

**A G Parfett & Sons Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
for the year ended 30 June 2011



Company Registration Number 1472970

# A G Parfett & Sons Limited

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# A G Parfett & Sons Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

Alan Godfrey Parfett  
Patricia Marian Parfett  
Stephen Parfett  
Robert Parfett  
Barbara Anne Ashcroft  
Patricia Ann Parfett  
Judith Parfett  
David Grimes  
Gregory Suszczenia

### SECRETARY

David Grimes

### REGISTERED OFFICE

Didsbury Road  
Stockport  
Cheshire  
SK4 2JP

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

### BANKERS

Lloyds TSB Bank plc  
Commercial Banking Service Centre  
Norfolk House  
7 Norfolk Street  
Manchester  
M2 1DW

### Alliance and Leicester plc

Bridle Road  
Bootle  
Merseyside  
G1R 0AA

### SOLICITORS

Pannone & Partners  
123 Deansgate  
Manchester  
M3 2BU

Field Fisher Waterhouse LLP,  
35 Vine Street,  
London,  
EC3N 2AA

# A G Parfett & Sons Limited

## DIRECTORS' REPORT

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The directors present their annual report and the audited accounts for the year ended 30 June 2011

### PRINCIPAL ACTIVITIES

The company's principal activity continues to be that of wholesalers of food, wine, spirits and cigarettes

### RESULTS AND DIVIDENDS

The profit for the year after taxation was £1,972,459, (2010 £1,897,571) No interim dividend (2010 £nil) was paid No final dividend (2010 £nil) was paid The profit of £1,972,459 (2010 £1,897,571 profit) has been transferred to reserves

### BUSINESS REVIEW

I am pleased to say that our company continues to trade successfully in an extremely challenging economic environment As with any prudent Management Team we have actively reviewed the business during the year and sadly had to make some staff reductions to ensure we were as fit as possible to face the challenges ahead efficiently and effectively We spent a considerable amount of time and effort, as we properly should, to consult on these changes with our colleagues during these difficult decisions In the end more people left voluntarily than we had anticipated and this helped with a very difficult process Remaining colleagues have pulled together extremely well thereafter and we believe these changes leave the business well placed to deal with the trading conditions we face

During the year we continued to trade successfully and results of the Cash and Carry Retailer Tracking Programme 2011 by *him' research and consulting* show that we are continuing to offer industry leading customer service for which I thank all my colleagues Go Local, our customer promotional club, continues to be a vital area of our business

The Directors are focused on the KPI's of the business, the most important of which remain sales, margin, staff costs, stock control and stock availability Each week around 40 KPI's are measured and reviewed by the management team at the depots and they are normally joined by a director for this meeting

Our retail stores are making a worthwhile contribution to the business and also act as a useful testbed for activity we wish to roll out to our customers

In anticipation of my retirement from full time working in October 2012, changes were made to the Board structure with my appointment as Chairman, Alan Parfett's appointment as Life President, and most importantly David Grimes appointment as Managing Director Whilst we are all getting used to our new roles, I am confident that this process will leave the company stronger and more dynamic

During the year major investments were made in the areas of security and energy saving, with a major project to improve the lighting in Sheffield depot and also reducing energy consumption

Stephen Parfett, Chairman

# A G Parfett & Sons Limited

## DIRECTORS' REPORT

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### DIRECTORS

The directors who served during the year were as follows

Alan Godfrey Parfett  
Patricia Marian Parfett  
Stephen Parfett  
Robert Parfett  
Barbara Anne Ashcroft  
Patricia Ann Parfett  
Judith Parfett  
David Grimes  
Gregory Suszczenia

Directors' third party indemnity insurance was in force during the year

### FIXED ASSETS

Changes in fixed assets are shown in notes 6, 7 and 8 to the accounts

### EMPLOYEES

It is the company's policy to provide disabled persons, within the limitation of their abilities, with the same opportunities in all respects of employment as those available to other employees. The employees, through an EOT have an interest in 55% of the company's issued share capital. The directors place considerable value on the involvement of the company's employees, each operating branch adopts the practice of keeping its employees informed on matters affecting them as employees and on various factors affecting the performance of their business. This is achieved through elected staff councils at each location meeting both formally and informally with the directors and senior managers.

### CHARITABLE CONTRIBUTIONS

During the year the company made various charitable contributions totalling £13,695 for the benefit of the community (2010 £18,832)

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

By order of the Board

  
DAVID GRIMES  
Secretary

**30 NOV 2011**

# A G Parfett & Sons Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A G PARFETT AND SONS LIMITED

We have audited the financial statements on pages 6 to 19. 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 auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### 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 30 June 2011 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.

### 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.



GRAHAM BOND FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

7/12/11

**A G Parfett & Sons Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 June 2011

|  | Notes | 2011<br>£         | 2010<br>£         |
|--|-------|-------------------|-------------------|
| TURNOVER   | 1     | 301,442,536       | 289,142,501       |
| Cost of sales  |       | (281,479,834)     | (269,739,235)     |
| <b>GROSS PROFIT</b>                                      |       | <b>19,962,702</b> | <b>19,403,266</b> |
| Administrative expenses before exceptional costs         |       | (16,040,233)      | (16,216,503)      |
| Exceptional costs  | 2     | (720,553)         | -                 |
| Total administrative expenses                            |       | (16,760,786)      | (16,216,503)      |
| Other operating income                                   |       | 110,959           | 118,272           |
| <b>Operating profit before exceptional costs</b>         |       | <b>4,033,428</b>  | <b>3,305,035</b>  |
| Exceptional costs  | 2     | (720,553)         | -                 |
| <b>OPERATING PROFIT</b>                                  | 2     | <b>3,312,875</b>  | <b>3,305,035</b>  |
| Dividend income  |       | 76,104            | 153,251           |
| Interest receivable and similar income                   |       | 14,131            | 20,321            |
| Interest payable   | 4     | (591,519)         | (707,538)         |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | <b>2,811,591</b>  | <b>2,771,069</b>  |
| Tax on profit on ordinary activities                     | 5     | (839,132)         | (873,498)         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |       | <b>1,972,459</b>  | <b>1,897,571</b>  |

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss account

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

|   | 2011<br>£        | 2010<br>£        |
|---|------------------|------------------|
| Profit on ordinary activities before tax  | 2,811,591        | 2,771,069        |
| Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount | 117,244          | 117,244          |
| <b>Historical cost profit on ordinary activities before tax</b>   | <b>2,928,835</b> | <b>2,888,313</b> |
| <b>Historical cost profit for the year retained after tax</b>   | <b>2,089,703</b> | <b>2,014,815</b> |

# A G Parfett & Sons Limited

## BALANCE SHEET

As at 30 June 2011

|  | Notes | 2011<br>£         | 2010<br>£         |
|--|-------|-------------------|-------------------|
| <b>FIXED ASSETS</b>                                  |       |                   |                   |
| Tangible assets                                      | 6     | 28,745,800        | 29,210,742        |
| Intangible assets                                    | 7     | 986,865           | 1,044,371         |
| Investments  | 8     | 225,402           | 225,402           |
|  |       | <u>29,958,067</u> | <u>30,480,515</u> |
| <b>CURRENT ASSETS</b>                                |       |                   |                   |
| Stocks   |       | 29,345,605        | 31,040,219        |
| Debtors  | 9     | 13,549,184        | 10,400,691        |
| Cash at bank and in hand                             |       | 11,126,011        | 12,190,039        |
|  |       | <u>54,020,800</u> | <u>53,630,949</u> |
| <b>CREDITORS</b> Amounts falling due within one year | 10    | (44,239,032)      | (44,790,450)      |
| <b>NET CURRENT ASSETS</b>                            |       | <u>9,781,768</u>  | <u>8,840,499</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |       | <u>39,739,835</u> | <u>39,321,014</u> |
| <b>CREDITORS</b> Amounts falling due after one year  | 11    | (15,380,114)      | (16,904,647)      |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>        |       |                   |                   |
| Deferred taxation                                    | 12    | (646,189)         | (675,294)         |
| <b>NET ASSETS</b>                                    |       | <u>23,713,532</u> | <u>21,741,073</u> |
| <b>CAPITAL AND RESERVES</b>                          |       |                   |                   |
| Share capital  | 15    | 20,000            | 20,000            |
| Own shares held by Employee Ownership Trust          | 17    | (20,000,000)      | (20,000,000)      |
| Revaluation reserve                                  | 16    | 10,878,754        | 10,995,998        |
| Profit and loss account                              | 16    | 32,814,778        | 30,725,075        |
| <b>SHAREHOLDERS' FUNDS</b>                           | 18    | <u>23,713,532</u> | <u>21,741,073</u> |

The financial statements on pages 6 to 19 were approved by the board of directors and authorised for issue on and are signed on its behalf by

Stephen Parfett

David Grimes

}  
}  
} Directors  
}

Company Registration Number 1472970

30 NOV 2011

# A G Parfett & Sons Limited

## CASH FLOW STATEMENT for the year ended 30 June 2011

|  | Note      | 2011<br>£   | 2010<br>£   |
|--|-----------|-------------|-------------|
| NET CASH INFLOW FROM<br>OPERATING ACTIVITIES                             | 1         | 2,518,281   | 6,904,606   |
| RETURNS ON INVESTMENTS AND<br>SERVICING OF FINANCE                       |           |             |             |
| Dividend income  | 76,104    | 153,251     |             |
| Investment income  | -         | 4,600       |             |
| Interest received  | 14,131    | 20,321      |             |
| Interest paid  | (591,519) | (709,818)   |             |
| Net cash outflow from returns on investments<br>and servicing of finance |           | (501,284)   | (531,646)   |
| TAXATION   |           |             |             |
| UK Corporation tax paid  |           | (924,901)   | (580,186)   |
| CAPITAL EXPENDITURE AND FINANCIAL<br>INVESTMENT                          |           |             |             |
| Payments to acquire tangible fixed assets                                | (734,912) | (584,121)   |             |
| Payments to acquire intangible fixed assets                              | (375)     | -           |             |
| Receipts from sales of tangible fixed assets                             | 11,650    | 285,721     |             |
| Net cash outflow from investing activities                               |           | (723,637)   | (298,400)   |
| Net cash inflow before financing   |           | 368,459     | 5,494,374   |
| FINANCING  |           |             |             |
| New loans  |           | 51,325      | -           |
| Loan repayment   |           | (1,483,812) | (1,547,743) |
| (DECREASE) / INCREASE IN CASH  | 2         | (1,064,028) | 3,946,631   |

Notes to the cashflow statement follow on page 9

# A G Parfett & Sons Limited

## NOTES TO THE CASH FLOW STATEMENT

### 1 Reconciliation of operating profit to net cash inflow from operating activities

|   | 2011<br>£        | 2010<br>£        |
|---|------------------|------------------|
| Operating profit                          | 3,312,875        | 3,305,035        |
| Depreciation                              | 1,187,332        | 1,191,274        |
| Amortisation of goodwill                  | 57,881           | 57,862           |
| Investment income                         | -                | (4,600)          |
| Loss on sale of tangible fixed assets     | 872              | 3,504            |
| Decrease / (Increase) in stocks           | 1,694,614        | (4,781,789)      |
| (Increase) in debtors                     | (3,148,493)      | (844,056)        |
| (Decrease) / Increase in creditors        | (586,800)        | 7,977,376        |
| Net cash inflow from operating activities | <u>2,518,281</u> | <u>6,904,606</u> |

### 2 Reconciliation of net cash flow to movements in net debt

|  | 2011<br>£          | 2010<br>£           |
|--|--------------------|---------------------|
| (Decrease) / Increase in cash                  | (1,064,028)        | 3,946,631           |
| New borrowings                                 | (51,325)           | -                   |
| Loan repayments                                | 1,483,812          | 1,547,743           |
| Changes in net funds resulting from cash flows | <u>368,459</u>     | <u>5,494,374</u>    |
| Net debt at 1 July                             | <u>(6,143,170)</u> | <u>(11,637,544)</u> |
| Net debt at 30 June                            | <u>(5,774,711)</u> | <u>(6,143,170)</u>  |

### 3 Analysis of changes in net debt

|                          | At 1 July<br>2010<br>£ | Cash<br>flows<br>£ | Other<br>changes<br>£ | At 30 June<br>2011<br>£ |
|--------------------------|------------------------|--------------------|-----------------------|-------------------------|
| Cash at bank and in hand | <u>12,190,039</u>      | <u>(1,064,028)</u> | <u>-</u>              | <u>11,126,011</u>       |
| Debt due within one year | (1,428,562)            | 1,453,202          | (1,545,248)           | (1,520,608)             |
| Debt due after one year  | (16,904,647)           | (20,715)           | 1,545,248             | (15,380,114)            |
|                          | <u>(6,143,170)</u>     | <u>368,459</u>     | <u>-</u>              | <u>(5,774,711)</u>      |

# A G Parfett & Sons Limited

## ACCOUNTING POLICIES

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### ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain freehold land and buildings, and are in accordance with applicable UK accounting standards

### BASIS OF ACCOUNTING

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts

### GOING CONCERN

As part of its going concern review the Board has followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk Guidance for UK Companies 2009". The Board has prepared detailed financial forecasts and cash flows looking 12 months ahead from the date the accounts are signed. In drawing up these forecasts the Board has made assumptions based upon its view of the current and future economic conditions that will prevail over the forecast period. The timing of the cash flows and covenants in respect of bank loans provided have been taken into consideration and in addition to the forecasts we have also considered how the business might be affected by foreseeable turnover scenarios. These do not lead us to believe that we face significant difficulties but should we do so we are confident we could adjust costs accordingly.

The Company has an agreed 12 month banking facility, which is due for renewal on 31 March 2012 and due to the strong relationship with their bankers it is anticipated that this will be renewed at the appropriate time.

The Board have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### EXEMPTION FROM PREPARING CONSOLIDATED ACCOUNTS

In accordance with S402 of the Companies Act 2006 the wholly owned subsidiary has not been consolidated on the grounds that it is immaterial for the purposes of a true and fair view (individually and collectively). The financial statements therefore present information about the company as an individual undertaking and not about its group.

### TURNOVER AND REVENUE RECOGNITION

Turnover represents amounts excluding value added tax, derived from the provision of goods to third party customers during the year. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, and receipt of payment is probable.

### INTANGIBLE ASSETS

Intangible assets are initially recorded at cost and amortised at rates calculated to write off the cost over a 20 year period. The annual amortisation rate used is as follows:

|                    |    |               |
|--------------------|----|---------------|
| Purchased Goodwill | 5% | straight line |
|--------------------|----|---------------|

The carrying values of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

### FIXED ASSETS

Fixed assets are stated at historical cost other than freehold land and buildings which are held at the revalued amount.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life. The annual depreciation rates used are as follows:

|   |     |                  |
|---|-----|------------------|
| Freehold buildings                      | 2%  | straight line    |
| Leasehold land and buildings            | 5%  | straight line    |
| Plant, machinery, fixtures and fittings | 15% | reducing balance |
| Motor vehicles                          | 25% | reducing balance |
| Computer equipment                      | 25% | straight line    |
| Fork lift trucks                        | 20% | straight line    |

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

# A G Parfett & Sons Limited

## ACCOUNTING POLICIES

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### INVESTMENTS

Long term investments are classified as fixed assets. Fixed asset investments are stated at cost less provision for any permanent diminution in value.

### STOCKS

Stocks, representing goods for resale, are valued on a first in, first out basis at the lower of cost and net realisable value.

### 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 will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

### FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies are re-translated into sterling at the rate of exchange ruling at the balance sheet date. Any exchange differences are taken to the profit and loss account.

### PENSION COSTS

The company operates defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Contributions are specified in the scheme rules.

### 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.

### EMPLOYEE OWNERSHIP TRUST

In accordance with UITF 32 "Employee Benefit Trusts", investment in the company's own shares which are held for the benefit of beneficiaries of the Employee Ownership Trust are shown as a deduction from shareholder's funds. At the year end all shares held have not been allocated to employees of the company.

As the company has de facto control over the Employee Ownership Trust, the assets and liabilities of the trust have been included within the assets and liabilities of the company.

### 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.

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 1 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced by the company in respect of goods sold and services provided during the year. Turnover relates to the continuing principal activity as described in the directors' report on page 2

Analysis of turnover is given by

|           | 2011<br>£          | 2010<br>£          |
|-----------|--------------------|--------------------|
| UK        | 295,536,718        | 287,184,142        |
| EC        | 5,376,449          | 1,609,778          |
| Canada    | 459,940            | 348,581            |
| Singapore | 69,429             | -                  |
|           | <u>301,442,536</u> | <u>289,142,501</u> |

### 2 OPERATING PROFIT

This is stated after charging/(crediting) the following

|   | 2011<br>£                   | 2010<br>£                   |
|---|-----------------------------|-----------------------------|
| Depreciation of owned tangible fixed assets | 1,187,332                   | 1,191,274                   |
| Amortisation of goodwill                    | 57,881                      | 57,862                      |
| Loss on disposal of fixed assets            | 872                         | 3,504                       |
| Auditors' remuneration – audit services     | 30,000                      | 30,000                      |
| – tax compliance                            | 6,500                       | 5,165                       |
| Operating leases – plant and machinery      | 76,030                      | 5,881                       |
| Operating leases – vehicles                 | 171,399                     | 140,945                     |
| Restructuring and redundancy costs          | 720,553                     | -                           |
|   | <u>                    </u> | <u>                    </u> |

and after crediting the following

|   | £                           | £                           |
|---|-----------------------------|-----------------------------|
| Rental income                                 | 40,544                      | 40,906                      |
| Investment income from Enterprise Zone Trusts | -                           | 4,600                       |
|   | <u>                    </u> | <u>                    </u> |

During the year a redundancy programme was undertaken by the company. The costs amounted to £720,553

### 3 PARTICULARS OF EMPLOYEES

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

|                               | 2011<br>No                  | 2010<br>No                  |
|-------------------------------|-----------------------------|-----------------------------|
| Management and administration | 126                         | 128                         |
| Warehouse and sales           | 467                         | 490                         |
|                               | <u>                    </u> | <u>                    </u> |
|                               | 593                         | 618                         |
|                               | <u>                    </u> | <u>                    </u> |

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 3 PARTICULARS OF EMPLOYEES (*continued*)

| The aggregate payroll costs of the above were as follows | 2011<br>£         | 2010<br>£         |
|--|-------------------|-------------------|
| Wages and salaries                                       | 10,344,194        | 9,745,817         |
| Social security costs                                    | 927,090           | 961,781           |
| Other pension costs                                      | 421,362           | 416,142           |
|  | <u>11,692,646</u> | <u>11,123,740</u> |

Details of directors' emoluments are set out below

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| Emoluments receivable  | 754,774   | 817,882   |
| Value of company pension contributions to defined contribution schemes | 52,899    | 56,830    |

|   | 2011<br>No | 2010<br>No |
|---|------------|------------|
| Members of defined contributions pension scheme | <u>7</u>   | <u>7</u>   |

Emoluments of highest paid director

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| Total emoluments (excluding pension contributions)                     | 248,605   | 234,232   |
| Value of company pension contributions to defined contribution schemes | <u>-</u>  | <u>-</u>  |

### 4 INTEREST PAYABLE

|  | 2011<br>£      | 2010<br>£      |
|--|----------------|----------------|
| Bank loans and overdrafts not wholly repayable within five years | <u>591,519</u> | <u>707,538</u> |

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

|                                      | 2011<br>£       | 2010<br>£      |
|--------------------------------------|-----------------|----------------|
| UK corporation tax                   | 868,237         | 866,665        |
| Overprovision in prior year          | -               | (11,961)       |
| Total current tax                    | <u>868,237</u>  | <u>854,704</u> |
| Deferred tax                         |                 |                |
| Deferred tax movements (note 12)     | <u>(29,105)</u> | <u>18,794</u>  |
| Tax on profit on ordinary activities | <u>839,132</u>  | <u>873,498</u> |

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

|   | 2011      | 2010      |
|---|-----------|-----------|
|   | £         | £         |
| Factors affecting current tax charge  |           |           |
| The tax assessed for the year is higher than the standard rate of corporation tax in the UK (27.5%) The differences are explained below |           |           |
| Profit on ordinary activities before tax  | 2,811,591 | 2,771,069 |
| Profit on ordinary activities multiplied by the composite rate of corporation tax in the UK of 27.5% (2010: 28%)                        | 773,226   | 775,899   |
| Effects of  |           |           |
| Expenses not deductible for tax purposes  | 128,003   | 142,302   |
| Capital allowances in excess of depreciation  | 883       | (10,451)  |
| Franked investment income   | (20,930)  | (42,910)  |
| Amounts in respect of prior periods   | -         | (11,961)  |
| Short term timing differences   | (12,945)  | 1,825     |
| Current tax charge for the period   | 868,237   | 854,704   |

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 6 TANGIBLE FIXED ASSETS

|                     | Freehold<br>land and<br>buildings<br>£ | Plant,<br>machinery,<br>fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Leasehold<br>land and<br>buildings<br>£ | Total<br>£ |
|---------------------|--|--|------------------------|---|------------|
| Cost or valuation   |  |  |                        |   |            |
| At 1 July 2010      | 26,674,300                             | 13,123,421   | 200,896                | 60,750                                  | 40,059,367 |
| Additions           | 61,914                                 | 644,555  | 6,450                  | 21,993                                  | 734,912    |
| Disposals           | -                                      | (39,140)   | (64,695)               | -                                       | (103,835)  |
| At 30 June 2011     | 26,736,214                             | 13,728,836   | 142,651                | 82,743                                  | 40,690,444 |
| Depreciation        |  |  |                        |   |            |
| At 1 July 2010      | 471,097                                | 10,230,250   | 140,189                | 7,089                                   | 10,848,625 |
| Charge for the year | 472,334                                | 697,200  | 13,661                 | 4,137                                   | 1,187,332  |
| Disposals           | -                                      | (39,138)   | (52,175)               | -                                       | (91,313)   |
| At 30 June 2011     | 943,431                                | 10,888,312   | 101,675                | 11,226                                  | 11,944,644 |
| Net Book Value      |  |  |                        |   |            |
| At 30 June 2011     | 25,792,783                             | 2,840,524  | 40,976                 | 71,517                                  | 28,745,800 |
| At 30 June 2010     | 26,203,203                             | 2,893,171  | 60,707                 | 53,661                                  | 29,210,742 |

Included within Freehold land and buildings is land at a valuation of £3,119,452 (2010 £3,119,452) which is not depreciated

Freehold land and buildings were revalued on the basis of existing use value on 22nd October 2009 at a value of £26,355,000. The valuation was carried out by The Greenham Partnership in accordance with the RICS Appraisal and Valuation Manual. In the opinion of the directors there is no significant difference in value at 30 June 2011.

On the historical cost basis, freehold land and buildings would have been included as follows

|                                       |            |
|---------------------------------------|------------|
| Cost                                  | £          |
| At 1 July 2010                        | 19,403,630 |
| Additions                             | 61,914     |
| At 30 June 2011                       | 19,465,544 |
| Cumulative depreciation based on cost |            |
| At 1 July 2010                        | 4,196,424  |
| At 30 June 2011                       | 4,551,514  |

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 7 INTANGIBLE FIXED ASSETS

|                     | Goodwill<br>£    |
|---------------------|------------------|
| Cost                |                  |
| At 1 July 2010      | 2,269,944        |
| Additions           | 375              |
| At 30 June 2011     | <u>2,270,319</u> |
| Amortisation        |                  |
| At 1 July 2010      | 1,225,573        |
| Charge for the year | 57,881           |
| At 30 June 2011     | <u>1,283,454</u> |
| Net Book Value      |                  |
| At 30 June 2011     | <u>986,865</u>   |
| At 30 June 2010     | <u>1,044,371</u> |

### 8 INVESTMENTS

|                                    | Subsidiary<br>Undertakings<br>£ | Other<br>Investments<br>£ | Investment<br>in<br>Enterprise<br>Zone Trusts<br>£ | Total<br>£     |
|------------------------------------|---------------------------------|---------------------------|--|----------------|
| Cost                               |                                 |                           |  |                |
| At 1 July 2010 and at 30 June 2011 | <u>1</u>                        | <u>400,001</u>            | <u>200,400</u>                                     | <u>600,402</u> |
| Provisions                         |                                 |                           |  |                |
| At 1 July 2010 and at 30 June 2011 | <u>-</u>                        | <u>275,000</u>            | <u>100,000</u>                                     | <u>375,000</u> |
| Net Book Value                     |                                 |                           |  |                |
| 30 June 2011                       | <u>1</u>                        | <u>125,001</u>            | <u>100,400</u>                                     | <u>225,402</u> |
| 30 June 2010                       | <u>1</u>                        | <u>125,001</u>            | <u>100,400</u>                                     | <u>225,402</u> |

The company owns 100% of the issued share capital of Parfett's Employee Trust Limited, a dormant company incorporated in England and Wales

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 9 DEBTORS

|                     | 2011<br>£         | 2010<br>£         |
|---------------------|-------------------|-------------------|
| Due within one year |                   |                   |
| Trade debtors       | 12,095,677        | 9,106,422         |
| Other debtors       | 703,750           | 718,200           |
| Prepayments         | 749,757           | 576,069           |
|                     | <u>13,549,184</u> | <u>10,400,691</u> |

### 10 CREDITORS Amounts falling due within one year

|                                    | 2011<br>£         | 2010<br>£         |
|------------------------------------|-------------------|-------------------|
| Bank loan                          | 1,502,596         | 1,428,562         |
| Carbon trust loan                  | 18,012            | -                 |
| Trade creditors                    | 39,439,535        | 40,700,920        |
| Corporation tax                    | 437,476           | 494,139           |
| Other taxation and social security | 1,972,094         | 1,193,627         |
| Accruals                           | 869,319           | 973,202           |
|                                    | <u>44,239,032</u> | <u>44,790,450</u> |

The company has a bank overdraft facility which is secured by a debenture on all the company's assets. The bank loan is secured against all the company's assets.

### 11 CREDITORS Amounts falling due after more than one year

|                   | 2011<br>£         | 2010<br>£         |
|-------------------|-------------------|-------------------|
| Bank loan         | 15,359,399        | 16,904,647        |
| Carbon trust loan | 20,715            | -                 |
|                   | <u>15,380,114</u> | <u>16,904,647</u> |

The bank loan is repayable by variable monthly instalments over a period of 14 years commencing April 2009. The first tranche of £10,000,000 is at a fixed rate for 5 years. This rate was renegotiated during the year from 6.525% to 5.8%. The second tranche of £10,000,000 is at an interest rate of 1.4% above base for 1 year followed by 1.5% above base for the remainder of the term.

The bank loan is secured against all the company's assets.

|                               | 2011<br>£         | 2010<br>£         |
|-------------------------------|-------------------|-------------------|
| The above loans are repayable |                   |                   |
| Within one year               | 1,520,608         | 1,428,562         |
| Between one and two years     | 1,511,998         | 1,428,562         |
| Between two and five years    | 4,772,391         | 4,285,686         |
| Over five years               | 9,095,725         | 11,190,399        |
|                               | <u>16,900,722</u> | <u>18,333,209</u> |

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

### 12 DEFERRED TAXATION

|   | 2011<br>£      | 2010<br>£      |
|---|----------------|----------------|
| The movement in the deferred taxation provision during the year was |                |                |
| Provision brought forward   | 675,294        | 656,500        |
| Origination and reversal of timing differences                      | (29,105)       | 18,794         |
| Provision carried forward   | <u>646,189</u> | <u>675,294</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of

|  | 2011<br>£      | 2010<br>£      |
|--|----------------|----------------|
| Excess of capital allowances over depreciation | 718,918        | 766,797        |
| Other short term timing differences            | (72,729)       | (91,503)       |
|  | <u>646,189</u> | <u>675,294</u> |

The tax on the gains arising from the revaluation would only become payable if the property were sold without rollover relief or capital losses being available. Additional tax arising on the revaluation gain of £11,575,928 would be approximately £3,183,380 (2010 £3,241,260) (before indexation allowance and capital allowances) and has not been recognised.

### 13 COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date the company had annual commitments under non-cancellable operating leases as set out below

|                               | Plant &<br>machinery | Plant &<br>machinery |
|-------------------------------|----------------------|----------------------|
|                               | 2011<br>£            | 2010<br>£            |
| Operating leases which expire |                      |                      |
| In less than one year         | 802                  | 23,800               |
| In one to two years           | 76,030               | 19,559               |
| In two to five years          | 128,997              | 186,254              |
| Total                         | <u>205,829</u>       | <u>229,613</u>       |

### 14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by FRS 8 from disclosing transactions with wholly-owned fellow group undertakings.

R and S Parfett continue to guarantee certain of the company's third party liabilities. At the year end these amounted to £12,286,595 (2010 £13,327,324).

# A G Parfett & Sons Limited

## NOTES TO THE ACCOUNTS

| 15 SHARE CAPITAL  | 2011<br>£ | 2010<br>£ |
|---|-----------|-----------|
| Authorised<br>50,000 Ordinary shares of £1 each                         | 50,000    | 50,000    |
| Allotted, called up and fully paid<br>20,000 Ordinary shares of £1 each | 20,000    | 20,000    |

| 16 RESERVES   | Revaluation<br>Reserve<br>£ | Profit and<br>loss account<br>£ | Total<br>£ |
|---|-----------------------------|---------------------------------|------------|
| Balance at 1 July 2010                                    | 10,995,998                  | 30,725,075                      | 41,721,073 |
| Retained profit for the year                              | -                           | 1,972,459                       | 1,972,459  |
| Transfer in respect of depreciation on revalued buildings | (117,244)                   | 117,244                         | -          |
| Balance at 30 June 2011                                   | 10,878,754                  | 32,814,778                      | 43,693,532 |

| 17 OWN SHARES HELD BY EMPLOYEE OWNERSHIP TRUST | 2011<br>£  | 2010<br>£  |
|--|------------|------------|
| Employee Ownership Trust                       | 20,000,000 | 20,000,000 |

On 4<sup>th</sup> April 2008, the Parfett's Employee Ownership Trust purchased 11,000 £1 ordinary shares of the company's issued shares. In accordance with UITF 32, these shares are included in the company's financial statements.

| 18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | 2011<br>£  | 2010<br>£  |
|---|------------|------------|
| Retained profit for the year                          | 1,972,459  | 1,897,571  |
| Shareholders' funds at 1 July                         | 21,741,073 | 19,843,502 |
| Shareholders' funds at 30 June                        | 23,713,532 | 21,741,073 |

### 19 CAPITAL COMMITMENTS

Capital expenditure commitments (authorised and contracted) at 30 June 2011 were £nil (2010 £42,508)

### 20 PENSIONS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £421,362 (2010 £416,142).

### 21 CONTROLLING PARTIES

As of 4 April 2008, Parfett's Employee Ownership Trust is the owner of 55% of the ordinary shares of the company, the other 45% being owned by the directors of the company.