year ended 31 March 2013

	Note	2013 £ 000	2012 £ 000
Turnover	2	53,337	51,575
Cost of sales		<u>(46,358)</u>	<u>(44,670)</u>
Gross profit		6,979	6,905
Distribution costs		(1,834)	(1,830)
Administrative expenses		(3,139)	(2,820)
Other operating income		<u>132</u>	<u>33</u>
Operating profit	3	2,138	2,288
Interest payable and similar charges	6	<u>(234)</u>	<u>(264)</u>
Profit on ordinary activities before taxation		1,904	2,024
Tax on profit on ordinary activities	7	<u>(471)</u>	<u>(564)</u>
Profit for the financial year	15	<u><u>1,433</u></u>	<u><u>1,460</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

AJ & RG Barber (Sales) Ltd
(Registration number: 00750464)
Balance Sheet at 31 March 2013

		2013		2012	
	Note	£ 000	£ 000	£ 000	£ 000
Fixed assets					
Tangible fixed assets	8		3,292		2,829
Current assets					
Stocks	9	28,017		26,047	
Debtors	10	7,473		7,905	
Cash at bank and in hand		<u>2,669</u>		<u>3,395</u>	
		38,159		37,347	
Creditors: Amounts falling due within one year	11	<u>(5,513)</u>		<u>(3,832)</u>	
Net current assets			<u>32,646</u>		<u>33,515</u>
Total assets less current liabilities			35,938		36,344
Creditors: Amounts falling due after more than one year	12		(13,220)		(15,102)
Provisions for liabilities	13		<u>(99)</u>		<u>(56)</u>
Net assets			<u>22,619</u>		<u>21,186</u>
Capital and reserves					
Called up share capital	14	1		1	
Profit and loss account	15	<u>22,618</u>		<u>21,185</u>	
Shareholders' funds	16		<u>22,619</u>		<u>21,186</u>

Approved by the Board on 21/5/13 and signed on its behalf by


C L Barber
Director


C M Newcombe
Director

AJ & RG Barber (Sales) Ltd
Notes to the Financial Statements for the year ended 31 March 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Leasehold Buildings	6 67% straight line
Plant & Machinery	25% reducing balance
Motor Vehicles	25% straight line

Research and development

Research and development expenditure is written off in the year in which it is incurred

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

AJ & RG Barber (Sales) Ltd

Notes to the Financial Statements for the year ended 31 March 2013

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Risk management objectives

The management's objective is to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds.

2 Turnover

During the year 12% of the company's turnover related to exports (2012 - 0.43%).

An analysis of turnover by geographical location is given below.

	2013 £ 000	2012 £ 000
Sales - UK	52,740	51,354
Sales - Europe	597	221
	<u>53,337</u>	<u>51,575</u>

3 Operating profit

Operating profit is stated after charging

	2013 £ 000	2012 £ 000
Operating leases - other assets	337	286
Foreign currency losses	4	-
Profit on sale of tangible fixed assets	(23)	(5)
Depreciation of owned assets	563	373
Auditor's remuneration	12	10
Amortisation of government grants	<u>(94)</u>	<u>(17)</u>

AJ & RG Barber (Sales) Ltd
Notes to the Financial Statements for the year ended 31 March 2013

4 Auditor's remuneration

	2013 £ 000	2012 £ 000
Audit of the financial statements	9	7
Other fees to auditors		
Tax services	2	-
Other services	1	3
	3	3
	12	10

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2013 No.	2012 No.
Administration and support	17	17
Distribution	41	40
	58	57

The aggregate payroll costs were as follows

	2013 £ 000	2012 £ 000
Wages and salaries	1,595	1,542
Social security costs	163	124
Staff pensions	65	63
	1,823	1,729

All emoluments of the directors are provided through the ultimate holding company A J & R G Barber Limited
Three directors are accruing benefits under money purchase pension schemes operated by the parent company

6 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest on loans from group undertakings	234	264
	234	264

AJ & RG Barber (Sales) Ltd
Notes to the Financial Statements for the year ended 31 March 2013

Interest payable to group undertakings amounted to £233,858 (2012 £262,948)

7 Taxation

Tax on profit on ordinary activities

	2013 £ 000	2012 £ 000
Current tax		
Corporation tax charge	485	520
Adjustments in respect of previous years	(57)	-
UK Corporation tax	428	520
Deferred tax		
Origination and reversal of timing differences	43	44
Total tax on profit on ordinary activities	<u>471</u>	<u>564</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%)

The differences are reconciled below

	2013 £ 000	2012 £ 000
Profit on ordinary activities before taxation	<u>1,904</u>	<u>2,024</u>
Corporation tax at standard rate	457	526
Capital allowances in excess of depreciation	-	(46)
Expenses not deductible for tax purposes	45	33
Other timing differences	(23)	(1)
Adjustment for prior periods	(57)	-
Rounding on tax charge	6	8
Total current tax	<u>428</u>	<u>520</u>

AJ & RG Barber (Sales) Ltd

Notes to the Financial Statements for the year ended 31 March 2013

8 Tangible fixed assets

	Leasehold land and buildings £ 000	Plant and machinery £ 000	Motor vehicles £ 000	Assets Under Construction £ 000	Total £ 000
Cost or valuation					
At 1 April 2012	1,613	4,012	151	636	6,412
Additions	22	1,004	-	-	1,026
Disposals	-	(104)	-	-	(104)
Transfer	-	636	-	(636)	-
At 31 March 2013	1,635	5,548	151	-	7,334
Depreciation					
At 1 April 2012	511	2,975	97	-	3,583
Charge for the year	79	462	22	-	563
Eliminated on disposals	-	(104)	-	-	(104)
At 31 March 2013	590	3,333	119	-	4,042
Net book value					
At 31 March 2013	1,045	2,215	32	-	3,292
At 31 March 2012	1,102	1,037	54	636	2,829

9 Stocks

	2013 £ 000	2012 £ 000
Raw materials	222	241
Finished goods	27,795	25,806
	<u>28,017</u>	<u>26,047</u>

10 Debtors

	2013 £ 000	2012 £ 000
Trade debtors	7,078	7,510
Amounts owed by group undertakings	388	377
Other debtors	7	18
	<u>7,473</u>	<u>7,905</u>

AJ & RG Barber (Sales) Ltd
Notes to the Financial Statements for the year ended 31 March 2013

11 Creditors: Amounts falling due within one year

	2013 £ 000	2012 £ 000
Bank loans and overdrafts	1,096	-
Amounts owed to group undertakings	3,262	2,821
Corporation tax	242	260
Accruals and deferred income	913	751
	<u>5,513</u>	<u>3,832</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	2013 £ 000	2012 £ 000
Secured creditors due within one year	<u>1,096</u>	<u>-</u>

12 Creditors: Amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Amounts owed to group undertakings	12,900	15,000
Accruals and deferred income	320	102
	<u>13,220</u>	<u>15,102</u>

13 Provisions

	Deferred tax £ 000	Total £ 000
At 1 April 2012	56	56
Charged to the profit and loss account	43	43
At 31 March 2013	<u>99</u>	<u>99</u>

Analysis of deferred tax

	2013 £ 000	2012 £ 000
Accelerated tax allowances	<u>99</u>	<u>56</u>

AJ & RG Barber (Sales) Ltd
Notes to the Financial Statements for the year ended 31 March 2013

14 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No. 000	£ 000	No. 000	£ 000
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

15 Reserves

	Profit and loss account £ 000	Total £ 000
At 1 April 2012	21,185	21,185
Profit for the year	<u>1,433</u>	<u>1,433</u>
At 31 March 2013	<u>22,618</u>	<u>22,618</u>

16 Reconciliation of movement in shareholders' funds

	2013 £ 000	2012 £ 000
Profit attributable to the members of the company	<u>1,433</u>	<u>1,460</u>
Net addition to shareholders' funds	1,433	1,460
Shareholders' funds at 1 April	<u>21,186</u>	<u>19,726</u>
Shareholders' funds at 31 March	<u>22,619</u>	<u>21,186</u>

17 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £65,000 (2012 - £63,000).

18 Contingent liabilities

The company provided a guarantee and security to HSBC Bank in respect of the net group overdraft facility and loan. The amount guaranteed is £2,900,000 (2012 - £4,900,000). The security given comprises a fixed and floating charge over book debt and a floating charge over all other assets.

AJ & RG Barber (Sales) Ltd

Notes to the Financial Statements for the year ended 31 March 2013

The company has provided a guarantee and security to Lloyds Bank in respect of a loan facility. The amount guaranteed is £1,096,349 (2012 - £nil). The security given comprises a charge over the company's fixed assets, book debts and all other debts.

19 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £113,133 (2012 - £1,196,000).

Operating lease commitments

As at 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire

	2013 £ 000	2012 £ 000
Land and buildings		
Over five years	<u>160</u>	<u>160</u>

20 Related party transactions

Advantage has been taken of the exemption available under Financial Reporting Standard 8 - Related Party Disclosures not to disclose inter-group transactions and balances on the grounds that the company is a wholly owned subsidiary in a group that prepares publicly available consolidated accounts.

The company rents cheese stores from the A J & R G Barber Limited Directors' Retirement Benefit Scheme which provides a pension fund for the benefit of the directors, P K Barber, T N Barber and C L Barber. The amount of rent paid to the scheme was £160,000 (2012: £160,000) with £nil outstanding at the year end (2012: £nil).

21 Control

The company is controlled by A J & R G Barber Limited of which it is a 100% subsidiary. That company is controlled jointly by the directors. A J & R G Barber Limited is a company incorporated in Great Britain. Copies of the group accounts can be obtained from this company's registered office.