COMPANY REGISTRATION NUMBER 1437478

# MELBOURNE HOLDINGS LIMITED

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 31 DECEMBER 2011

# MELBOURNE HOLDINGS LIMITED

## FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2011

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# MELBOURNE HOLDINGS LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

| | |
|---|---|
| **The director** | J L Priestley |
| **Registered office** | Station Road<br>Heckington<br>Sleaford<br>Lincolnshire<br>NG34 9NF |
| **Auditor** | Streets Audit LLP<br>Chartered Accountants<br>& Statutory Auditor<br>Tower House<br>Lucy Tower Street<br>Lincoln<br>LN1 1XW |

# MELBOURNE HOLDINGS LIMITED

## THE DIRECTOR'S REPORT

## YEAR ENDED 31 DECEMBER 2011

The director has pleasure in presenting his report and the financial statements of the group for the year ended 31 December 2011

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

As well as operating the trades of property development, building, farming, haulage and leisure centre, the company also acts as holding company of a group engaged in the construction industry and in the packaging and distribution of fresh and dehydrated food

As well as operating the trades of property development, building, and haulage, the company also acts as holding company of a group engaged in the construction industry and in the packaging and distribution of fresh and dehydrated food

The Director is satisfied with the results for the year and is confident of future prospects

Melbourne Holdings is a diverse group that operates in a number of different markets with both its own activities and those of its subsidiaries

J L Priestley & Co Ltd operates in the dried fruit and vegetable trade selling mainly to wholesale and manufacturing sectors

The Roasting Company Ltd produces roasted nuts to the manufacturing and wholesale sector and has enjoyed a much better year with expected breakthrough to these markets being achieved as planned

Smith Construction (Heckington) Ltd is mainly concerned with the preparation and laying of all kinds of sports pitches either as main contractor to the public education sector and leisure centre groups or as subcontractor to other main contractors

More details of these businesses can be found in the relevant company's own business review

The company operated in both residential and commercial sectors of property development with a 5 years bank of commercial land and a 5 year bank of residential land The company's strategy is to concentrate on the lower end of the residential market as the director feels that this is a more buoyant part of the sector for the geographical area that it operates in (West Lincolnshire), but of course demand will be affected by such external forces as interest rate rises and the overall level of optimism of of the country as a whole, both of which have had an effect on the residential property market this year to the extent that no new residential building was undertaken in 2011

The optimism for the haulage business continues to be well placed with this division having its best year yet with the same good results continuing into 2012

Overall operating profit has decreased from 8 27% to 4 33% with profit before taxation also showing a decrease from 7 01% to 4 74% Return on capital employed, based upon profit for the financial year after adjusting for profit on sale of fixed assets over net assets is 4 06% up from 5 04% in 2010

No business is an island and this group, like any other is subject to the vagaries of the economy as a whole and the peculiarities of the various sectors in which it operates but with a small but highly experienced management team it seeks to overcome these external forces to show continued growth for the future

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries As a consequence the director believes that the group is well placed to manage its business risk successfully despite the current uncertain economic outlook

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,180,300 The director has not recommended a dividend

### FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies are included in note 20 to the accounts

## THE DIRECTOR AND HIS INTERESTS

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows

| | Ordinary Shares of £1 each | |
|---|---|---|
| | At 31 December 2011 | At 1 January 2011 |
| J L Priestley | 8,976 | 8,976 |

## DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has 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 director 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 the group and of the profit or loss of the group for that year

In preparing those financial statements, the director is 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 group will continue in business

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

In so far as the director is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

## DONATIONS

During the year the company made the following contributions

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Charitable | 1,628 | 996 |

# MELBOURNE HOLDINGS LIMITED



Registered office
Station Road
Heckington
Sleaford
Lincolnshire
NG34 9NF

Signed by order of the director

J L PRIESTLEY
DIRECTOR

Approved by the director on 13/9/12

# MELBOURNE HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MELBOURNE HOLDINGS LIMITED

## YEAR ENDED 31 DECEMBER 2011

We have audited the group and parent company financial statements ("the financial statements") of Melbourne Holdings Limited for the year ended 31 December 2011 on pages 7 to 29 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

### RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by , and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual 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 FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

# MELBOURNE HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MELBOURNE HOLDINGS LIMITED *(continued)*

## YEAR ENDED 31 DECEMBER 2011

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

AMANDA LEGATE (Senior Statutory Auditor)
For and on behalf of
STREETS AUDIT LLP
Chartered Accountants
& Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW
14/9/12

# MELBOURNE HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

## YEAR ENDED 31 DECEMBER 2011

| | Note | 2011<br>£ | 2010<br>£ |
|---|---|---|---|
| **GROUP TURNOVER** | 2 | **37,669,506** | 28,665,597 |
| Cost of sales | | **34,067,495** | 24,882,901 |
| **GROSS PROFIT** | | **3,602,011** | 3,782,696 |
| Distribution costs | | **339,713** | 379,291 |
| Administrative expenses | | **2,449,706** | 2,069,420 |
| Other operating income | 3 | **(809,559)** | (1,038,044) |
| **OPERATING PROFIT** | 4 | **1,622,151** | 2,372,029 |
| Interest receivable and similar income | | **512,001** | 237,872 |
| Interest payable and similar charges | 7 | **(358,336)** | (311,103) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **1,775,816** | 2,298,798 |
| Tax on profit on ordinary activities | 8 | **408,340** | 648,002 |
| **PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION** | | **1,367,476** | 1,650,796 |
| Minority interests | | **187,176** | 28,730 |
| **PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY** | 9 | **1,180,300** | 1,622,066 |
| **PROFIT FOR THE FINANCIAL YEAR** | | **1,180,300** | 1,622,066 |

All of the activities of the group are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

**The notes on pages 12 to 29 form part of these financial statements**

# MELBOURNE HOLDINGS LIMITED

## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

## YEAR ENDED 31 DECEMBER 2011

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Profit for the financial year attributable to the shareholders of the parent company | **1,180,300** | 1,622,066 |
| Unrealised loss on revaluation of certain fixed assets | **–** | (20,292) |
| Total gains and losses recognised since the last annual report | **1,180,300** | 1,601,774 |

**The notes on pages 12 to 29 form part of these financial statements**

# MELBOURNE HOLDINGS LIMITED

## GROUP BALANCE SHEET

## 31 DECEMBER 2011

| | Note | 2011 £ | 2011 £ | 2010 £ | 2010 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 11 | | – | | – |
| Tangible assets | 12 | | 15,165,438 | | 14,926,682 |
| Investments | 13 | | 234,913 | | 194,415 |
| | | | 15,400,351 | | 15,121,097 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 14 | 18,460,410 | | 17,187,998 | |
| Debtors | 15 | 13,378,695 | | 8,695,090 | |
| Cash at bank and in hand | | 4,546,280 | | 9,196,361 | |
| | | 36,385,385 | | 35,079,449 | |
| **CREDITORS: Amounts falling due within one year** | 17 | 13,747,579 | | 16,737,067 | |
| **NET CURRENT ASSETS** | | | 22,637,806 | | 18,342,382 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 38,038,157 | | 33,463,479 |
| **CREDITORS: Amounts falling due after more than one year** | 18 | | 3,506,299 | | 183,888 |
| **PROVISIONS FOR LIABILITIES** | | | | | |
| Deferred taxation | 16 | | – | | 16,742 |
| | | | 34,531,858 | | 33,262,849 |
| **MINORITY INTERESTS** | | | 686,996 | | 461,640 |
| | | | 33,844,862 | | 32,801,209 |
| **CAPITAL AND RESERVES** | | | | | |
| Called-up equity share capital | 23 | | 9,021 | | 9,021 |
| Revaluation reserve | 24 | | 4,359,608 | | 4,577,569 |
| Profit and loss account | 24 | | 29,476,233 | | 28,214,619 |
| **SHAREHOLDERS' FUNDS** | 25 | | 33,844,862 | | 32,801,209 |

These financial statements were approved and signed by the director and authorised for issue on 13/9/12

J L PRIESTLEY
Director

**The notes on pages 12 to 29 form part of these financial statements**

# MELBOURNE HOLDINGS LIMITED

## BALANCE SHEET

## 31 DECEMBER 2011

| | Note | 2011 £ | 2011 £ | 2010 £ | 2010 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible assets | 12 | | 13,279,739 | | 12,770,843 |
| Investments | 13 | | 5,887,978 | | 5,887,978 |
| | | | 19,167,717 | | 18,658,821 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 14 | 11,490,825 | | 10,189,570 | |
| Debtors | 15 | 10,126,615 | | 1,973,102 | |
| Cash at bank and in hand | | 3,219,461 | | 8,766,274 | |
| | | 24,836,901 | | 20,928,946 | |
| **CREDITORS: Amounts falling due within one year** | 17 | 4,964,978 | | 5,258,921 | |
| **NET CURRENT ASSETS** | | | 19,871,923 | | 15,670,025 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 39,039,640 | | 34,328,846 |
| **CREDITORS: Amounts falling due after more than one year** | 18 | | 3,455,000 | | 26,157 |
| **PROVISIONS FOR LIABILITIES** | | | | | |
| Deferred taxation | 16 | | – | | (62,369) |
| | | | 35,584,640 | | 34,365,058 |
| **CAPITAL AND RESERVES** | | | | | |
| Called-up equity share capital | 23 | | 9,021 | | 9,021 |
| Revaluation reserve | 24 | | 4,359,608 | | 4,577,569 |
| Other reserves | 24 | | 5,887,425 | | 5,887,425 |
| Profit and loss account | 24 | | 25,328,586 | | 23,891,043 |
| **SHAREHOLDERS' FUNDS** | | | 35,584,640 | | 34,365,058 |

These financial statements were approved and signed by the director and authorised for issue on 13/9/12

J L PRIESTLEY
Director

Company Registration Number 1437478

**The notes on pages 12 to 29 form part of these financial statements**

# MELBOURNE HOLDINGS LIMITED

## GROUP CASH FLOW CASH FLOW STATEMENT

## YEAR ENDED 31 DECEMBER 2011

| | | 2011 | | 2010 | |
|---|---|---|---|---|---|
| | Note | £ | £ | £ | £ |
| **NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES** | 26 | | (2,257,742) | | 2,642,502 |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | 26 | | 153,665 | | (73,231) |
| **TAXATION** | 26 | | (572,916) | | (620,410) |
| **CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT** | 26 | | (944,541) | | (1,252,975) |
| **ACQUISITIONS AND DISPOSALS** | 26 | | (40,498) | | (67,108) |
| **EQUITY DIVIDENDS PAID** | | | – | | (209,009) |
| **CASH (OUTFLOW)/INFLOW BEFORE FINANCING** | | | (3,662,032) | | 419,769 |
| **FINANCING** | 26 | | 3,045,437 | | (632,088) |
| **DECREASE IN CASH** | 26 | | (616,595) | | (212,319) |

The notes on pages 12 to 29 form part of these financial statements.

# MELBOURNE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and financial instruments and in accordance with applicable accounting standards

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

### Intangible fixed assets

Intangible fixed assets are stated at cost plus any incidental costs of acquisition

### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

| | | |
|---|---|---|
| Trademarks | - | 20% straight line |

### Fixed assets

All fixed assets are initially recorded at cost

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

| | | |
|---|---|---|
| Freehold Property | - | not depreciated |
| Plant & Machinery | - | 15-33% reducing balance |
| Fixtures & Fittings | - | 15% reducing balance |
| Motor Vehicles | - | 25% reducing balance/straight line |
| Office Equipment | - | 15% reducing balance |

Freehold Property is not depreciated on the grounds that the buildings are maintained in a sound state of repair and that the residual value of the properties is expected to be such that no depreciation is appropriate

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

## 1. ACCOUNTING POLICIES *(continued)*

### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

### Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

### Pension costs

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

### Foreign currencies

Company

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined Non-monetary items that are measured at historical cost in a foreign currency are not retranslated

## 1. ACCOUNTING POLICIES *(continued)*

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Group

For the purposes of preparing consolidated financial statements, the assets and liabilities of foreign subsidiary undertakings are translated at the exchange rates ruling at the balance sheet date Profit and loss items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly in the year, in which case the exchange rates ruling at the dates of the transactions are used Exchange differences arising are taken to the Group's foreign currency translation reserve Such exchange differences are recognised in the profit and loss account in the year in which a foreign subsidiary undertaking is disposed of

Goodwill and fair adjustments arising on the acquisition of a foreign subsidiary undertaking are treated as assets and liabilities of the foreign subsidiary and translated at the closing rate

### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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

***Investments***

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment All purchases and sales of investments are recognised using trade date accounting

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value Gains or losses on investments held for trading are recognised in the profit and loss account Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account

***Trade and other debtors***

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts Bad debts are written off when identified

***Cash and cash equivalents***

Cash and cash equivalents are included in the balance sheet at cost Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less

### 1. ACCOUNTING POLICIES *(continued)*

***Interest-bearing loans and borrowings***

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process

***Derivative financial instruments***

The group uses a number of derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and currency fluctuation risk Such derivative financial instruments are always stated at their fair value

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the profit and loss account

### 2. TURNOVER

The turnover and the profit before tax are attributable to all of the group company's activities

An analysis of turnover is given below

| | 2011 £ | 2010 £ |
|---|---|---|
| United Kingdom | **37,669,506** | 28,665,597 |

| | 2011 £ | 2010 £ |
|---|---|---|
| Turnover is analysed by geographical markets as follows | | |
| United Kingdom | **35,962,311** | 26,940,514 |
| Europe | **227,456** | 465,913 |
| USA | **1,479,739** | 1,259,170 |
| | **37,669,506** | 28,665,597 |

Of the above, the turnover which relates to the packaging and distribution side of the business is as follows

| | 2011 | 2010 |
|---|---|---|
| | **13,770,632** | 8,717,006 |

The rest of the turnover relates to the construction and other activities of the business

### 3. OTHER OPERATING INCOME

| | 2011 £ | 2010 £ |
|---|---|---|
| Rent receivable | **769,061** | 970,936 |
| Other operating income | **40,498** | 67,108 |
| | **809,559** | 1,038,044 |

Other operating income related to the profit share from Paxton Investments Limited

## 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

| | 2011 £ | 2010 £ |
|---|---|---|
| Depreciation of owned fixed assets | 422,979 | 339,597 |
| Depreciation of assets held under hire purchase agreements | 332,484 | 478,294 |
| Profit on disposal of fixed assets | (49,126) | (287,346) |
| Auditor's remuneration | | |
| - as auditor | 18,875 | 17,878 |
| - for other services | 3,100 | 2,200 |
| Net profit on foreign currency translation | (66,977) | (11,063) |

## 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

| | 2011 No | 2010 No |
|---|---|---|
| Number of production staff | 60 | 60 |
| Number of distribution staff | 5 | 5 |
| Number of administrative staff | 47 | 42 |
| Number of construction staff | 1 | – |
| | 113 | 107 |

The aggregate payroll costs of the above were

| | 2011 £ | 2010 £ |
|---|---|---|
| Wages and salaries | 2,949,144 | 2,696,073 |
| Social security costs | 204,863 | 208,715 |
| Other pension costs | 22,818 | 21,961 |
| | 3,176,825 | 2,926,749 |

## 6. DIRECTOR'S REMUNERATION

The director's aggregate remuneration in respect of qualifying services were

| | 2011 £ | 2010 £ |
|---|---|---|
| Remuneration receivable | 243,146 | 221,865 |
| Value of company pension contributions to money purchase schemes | 17,934 | 17,880 |
| | 261,080 | 239,745 |

## 6. DIRECTOR'S REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

| | 2011 | 2010 |
|---|---|---|
| | No | No |
| Money purchase schemes | 3 | 4 |

No shares were received by the highest paid Director in respect of qualifying services under a long term incentive scheme

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Interest payable on bank borrowing | 259,539 | 235,553 |
| Finance charges | 36,505 | 59,753 |
| Other similar charges payable | 62,292 | 15,797 |
| | 358,336 | 311,103 |

## 8. TAXATION ON ORDINARY ACTIVITIES

### (a) Analysis of charge in the year

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 346,284% (2010 - 28%) | 487,478 | 769,736 |
| Total current tax | 487,478 | 769,736 |
| Deferred tax | | |
| Origination and reversal of timing differences (note 16) Capital allowances | (79,138) | (121,734) |
| Tax on profit on ordinary activities | 408,340 | 648,002 |

### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

**(b) Factors affecting current tax charge**

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before taxation | 1,775,816 | 2,298,798 |
| Profit on ordinary activities by rate of tax | 434,612 | 643,664 |
| Disallowable expenses | 98,264 | 41,574 |
| Capital allowances | (43,469) | (49,610) |
| Chargeable gains | 624 | 40,602 |
| Group relief | - | (53,494) |
| Income from group shares | - | 147,000 |
| Total current tax (note 8(a)) | 490,031 | 769,736 |

### 9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £1,317,850 (2010 - £1,905,887)

### 10. DIVIDENDS

**Equity dividends**

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Paid | | |
| Equity dividends on ordinary shares | – | 209,010 |

Although sufficient distributable reserves exist to declare a higher dividend the Director feels that the resources are needed for further development and expansion of the group

# MELBOURNE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2011

### 11. INTANGIBLE FIXED ASSETS

**Group**

| | Trademarks |
|---|---|
| | £ |
| **COST** | |
| **At 1 January 2011 and 31 December 2011** | 3,760 |
| **AMORTISATION** | |
| **At 1 January 2011 and 31 December 2011** | 3,760 |
| **NET BOOK VALUE** | |
| **At 31 December 2011** | – |
| At 31 December 2010 | – |

Intangible assets represent trademarks

### 12. TANGIBLE FIXED ASSETS

| Group | Freehold Property | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **COST OR VALUATION** | | | | | | |
| At 1 Jan 2011 | 12,221,608 | 4,348,391 | 653,243 | 1,192,149 | 157,854 | 18,573,245 |
| Additions | 513,244 | 531,922 | 18,839 | 163,222 | 34,453 | 1,261,680 |
| Disposals | – | (322,391) | (21) | (210,507) | (21,840) | (554,759) |
| **At 31 Dec 2011** | 12,734,852 | 4,557,922 | 672,061 | 1,144,864 | 170,467 | 19,280,166 |
| **DEPRECIATION** | | | | | | |
| At 1 Jan 2011 | 75,444 | 2,469,332 | 264,617 | 702,562 | 134,608 | 3,646,563 |
| Charge for the year | – | 485,687 | 58,467 | 194,762 | 15,995 | 754,911 |
| On disposals | – | (94,551) | (2) | (171,180) | (21,013) | (286,746) |
| **At 31 Dec 2011** | 75,444 | 2,860,468 | 323,082 | 726,144 | 129,590 | 4,114,728 |
| **NET BOOK VALUE** | | | | | | |
| **At 31 Dec 2011** | 12,659,408 | 1,697,454 | 348,979 | 418,720 | 40,877 | 15,165,438 |
| At 31 Dec 2010 | 12,146,164 | 1,879,059 | 388,626 | 489,587 | 23,246 | 14,926,682 |

Investment properties have been revalued by the Directors during the year in order to ensure the assets continue to represent an accurate open market valuation

## 12. TANGIBLE FIXED ASSETS *(continued)*

### Hire purchase agreements

Included within the net book value of £15,165,438 is £397,605 (2010 - £1,124,808) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £332,484 (2010 - £478,294)

| Company | Freehold Property | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **COST OR VALUATION** | | | | | | |
| At 1 Jan 2011 | 12,221,608 | 314,408 | 289,513 | 427,415 | 42,498 | 13,295,442 |
| Additions | 513,244 | 165,062 | 8,969 | 124,614 | 16,310 | 828,199 |
| Disposals | – | (161,700) | – | (82,213) | (1,786) | (245,699) |
| **At 31 Dec 2011** | 12,734,852 | 317,770 | 298,482 | 469,816 | 57,022 | 13,877,942 |
| **DEPRECIATION** | | | | | | |
| At 1 Jan 2011 | 75,444 | 133,206 | 33,789 | 247,657 | 34,505 | 524,601 |
| Charge for the year | – | 41,099 | 27,231 | 73,029 | 4,340 | 145,699 |
| On disposals | – | (13,894) | – | (57,041) | (1,162) | (72,097) |
| **At 31 Dec 2011** | 75,444 | 160,411 | 61,020 | 263,645 | 37,683 | 598,203 |
| **NET BOOK VALUE** | | | | | | |
| **At 31 Dec 2011** | 12,659,408 | 157,359 | 237,462 | 206,171 | 19,339 | 13,279,739 |
| At 31 Dec 2010 | 12,146,164 | 181,202 | 255,724 | 179,758 | 7,993 | 12,770,841 |

### Hire purchase agreements

Included within the net book value of £13,279,739 is £Nil (2010 - £150,742) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2010 - £66,578)

## 13. INVESTMENTS

| Group | Associated undertakings |
|---|---|
| | £ |
| **COST** | |
| At 1 January 2011 | 194,415 |
| Additions | 40,498 |
| At 31 December 2011 | 234,913 |
| **NET BOOK VALUE** | |
| **At 31 December 2011** | 234,913 |
| At 31 December 2010 | 194,415 |

## 13. INVESTMENTS *(continued)*

| | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| **Subsidiary undertakings** | | | | |
| All held by the company | | | | |
| Smith Construction (Heckington) Limited | England | Ordinary shares | 75% | Sports pitch laying |
| JLP Food Group Holdings Limited | England | Ordinary shares | 100% | Managing and holding investments |
| Melbourne Construction Limited | England | Ordinary shares | 100% | Dormant |
| The Roasting Company Limited | England | Ordinary shares | 75% | Nut processing |
| Finch Hatton Arms Limited | England | Ordinary shares | 100% | Restaurant, Bar & Inn |
| Rookery Homes Limited | England | Ordinary shares | 100% | Property development |
| Ladysmith Developments Limited | England | Ordinary shares | 100% | Property development |
| Paxton Investments Limited | England | Ordinary shares | 50% | Investment Property |
| The following are subsidiaries of JLP Food Group Holdings Limited | | | | |
| Quick Dry Foods Limited | England | Ordinary shares | 100% | Dormant |
| J L Priestley & Co Limited | England | Ordinary shares | 100% | Packing & distribution of dehydrated and fresh food |

All of the above subsidiaries have been included to be part of these consolidated accounts

**Company**

| | Total |
|---|---|
| | Group companies |
| | £ |
| **COST** | |
| At 1 January 2011 and 31 December 2011 | 5,887,978 |
| **NET BOOK VALUE** | |
| **At 31 December 2011 and 31 December 2010** | 5,887,978 |

## 14. STOCKS

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Stock | 10,693 | – | – | – |
| Raw materials | 5,197,872 | 4,764,033 | 638,329 | 349,956 |
| Work in progress | 3,792,190 | 2,181,042 | 3,237,507 | 1,381,874 |
| Finished goods | 9,459,655 | 10,242,923 | 7,614,989 | 8,457,740 |
| | 18,460,410 | 17,187,998 | 11,490,825 | 10,189,570 |

## 15. DEBTORS

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Trade debtors | 10,190,779 | 7,513,561 | 579,360 | 243,219 |
| Amounts owed by group undertakings | – | – | 6,600,000 | 790,618 |
| Corporation tax recoverable | 214,960 | 68,447 | 214,960 | – |
| Other debtors | 2,571,400 | 690,609 | 2,571,400 | 686,679 |
| Deferred taxation (Note 16) | 62,396 | – | 62,369 | – |
| Prepayments and accrued income | 339,160 | 422,473 | 98,526 | 252,586 |
| | 13,378,695 | 8,695,090 | 10,126,615 | 1,973,102 |

## 16. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Provision/Asset brought forward | (16,742) | (138,476) | 62,369 | (58,695) |
| Increase in asset | 79,138 | 121,734 | - | 121,064 |
| Asset/Provision carried forward | 62,396 | (16,742) | 62,369 | 62,369 |

## 16. DEFERRED TAXATION *(continued)*

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

| Group | 2011 Provided | 2011 Unprovided | 2010 Provided | 2010 Unprovided |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Excess of depreciation over taxation allowances/(Excess of taxation allowances over depreciation on fixed assets) | **62,396** | **-** | (16,742) | - |

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

| Company | 2011 Provided | 2011 Unprovided | 2010 Provided | 2010 Unprovided |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Excess of depreciation over taxation allowances/(Excess of taxation allowances over depreciation on fixed assets) | **62,369** | **-** | 62,369 | - |

## 17. CREDITORS: Amounts falling due within one year

| | Group 2011 | Group 2010 | Company 2011 | Company 2010 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Bank loans and overdrafts | **5,577,653** | 9,519,238 | **–** | – |
| Trade creditors | **4,808,093** | 4,081,195 | **275,163** | 358,536 |
| Amounts owed to group undertakings | **–** | – | **3,192,907** | 3,236,909 |
| Hire purchase agreements | **176,095** | 446,503 | **26,157** | 71,695 |
| Director's loan account | **9,087** | 44,022 | **–** | – |
| Other creditors including taxation and social security | | | | |
| Corporation tax | **297,678** | 236,603 | **–** | 122,478 |
| PAYE and social security | **116,612** | 87,930 | **30,915** | 18,423 |
| VAT | **876,697** | 563,600 | **15,854** | – |
| Other creditors | **8,851** | 351,950 | **–** | 346,839 |
| Accruals and deferred income | **1,876,813** | 1,406,026 | **1,423,982** | 1,104,041 |
| | **13,747,579** | 16,737,067 | **4,964,978** | 5,258,921 |

## 17. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **£** | £ | **£** | £ |
| Bank loans and overdrafts | **3,013,900** | 9,519,238 | **–** | – |
| Hire purchase agreements | **176,095** | 446,503 | **26,157** | 71,695 |
| | **3,189,995** | 9,965,741 | **26,157** | 71,695 |

Bank borrowings are secured by a fixed and floating charge over all current and future assets of the company

## 18. CREDITORS: Amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **£** | £ | **£** | £ |
| Bank loans | **3,455,000** | – | **3,455,000** | – |
| Hire purchase agreements | **51,299** | 183,888 | **–** | 26,157 |
| | **3,506,299** | 183,888 | **3,455,000** | 26,157 |

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **£** | £ | **£** | £ |
| Hire purchase agreements | **51,299** | 183,888 | **–** | 26,157 |

Hire purchase agreements are secured on the assets to which the agreement relates

Bank overdrafts are secured by the bank under a right to offset against bank accounts in credit

## 19. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

| | Group | | Company | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **£** | £ | **£** | £ |
| Amounts payable within 1 year | **176,095** | 446,503 | **26,157** | 71,695 |
| Amounts payable between 1 and 2 years | **4,776** | 53,127 | **-** | 26,157 |
| Amounts payable between 3 and 5 years | **46,523** | 130,761 | **-** | - |
| | **227,394** | 630,391 | **26,157** | 97,852 |

## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group holds or issues financial instruments in order to achieve three main objectives, being

(a) to finance its operations,

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and

(c) for trading purposes

In addition, various financial instruments (e g trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations

Transactions in financial instruments result in the group assuming or transferring to another party one or more of the financial risks described below

***Credit risk***
The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk

The group has no significant concentrations of credit risk Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments

## 21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as set out below

| <u>Group</u> | <u>Land and buildings</u> | |
|---|---|---|
| | **2011** | 2010 |
| | **£** | £ |
| Operating leases which expire | | |
| Within 2 to 5 years | **167,986** | 144,429 |

## 22. RELATED PARTY TRANSACTIONS

The company was under the control of J L Priestley throughout the current and previous year J L Priestley is the managing director and majority shareholder

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

## 23. SHARE CAPITAL

### Authorised share capital:

| | **2011** | 2010 |
|---|---|---|
| | **£** | £ |
| 10,000 Ordinary shares of £1 each | **10,000** | 10,000 |

## 23. SHARE CAPITAL *(continued)*

**Allotted, called up and fully paid:**

| | 2011 No | 2011 £ | 2010 No | 2010 £ |
|---|---|---|---|---|
| 9,021 Ordinary shares of £1 each | 9,021 | 9,021 | 9,021 | 9,021 |

## 24. RESERVES

| Group | Revaluation reserve £ | Profit and loss account £ |
|---|---|---|
| Balance brought forward | 4,577,569 | 28,295,933 |
| Profit for the year | – | 1,180,300 |
| Other gains and losses | | |
| - Property revaluation | (217,961) | – |
| Balance carried forward | 4,359,608 | 29,476,233 |

| Company | Revaluation reserve £ | Other reserves £ | Profit and loss account £ |
|---|---|---|---|
| Balance brought forward | 4,577,569 | 5,887,425 | 24,010,736 |
| Profit for the year | – | – | 1,317,850 |
| Other gains and losses | | | |
| - Property revaluation | (217,961) | – | – |
| Balance carried forward | 4,359,608 | 5,887,425 | 25,328,586 |

## 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Profit for the financial year | 1,180,300 | 1,622,066 |
| Other net recognised gains and losses | (217,961) | (20,292) |
| Equity dividends | – | (209,009) |
| Net addition to shareholders' funds | 962,339 | 1,392,765 |
| Opening shareholders' funds | 32,882,523 | 31,408,444 |
| Closing shareholders' funds | 33,844,862 | 32,801,209 |

## 26. NOTES TO THE CASH FLOW STATEMENT

### RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Operating profit | 1,622,151 | 2,372,029 |
| Depreciation | 754,911 | 817,891 |
| Profit on disposal of fixed assets | (49,126) | (287,346) |
| (Increase)/decrease in stocks | (1,272,412) | 395,916 |
| Increase in debtors | (4,474,696) | (2,920,059) |
| Increase in creditors | 1,161,430 | 2,264,071 |
| Net cash (outflow)/inflow from operating activities | (2,257,742) | 2,642,502 |

### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Interest received | 512,001 | 237,872 |
| Interest paid | (321,831) | (251,350) |
| Interest element of hire purchase | (36,505) | (59,753) |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | 153,665 | (73,231) |

# MELBOURNE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2011

### 26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

**TAXATION**

| | 2011<br>£ | 2010<br>£ |
|---|---|---|
| Taxation | (572,916) | (620,410) |

**CAPITAL EXPENDITURE**

| | 2011<br>£ | 2010<br>£ |
|---|---|---|
| Payments to acquire tangible fixed assets | (1,261,680) | (1,919,764) |
| Receipts from sale of fixed assets | 317,139 | 666,789 |
| Net cash outflow from capital expenditure | (944,541) | (1,252,975) |

**ACQUISITIONS AND DISPOSALS**

| | 2011<br>£ | 2010<br>£ |
|---|---|---|
| Acquisition of shares in group undertakings | (40,498) | (67,108) |
| Net cash outflow from acquisitions and disposals | (40,498) | (67,108) |

**FINANCING**

| | 2011<br>£ | 2010<br>£ |
|---|---|---|
| Increase in/(repayment of) bank loans | 3,448,434 | (182,253) |
| Capital element of hire purchase | (402,997) | (449,835) |
| Net cash inflow/(outflow) from financing | 3,045,437 | (632,088) |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

| | 2011<br>£ | £ | 2010<br>£ | £ |
|---|---|---|---|---|
| Decrease in cash in the period | (616,595) | | (212,319) | |
| Net cash (inflow) from/outflow from bank loans | (3,448,434) | | 182,253 | |
| Cash outflow in respect of hire purchase | 402,997 | | 449,835 | |
| | | (3,662,032) | | 419,769 |
| Change in net debt | | (3,662,032) | | 419,769 |
| Net debt at 1 January 2011 | | (953,268) | | (1,373,037) |
| Net debt at 31 December 2011 | | (4,713,767) | | (953,268) |

## 26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

### ANALYSIS OF CHANGES IN NET DEBT

| | At 1 Jan 2011 £ | Cash flows £ | At 31 Dec 2011 £ |
|---|---|---|---|
| Net cash | | | |
| Cash in hand and at bank | 9,196,361 | (4,650,081) | 4,546,280 |
| Overdrafts | (9,512,672) | 3,935,019 | (5,577,653) |
| | (316,311) | (715,062) | (1,031,373) |
| Debt | | | |
| Debt due within 1 year | (6,566) | 6,566 | – |
| Debt due after 1 year | – | (3,455,000) | (3,455,000) |
| Hire purchase agreements | (630,391) | 402,997 | (227,394) |
| | (636,957) | (3,045,437) | (3,682,394) |
| Net debt | (953,268) | (3,760,499) | (4,713,767) |