

A. B. Produce PLC

Directors' report and financial statements

Registered number 02240234

for the 52 weeks ended 28 May 2010



Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	5
Independent auditor's report to the members of A B Produce PLC	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes	10

Company information

Directors

AJ Bridgen – Chairman
PR Large – Managing Director (appointed 10 March 2010)
PJ Bridgen
PJ Ellis
M McQuaide
NA Sharratt
DW Tomkinson (non-executive)

Secretary and registered office

DW Tomkinson
Enterprise House
Westminster Industrial Estate
Repton Road
Measham
Derbyshire
DE12 7DT

Company number

02240234

Auditor

Baker Tilly UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers

Lloyds TSB Bank plc
2nd Floor
125 Colmore Row
Birmingham
B3 3SF

Solicitors

Freeth Cartwright LLP
Solicitors
Cardinal Square
2nd Floor, West Point
10 Nottingham Road
Derby
DE1 3QT

Directors' report

The directors present their report together with audited financial statements of A B Produce PLC for the 52 weeks ended 28 May 2010

Principal activity

The principal activity remains the processing and distribution of fresh produce, specialising in potatoes and other prepared vegetables

Business review

The results for the period are set out in the attached financial statements. The directors consider the results to be satisfactory given the general economic environment. Having adjusted for the 53rd week effect in last year's results, our 2009/10 performance is reflective of the continued pressure on margins as both ends of the supply chain seek to consolidate their respective positions. Like most of our customers and suppliers, we faced tough trading conditions through the last fiscal year and key initiatives to drive efficiency improvements within the business have helped to offset underlying increases in direct conversion costs including labour, packaging and fuel.

We are delighted to see consistent growth through our prepared vegetable range driven by our strong offer of quality, service and value. It is encouraging to note that this growth has come from both existing accounts and new business development initiatives.

Following his successful election as the Member of Parliament for North West Leicestershire, Andrew Bridgen has now adopted the role of Chairman in order to concentrate on his responsibilities to his constituents and duties as a Member of the House of Commons. The Board wish him well with his new venture and thank him for his direction and counsel in his former position in the company. As a consequence of Andrew's changing responsibilities, the Board welcomes Paul Large in the role of Managing Director whose drive and experience are the perfect credentials to deliver our growth aspirations in the medium term.

Key performance indicators

We agree with our customers that produce quality, exemplary customer support and a dedicated distribution service are fundamental attributes of "preferred" suppliers and therefore, despite the ongoing economic challenges, the company continues to focus on, and invest in, these areas. Additional resource in the Quality Control and Customer Service teams are committed to protecting outbound product quality, order fulfilment accuracy and overall customer satisfaction. Investment in the core areas which drive customer confidence has resulted in quality and delivery performance levels consistently above 99.9% which exceeds the demanding supplier performance criteria as specified and monitored by our major trading partners.

Maximising material utilisation and reducing food waste remains a key target for the business and through the adoption of improved QC and yield monitoring techniques, material processing utilisation has improved by 4% on average. This has resulted in reduced material usage and less production time required per tonne output saving on the consumption of associated resources including electricity and water. The improvements highlighted above coupled with further development of the water recycling plant has seen water consumption fall by 15% with the factory now utilising 25% recycled water.

In order to support our efforts to inspire confidence as a preferred supplier to our customers, the company remains committed to the attainment of the highest standards as demonstrated by our ongoing British Retail Consortium accreditation at its highest Grade A certification.

Corporate responsibility

A B Produce PLC recognises its corporate responsibility to its employees and the environment, adopting a continuous improvement policy for the efficient use of resources, health and safety procedures and staff development. The company strives to offer a safe workplace for its employees and the plant is managed within a strict, independently audited, framework to ensure full compliance with internal policy and relevant legislation.

Directors' report (continued)

Corporate responsibility (continued)

Ongoing investment in corporate waste management initiatives has seen further improvements in raw material usage and reduced food waste to enhance existing recycling programmes for cardboard, plastic and wood. We are encouraged by the number of collaborative projects now undertaken with our customers aimed at reducing the volume of packaging required to handle and distribute product.

As one of the largest employers in the area, A B Produce PLC recognises its social responsibilities in the local area and continues to support various activities to enhance the local community and its residents. Recent links have included a "Dragon's Den" challenge for local schools and sponsorship of the local junior football club.

Charitable donations

During the period the company made various donations in support of local charitable causes and fund raising events amounting to £7,000 (2009 £6,000). In addition, an amount of £29,000 (2009 £28,000) was donated to the North West Leicestershire Conservative Association.

Future outlook

British Potato Council estimates of UK potato crop production suggested a 6% fall compared to last year and a stronger trading environment has developed from this position. One of the most significant influences on crop availability and price this season has been the worst Russian drought for fifty years which has reduced the yield of most crops including wheat, sugar beet, potatoes and corn. As a result, large tranches of European grown potatoes have and will probably continue to, head east to plug the gap in the Russian market. This has driven added pressure on the volume / price equation in the UK market but A B Produce PLC continues to work closely with its supplier partners to minimise consequential risk.

In the UK, the economic recovery suffered an inevitable blip following the General Election and the unavoidable implementation of policy designed to address immediate concerns over the UK fiscal deficit. An overwhelming desire for greater collaboration across the supply chain had already begun last year but this has now gathered momentum and has led to the development of some exciting initiatives in order to remove complexity, improve efficiency and reduce cost.

2011 will almost certainly see continued challenges for the industry and A B Produce PLC will continue to seek reliable and robust trading partners with which to drive continuous development of an innovative product portfolio, highly efficient procurement process and an unparalleled service offer. We will continue to invest in sustaining our reputation for assured quality and service to attain/retain preferred supplier status in all of our target markets.

We look forward to further development of the business leveraging our strong financial position, unrivalled location and site flexibility to realise all sustainable growth opportunities whilst retaining the key attributes that have created our loyal and supportive network of customers and suppliers.

Principal risks and uncertainties

As previously outlined, the economic outlook remains challenging however, our core business is conducted in a sector historically more impervious than most to the impact of any delay in UK economic recovery. Climatic conditions and crop performance, in the UK primarily but also internationally as evidenced this year, will undoubtedly remain the most significant drivers to the performance of the business.

We continue to work with suppliers and customers to hedge against risk in the supply chain and balance our purchasing strategy between forward contracts and spot buying to ensure continuity of supply whilst retaining procurement flexibility.

The company benefits from a balanced and diverse portfolio of customers in terms of size and sector representation and will continue to develop new business opportunities based on strategic fit and mutual benefit coupled with a resolute approach to risk management.

Directors' report (continued)

Principal risks and uncertainties (continued)

The company's strong debt free balance sheet continues to provide a robust foundation on which to trade and sees us well placed to overcome any short term challenges whilst being able to take advantage of all opportunities that may present themselves in the medium term

Dividends

The directors approved the payment of an ordinary dividend of £12 00 (2009 £12 00) per share in this period

Directors

No beneficial interests were held directly by the directors of the company during the period

Directors holding office during the year were as follows

AJ Bridgen – Chairman
PR Large – Managing Director (appointed 10 March 2010)
PJ Bridgen
PJ Ellis
M McQuaide
NA Sharratt
DW Tomkinson (non-executive)

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the company

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Payment of creditors

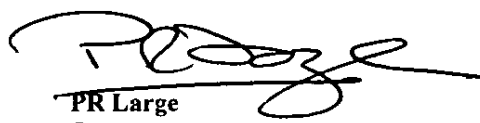
Against the current trend to improve cash flow by extending supplier payment terms, A B Produce PLC continues to support its suppliers through the application of consistent trading principles and payment procedures. We see our status as a respected and trusted trading partner as a vital asset of the business and one that demonstrates our commitment to sustainable supplier relationships.

The company's policy is to determine terms and conditions of payment with suppliers when negotiating the other terms of supply and to abide by the terms of payment. The number of days' purchases that were outstanding at 28 May 2010 was 42 days (2009 38 days)

Auditor

A resolution for the re-appointment of Baker Tilly UK Audit LLP will be proposed at the forthcoming Annual General Meeting

By order of the board


PR Large
Director

30 November 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

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

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

Independent auditor's report to the members of A. B. Produce PLC

We have audited the financial statements on pages 7 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 5, 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 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/UKNP.

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 28 May 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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.

Baker Tilly UK Audit LLP

BENJAMIN LAWRENCE (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

30 November 2010

Profit and loss account
for the 52 weeks ended 28 May 2010

	<i>Note</i>	52 weeks ended 28 May 2010 £'000	53 weeks ended 29 May 2009 £'000
Turnover	2	19,155	21,343
Cost of sales		(14,338)	(16,421)
Gross profit		4,817	4,922
Administrative expenses		(2,621)	(2,355)
Operating profit		2,196	2,567
Interest receivable and similar income	5	2	15
Interest payable and similar charges	6	(3)	(7)
Profit on ordinary activities before taxation	7	2,195	2,575
Taxation on profit on ordinary activities	8	(720)	(695)
Retained profit for the financial period	16	1,475	1,880

The above results relate to continuing operations

There were no recognised gains or losses in either the current or preceding period other than those disclosed in the profit and loss account

The notes on pages 10 to 19 form part of these financial statements

Company No 02240234

Balance sheet
as at 28 May 2010

	<i>Note</i>	2010	2009
		£'000	£'000
Fixed assets			
Tangible assets	9	2,556	2,616
Current assets			
Stocks	10	366	376
Debtors	11	2,950	2,830
Cash at bank and in hand		538	381
		<u>3,854</u>	<u>3,587</u>
Creditors, amounts falling due within one year	12	<u>(2,732)</u>	<u>(3,001)</u>
Net current assets		1,122	586
Total assets less current liabilities		3,678	3,202
Creditors: amounts falling due after more than one year	13	(94)	(165)
Provision for liabilities	14	(240)	(168)
Net assets		3,344	2,869
Capital and reserves			
Called up share capital	15	83	83
Share premium account	16	268	268
Capital redemption reserve	16	23	23
Profit and loss account	16	2,970	2,495
Shareholder's funds	17	3,344	2,869

These financial statements on pages 7 to 19 were approved by the board of directors and authorised for issue on 30 November 2010 and were signed on its behalf by



NA Sharratt
Director

The notes on pages 10 to 19 form part of these financial statements

Cash flow statement
for the 52 weeks ended 28 May 2010

	<i>Note</i>	52 weeks ended 28 May 2010	53 weeks ended 29 May 2009
		£'000	£'000
Net cash inflow from operating activities	18	2,869	2,730
Returns on investments and servicing of finance			
Interest received		2	18
Interest paid		(1)	(4)
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		1	14
Taxation paid		(785)	(941)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(387)	(510)
Sale of tangible fixed assets		37	31
Loan to other entities	22	(500)	-
		<hr/>	<hr/>
Net cash outflow on capital expenditure and financial investments		(850)	(479)
Equity dividends paid		(1,000)	(1,000)
		<hr/>	<hr/>
Cash inflow before financing		235	324
Financing			
Finance lease and hire purchase payments		(78)	(52)
Loan repayments		-	(2,000)
		<hr/>	<hr/>
Net cash outflow from financing		(78)	(2,052)
		<hr/>	<hr/>
Increase / (decrease) in cash	19	157	(1,728)
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net funds/(debt)

		2010	2009
		£'000	£'000
Movement in cash in the period	19	157	(1,728)
Cash flow from decrease in debt finance		-	2,000
Cash flow in respect of finance leases		53	52
		<hr/>	<hr/>
Change in debt resulting from cash flows		210	324
New finance leases		(16)	-
		<hr/>	<hr/>
Movement in net debt in period		194	324
		<hr/>	<hr/>
Net funds / (debt) at 29 May 2009		276	(48)
		<hr/>	<hr/>
Net funds at 28 May 2010	19	470	276
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Turnover

Turnover represents the value, net of value added tax, of goods sold to customers. Revenue is recognised at the point goods are dispatched.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provisions for impairment.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 1 to 15 years straight line
Motor vehicles	- 4 to 10 years straight line
Computers and office equipment	- 2 to 10 years straight line

Depreciation is charged in the accounting period when fixed assets are first brought into use. Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax is measured at the average rates expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Government grants

Capital based government grants are included within other creditors in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Provisions

Provisions are made for obligations at the balance sheet date resulting from a past event, where it is probable that a transfer of economic benefits is required to settle the obligations and where a reliable estimate can be made

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Turnover

Turnover is wholly attributable to the principal activity of the company, arising solely within the United Kingdom

3 Employees

	52 weeks 2010 Number	53 weeks 2009 Number
<i>The average number of employees, including directors, in the period was as follows</i>		
Office and management	19	17
Production	125	126
	<hr/> 144	<hr/> 143
	<hr/> £'000	<hr/> £'000
<i>Staff costs, including directors, consist of</i>		
Wages and salaries	3,315	3,142
Social security costs	328	307
Other pension costs	22	20
	<hr/> 3,665	<hr/> 3,469
	<hr/> <hr/>	<hr/> <hr/>

4 Directors' emoluments

	52 weeks 2010 £'000	53 weeks 2009 £'000
<i>Directors' emoluments consist of</i>		
Remuneration for management services	524	460
Pension contributions	11	8
	<hr/> 535	<hr/> 468
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

4 Directors' emoluments (continued)

	52 weeks	53 weeks
	2010	2009
	£'000	£'000
<i>Highest paid director</i>		
Remuneration for management services	118	117
Pension contributions	-	-
	118	117

During the period two directors (2009 two) participated in the associated defined contribution pension scheme (see note 20) and four directors (2009 three) participated in a private money purchase pension scheme

5 Interest receivable and similar income

	52 weeks	53 weeks
	2010	2009
	£'000	£'000
Interest receivable	2	15

6 Interest payable and similar charges

	52 weeks	53 weeks
	2010	2009
	£'000	£'000
Bank loans and overdrafts	-	1
Finance lease and hire purchase agreements	3	6
	3	7

7 Profit on ordinary activities before taxation

	52 weeks	53 weeks
	2010	2009
	£'000	£'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation - owned assets	576	594
- leased assets	26	23
Operating lease - land and buildings	468	475
Provisions - bad debt	57	62
- other (see note 14)	(25)	(134)
Hire of motor vehicles	327	299
Auditor's remuneration - audit services	39	33
Profit on sale of fixed assets	-	(20)
Release of government grant	(50)	(51)

Notes (continued)

8 Taxation on profit on ordinary activities

	52 weeks 2010 £'000	53 weeks 2009 £'000
<i>Current tax</i>		
UK corporation tax on profit for the period	623	760
<i>Deferred tax</i>		
Origination and (reversal) of timing differences	97	(65)
	<hr/>	<hr/>
Taxation charge for the period	720	695
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The tax assessed for the period is higher than (2009 higher than) the standard rate of corporation tax in the United Kingdom at 28% (2009 28%) The differences are explained below

	52 weeks 2010 £'000	53 weeks 2009 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,195	2,575
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	615	721
<i>Effects of</i>		
Difference between accumulated depreciation and accelerated capital allowances	11	48
Other timing differences	(3)	(9)
	<hr/>	<hr/>
Total current tax charge	623	760
	<hr/>	<hr/>

Factors affecting future tax charge

The directors consider that depreciation will exceed capital allowances for the foreseeable future

Notes (continued)

9 Tangible assets

	Plant and machinery £'000	Motor vehicles £'000	Computers and office equipment £'000	Total £'000
<i>Cost</i>				
Opening balance	5,109	712	151	5,972
Additions	333	207	12	552
Disposals	(14)	-	-	(14)
Closing balance	5,428	919	163	6,510
<i>Accumulated depreciation</i>				
Opening balance	2,859	370	127	3,356
Provided for the period	498	93	11	602
Disposals	(4)	-	-	(4)
Closing balance	3,353	463	138	3,954
<i>Net book value</i>				
At 28 May 2010	2,075	456	25	2,556
At 29 May 2009	2,250	342	24	2,616

The net book value of fixed assets includes £153,000 (2009 £138,000) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 7

10 Stocks

	2010 £'000	2009 £'000
Raw materials and consumables	309	312
Goods held for resale	57	64
	366	376

11 Debtors

	2010 £'000	2009 £'000
Trade debtors	2,012	2,637
Other taxation and social security	109	142
Other debtors (note 22)	500	-
Prepayments and accrued income	329	51
	2,950	2,830

Notes (continued)

12 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Obligations under finance lease and hire purchase contracts	45	53
Trade creditors	1,757	2,030
Corporation tax	273	435
Other taxation and social security	90	91
Other creditors	239	86
Accruals and deferred income	328	306
	<hr/>	<hr/>
	2,732	3,001
	<hr/>	<hr/>

Included in other creditors is a balance relating to government grants of £42,000 (2009 £50,000)

13 Creditors: amounts falling due after more than one year

	2010	2009
	£'000	£'000
Obligations under finance lease and hire purchase contracts	23	52
Other creditors	71	113
	<hr/>	<hr/>
	94	165
	<hr/>	<hr/>

Timing of obligations under finance lease and hire purchase contracts is as follows

	2010	2009
	£'000	£'000
<i>Obligations can be analysed as falling due</i>		
In one year or less	45	53
Between one and two years	23	45
Between two and five years	-	7
	<hr/>	<hr/>
	68	105
	<hr/>	<hr/>

Lease purchase agreements of £68,000 (2009 £105,000) are secured by a chattels mortgage over the assets to which they relate

The entire balance of other creditors relates to government grants

Notes (continued)

14 Provisions for liabilities

(a) Deferred taxation

	2010	2009
	£'000	£'000
Opening balance	143	208
Movement to profit and loss account	97	(65)
	<hr/>	<hr/>
Provision at 28 May 2010	240	143
	<hr/>	<hr/>

The deferred taxation liability relates solely to the difference between accumulated depreciation and capital allowances

(b) Other Provisions

	2010	2009
	£'000	£'000
Opening balance	25	320
Provision utilised in the period	-	(161)
Provision released in the period	(25)	(134)
	<hr/>	<hr/>
Provision at 28 May 2010	-	25
	<hr/>	<hr/>

Provision was made for an onerous lease contract on an item of equipment where the unavoidable costs of meeting the obligation exceed the economic benefits expected to be received under it

The onerous lease was the subject of litigation but agreement was reached between the parties involved. All matters have now been resolved and the provision duly released.

15 Share capital

	2010	2009
	£'000	£'000
<i>Allotted, called up and fully paid</i>		
83,352 ordinary shares of £1 each	83	83
	<hr/>	<hr/>

Notes (continued)

16 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
Opening balance	268	23	2,495
Profit for the period	-	-	1,475
Dividends paid	-	-	(1,000)
At 28 May 2010	268	23	2,970

17 Reconciliation of movement in shareholder's funds

	2010 £'000	2009 £'000
Profit for the period	1,475	1,880
Dividend paid	(1,000)	(1,000)
Net addition to shareholder's funds	475	880
Opening shareholder's funds	2,869	1,989
Closing equity shareholder's funds	3,344	2,869

18 Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks 2010 £'000	53 weeks 2009 £'000
Operating profit	2,196	2,567
Depreciation	602	617
Profit on sale of fixed assets	-	(20)
Amortisation of government grants	(50)	(51)
Provision movement	(25)	(295)
Decrease in stocks	10	54
Decrease in debtors	405	323
Decrease in creditors	(269)	(465)
Net cash inflow from operating activities	2,869	2,730

Notes (continued)

19 Analysis of changes in net funds/(debt)

	Opening balance £'000	Cash flows £'000	Non-cash changes £'000	Closing Balance £'000
Cash in hand, at bank	381	157	-	538
Finance lease and hire purchase agreements	(105)	78	(41)	(68)
	<u>276</u>	<u>235</u>	<u>(41)</u>	<u>470</u>

20 Pensions

The company operates a defined contribution scheme (A B Produce PLC SSAS Retirement and Death Benefit 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 £nil (2009 £nil). In addition, contributions of £11,000 (2009 £8,000) were paid on behalf of four (2009 three) directors and £11,000 (2009 £12,000) being paid on behalf of employees to individual funds.

21 Commitments

(a) Capital commitments

At 28 May 2010, the company had capital commitments as follows

	2010 £'000	2009 £'000
Authorised and contracted	91	-

(b) Operating lease commitments

	Land and buildings	
	2010 £'000	2009 £'000
Operating leases which expire Over five years (note 22)	468	468

Notes (continued)

22 Related parties

The land and buildings being Enterprise House, Repton Road, Measham are leased for £9,000 per week (2009 £9,000) from Bridgen Investments Limited, whose shareholders include AJ Bridgen, PJ Bridgen, PJ Ellis and DW Tomkinson who are directors of the company £585,000 (2009 £468,000) was paid during the period and £nil (2009 £nil) was outstanding at the period end The amount paid includes one advance rental quarter paid on the year end date

In November 2009 and March 2010, Bridgen Investments Limited purchased six and two tractor units respectively under two separate hire purchase agreements with Lloyds TSB Commercial Finance Under the financing arrangement with Lloyds TSB Bank Plc, a guarantee was given by A B Produce PLC for all monies outstanding under the two agreements The former arrangements with Bank of Scotland Plc were fully satisfied At 28 May 2010, outstanding liabilities amounted to £607,000 (2009 £395,000)

The eight tractor units which are the subject of the guarantee detailed above together with other commercial vehicles are leased from Bridgen Investments Limited £343,000 (2009 £306,000) was paid during the period and £nil (2009 £28,000) was outstanding at the period end

In May 2010, the company entered into a financing arrangement with Bridgen Investments Limited where under the loan agreement, a facility of £750,000 was made available attracting an interest rate of bank base rate plus 2.5% and repayable on demand At 28 May 2010, an amount of £500,000 had been drawn down by Bridgen Investments Limited Since the year end date, a further £175,000 has been drawn down under this facility

An amount of £14,000 (2009 £15,000) was paid to Tomkinson Teal for consultancy fees, a firm in which DW Tomkinson is a partner

23 Controlling party

At the balance sheet date, 100% of the company's issued share capital was owned by A B Produce Trading Limited. This company is under the control of the directors who together own 90% of the issued share capital

24 Post balance sheet events

There were no material events after the balance sheet date