

**REGISTRAR COPY**

**TSC FOODS LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**

**for the period from  
22nd December 2013 to  
31st August 2014**

**Company Registration Number 02499642**

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# TSC FOODS LIMITED

## Strategic Report

**Period from 22nd December 2013 to 31st August 2014**

### Principal activities and business review

The company's principal activities during the year continued to be the manufacture of branded and private label soups and sauces for retail customers and the pub and restaurant food service sector.

The key financial and other performance indicators during the year were as follows:

	<b>Period from 22 Dec 2013 to 31 Aug 2014 £'000</b>	<b>Year to 21 Dec 2013 £'000</b>
Turnover	32,323	45,241
Operating profit	2,330	4,370
Profit after tax	1,806	3,438
Shareholder's funds	20,917	19,111
Current assets % current liabilities	282%	229%
Average number of employees	399	399

On 31st January 2014 the company was purchased by a subsidiary of Edward Billington and Son Limited, a company incorporated in England and Wales. As a result of the purchase the company shortened its accounting period to 31st August 2014 to align itself with the year end used by the group. As a result of the short period of account the reported turnover reduced to from £45.2m to £32.3m, although on an annualised basis the company's turnover shows strong growth, which is in line with the Board's objectives.

Reported operating profit reduced to £2.3m from £4.4m as a result of the short period of account which excluded much of the busiest winter months. The annualised operating profit for the business shows continued growth as a result of sales growth in its main markets.

The balance sheet remains strong with £20.9m of shareholder's funds, which increased from £19.1m in the prior year as a result of the profit after tax of £1.8m, and a current ratio of 282%.

The company's average number of employees remained consistent at 399.

The products manufactured and sold by the company have minimal environmental impact. However, the board believes that good environmental practices support the board's strategy by enhancing the reputation of the company, the efficiency and quality of its products.

### Principal risks and uncertainties

The directors meet regularly to discuss the risks facing the business, the principal risks and uncertainties facing the company are broadly competitive and legislative risks:

#### *Competitive and Consumer Risks*

The company operates in a competitive environment which is driven by customer and consumer tastes. Continual product innovation is conducted by the company to offer its customers high quality premium products that meet customer and consumer tastes.

# **TSC FOODS LIMITED**

## **Strategic Report** *(continued)*

**Period from 22nd December 2013 to 31st August 2014**

### ***Legislative Risks***

The company's operations are governed by UK and EU legislative requirements on food production, hygiene and safety that must be met to comply with the law. Furthermore, the company's customers have requirements for food production, hygiene and safety standards. The company strives to be a leader in its production, hygiene and safety standards and procedures to ensure compliance with relevant laws and regulations and customer expectations.

### ***Commercial Risks***

The company has established a risk and financial management framework to monitor and limit normal commercial risks such as credit control, counter party exposure, customer concentration and cost control, in order to protect the company from such risks.

### ***Use of Derivatives***

The company uses forward foreign currency contracts and forward purchase contracts to reduce exposure to the variability of foreign exchange rates or commodity prices by fixing the rate of any material payments in a foreign currency or providing certainty to raw material prices.

### **Employees**

The company has continued to follow the requirements of Health & Safety at Work Act with concern of the welfare of its employees.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

The company provides employees with information about the company through internal media methods and newsletters.

### **Policy on payments to creditors**

Creditors are paid in accordance with terms of business agreed with suppliers.

Given the nature of the company's activities and agreed terms with suppliers, the directors have not calculated an average creditor day figure as a whole on the basis that such a statement would not be beneficial.

### **Climate change**

The company is committed to reducing carbon emissions wherever possible and is working with The Carbon Trust to ensure that the company make optimum use of energy at all the factories.

Signed by order of the directors



Mr. D. Marshall  
Company Secretary

Approved by the directors on 2nd January 2015

# **TSC FOODS LIMITED**

## **Directors' Report**

### **Period from 22nd December 2013 to 31st August 2014**

The directors present their report and the accounts of the company for the period from 22nd December 2013 to 31st August 2014.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £1,805,875. The directors have not recommended a dividend.

#### **Directors**

The directors who served the company during the period were as follows:

Mr. G.M. Blake  
Mr. D.K. Bondi  
Mr. D. Marshall  
Mr. L.L.R. Whiteley  
Mr. M. Wood

Mr. G.M. Blake, Mr. D. Marshall, and Mr. L.L.R. Whiteley were appointed as directors on 31st January 2014.

#### **Directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial period. Under that law the directors have elected to prepare the accounts 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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these accounts, 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 accounts;
- prepare the accounts 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 accounts 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.

# **TSC FOODS LIMITED**

## **Directors' Report** *(continued)*

**Period from 22nd December 2013 to 31st August 2014**

### **Strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is noted in the Strategic Report on pages 1 and 2.

### **Auditor**

Mitchell Charlesworth LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

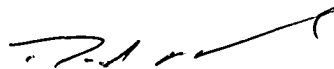
### **Directors' statement on disclosure of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all 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 auditor is aware of that information.

Registered office:  
Cunard Building  
Water Street  
Liverpool  
L3 1EL

Signed by order of the directors



Mr. D. Marshall  
Company Secretary

Approved by the directors on 2nd January 2015

# Mitchell Charlesworth LLP

Chartered Accountants  
5 Temple Square Temple Street Liverpool

## **TSC FOODS LIMITED**

### **Independent Auditor's Report to the Shareholders of TSC Foods Limited**

#### **Period from 22nd December 2013 to 31st August 2014**

We have audited the accounts of TSC Foods Limited for the period from 22nd December 2013 to 31st August 2014 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

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

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31st August 2014 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.

# Mitchell Charlesworth LLP

Chartered Accountants  
5 Temple Square Temple Street Liverpool

## TSC FOODS LIMITED

### Independent Auditor's Report to the Shareholders of TSC Foods Limited *(continued)*

**Period from 22nd December 2013 to 31st August 2014**

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the accounts are prepared is consistent with the accounts.

#### **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 accounts 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.



PHILIP GRIFFITHS FCA (Senior Statutory Auditor)  
For and on behalf of  
MITCHELL CHARLESWORTH LLP  
Chartered Accountants Statutory Auditor

5 Temple Square  
Temple Street  
Liverpool  
L2 5RH

2nd January 2015

# TSC FOODS LIMITED

## Profit and Loss Account

Period from 22nd December 2013 to 31st August 2014

	Note	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
<b>Turnover</b>	<b>2</b>	32,322,510	45,240,786
Cost of sales		25,225,048	34,525,562
<b>Gross profit</b>		<u>7,097,462</u>	<u>10,715,224</u>
Distribution costs		1,840,591	2,396,433
Administrative expenses		2,927,279	3,948,792
<b>Operating profit</b>	<b>3</b>	<u>2,329,592</u>	<u>4,369,999</u>
Attributable to:			
Operating profit before exceptional items		2,329,592	4,483,999
Exceptional items	<b>3</b>	<u>—</u>	<u>(114,000)</u>
		<u>2,329,592</u>	<u>4,369,999</u>
Interest payable and similar charges	<b>6</b>	44,101	129,541
<b>Profit on ordinary activities before taxation</b>		<u>2,285,491</u>	<u>4,240,458</u>
Tax on profit on ordinary activities	<b>7</b>	479,616	802,398
<b>Profit for the financial period</b>		<u><u>1,805,875</u></u>	<u><u>3,438,060</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 10 to 22 form part of these accounts.



# TSC FOODS LIMITED

## Balance Sheet

31st August 2014

	Note	£	31 Aug 14 £	£	21 Dec 13 £
<b>Fixed assets</b>					
Intangible assets	8		398,992		402,053
Tangible assets	9		6,331,255		6,466,028
			<u>6,730,247</u>		<u>6,868,081</u>
<b>Current assets</b>					
Stocks	10	4,486,529		5,163,531	
Debtors	11	17,563,448		15,365,319	
Cash at bank and in hand		216		1,508,809	
		<u>22,050,193</u>		<u>22,037,659</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>7,826,731</u>		<u>9,628,318</u>	
<b>Net current assets</b>			<u>14,223,462</u>		<u>12,409,341</u>
<b>Total assets less current liabilities</b>			<u>20,953,709</u>		<u>19,277,422</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>36,412</u>		<u>166,000</u>
			<u>20,917,297</u>		<u>19,111,422</u>
<b>Capital and reserves</b>					
Called-up equity share capital	19		3,240,000		3,240,000
Share based payment reserve	20		120,000		120,000
Profit and loss account	21		17,557,297		15,751,422
<b>Shareholders' funds</b>	22		<u>20,917,297</u>		<u>19,111,422</u>

These accounts were approved by the directors and authorised for issue on 2nd January 2015, and are signed on their behalf by:



Mr. D. Marshall

Company Registration Number: 02499642

The notes on pages 10 to 22 form part of these accounts.

# TSC FOODS LIMITED

## Cash Flow Statement

Period from 22nd December 2013 to 31st August 2014

		Period from 22 Dec 13 to 31 Aug 14	Year to 21 Dec 13
	Note	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	23	(1,346,006)	3,611,527
<b>Returns on investments and Servicing of finance</b>			
Interest paid		(44,101)	(129,541)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(44,101)	(129,541)
<b>Taxation</b>		(463,643)	(649,380)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(551,719)	(1,173,503)
Receipts from sale of fixed assets		47,408	12,776
<b>Net cash outflow from capital expenditure</b>		(504,311)	(1,160,727)
<b>Cash (outflow)/inflow before financing</b>		(2,358,061)	1,671,879
<b>Financing</b>			
Capital element of hire purchase		(154,127)	(319,056)
<b>Net cash outflow from financing</b>		(154,127)	(319,056)
<b>(Decrease)/increase in cash</b>	23	(2,512,188)	1,352,823

The notes on pages 10 to 22 form part of these accounts.

# **TSC FOODS LIMITED**

## **Notes to the Accounts**

**Period from 22nd December 2013 to 31st August 2014**

### **1. Accounting policies**

#### **Basis of accounting**

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

#### **Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when significant risks and benefits of ownership of the product have been transferred to the buyer, which may be upon shipment or completion of the product.

#### **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 years

#### **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:

Leasehold property	-	Over 20 years
Plant and machinery	-	5 - 15 years
Motor vehicles	-	3 years
Office equipment	-	5 - 15 years

#### **Stocks**

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

Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### **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.

# **TSC FOODS LIMITED**

## **Notes to the Accounts**

**Period from 22nd December 2013 to 31st August 2014**

### **1. Accounting policies *(continued)***

#### **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 tax.

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 rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Foreign currencies**

Assets and liabilities are converted into sterling at the rate of exchange ruling at the Balance Sheet date. Any exchange differences are reflected in the profits for the year.

# TSC FOODS LIMITED

## Notes to the Accounts

### Period from 22nd December 2013 to 31st August 2014

#### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.  
An analysis of turnover is given below:

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
United Kingdom	<u>32,322,510</u>	<u>45,240,786</u>

#### 3. Operating profit

Operating profit is stated after charging/(crediting):

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Amortisation of intangible assets	3,061	26,531
Depreciation of owned fixed assets	599,357	908,294
Depreciation of assets held under hire purchase agreements	48,454	92,000
Profit on disposal of fixed assets	(8,727)	—
Auditor's remuneration		
- as auditor	12,000	15,000
- other services	4,000	116,000
Operating lease costs:		
- Plant, equipment and vehicles	408,818	472,233
- Land and buildings	384,592	528,116
Exceptional items	<u>—</u>	<u>114,000</u>

The exceptional cost in the prior year relates to the vendor initiated financial due diligence on the company, also included in the cost of other services paid to the previous auditors.

Remuneration paid to the company's auditor for services other than the statutory audit of the company are not analysed in these accounts, since the consolidated accounts of the ultimate parent undertaking, Edward Billington and Son Limited are required to disclose non-audit fees on a consolidated basis.

# TSC FOODS LIMITED

## Notes to the Accounts

### Period from 22nd December 2013 to 31st August 2014

#### 4. Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

	<b>Period from 22 Dec 13 to 31 Aug 14 No</b>	<b>Year to 21 Dec 13 No</b>
Number of production staff	285	286
Number of administrative staff	114	113
	<u>399</u>	<u>399</u>

The aggregate payroll costs of the above were:

	<b>Period from 22 Dec 13 to 31 Aug 14 £</b>	<b>Year to 21 Dec 13 £</b>
Wages and salaries	6,318,060	8,607,000
Social security costs	580,551	804,000
Other pension costs	113,701	129,000
	<u>7,012,312</u>	<u>9,540,000</u>

#### 5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	<b>Period from 22 Dec 13 to 31 Aug 14 £</b>	<b>Year to 21 Dec 13 £</b>
Remuneration receivable	166,291	243,000
Value of company pension contributions to money purchase schemes	7,481	11,000
	<u>173,772</u>	<u>254,000</u>

# TSC FOODS LIMITED

## Notes to the Accounts

### Period from 22nd December 2013 to 31st August 2014

#### 5. Directors' remuneration *(continued)*

##### Remuneration of highest paid director:

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Total remuneration (excluding pension contributions)	102,572	157,000
Value of company pension contributions to money purchase schemes	4,981	8,000
	<u>107,553</u>	<u>165,000</u>

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

	Period from 22 Dec 13 to 31 Aug 14 No	Year to 21 Dec 13 No
Money purchase schemes	<u>2</u>	<u>2</u>

Directors' emoluments stated above reflects 2 directors employed and remunerated by the company. The other directors are employed and remunerated by the ultimate parent undertaking.

#### 6. Interest payable and similar charges

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Interest payable on bank borrowing	<u>44,101</u>	<u>129,541</u>

# TSC FOODS LIMITED

## Notes to the Accounts

### Period from 22nd December 2013 to 31st August 2014

#### 7. Taxation on ordinary activities

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

	Period from 22 Dec 13 to 31 Aug 14 £	£	Year to 21 Dec 13 £
Current tax:			
In respect of the period:			
UK Corporation tax based on the results for the period at 23% (2013 - 23%)	406,000		617,398
Over provision in prior year	-		(53,000)
Total current tax	406,000		564,398
Deferred tax:			
Origination and reversal of timing differences (note 12)			
Capital allowances	77,616	240,000	
Other	(4,000)	(2,000)	
Total deferred tax (note 12)	73,616		238,000
Tax on profit on ordinary activities	479,616		802,398

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

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 23% (2013 - 23%).

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Profit on ordinary activities before taxation	2,285,491	4,240,458
Profit on ordinary activities by rate of tax	525,000	975,305
Expenses not deductible for tax purposes	9,000	70,000
Capital allowances for period in excess of depreciation	(61,000)	(200,000)
Adjustment to reflect effective tax rate	(23,000)	7,000
Adjustments to tax charge in respect of previous periods	-	(53,000)
Research and development claim	-	(71,000)
Other timing differences	-	1,093
Group relief not paid for	(44,000)	(165,000)
Total current tax (note 7(a))	406,000	564,398



# TSC FOODS LIMITED

## Notes to the Accounts

Period from 22nd December 2013 to 31st August 2014

### 8. Intangible fixed assets

	<b>Trademarks £</b>
<b>Cost</b>	
At 22nd December 2013 and 31st August 2014	<u>530,528</u>
<b>Amortisation</b>	
At 22nd December 2013	128,475
Charge for the period	<u>3,061</u>
At 31st August 2014	<u>131,536</u>
<b>Net book value</b>	
At 31st August 2014	<u>398,992</u>
At 21st December 2013	<u>402,053</u>

### 9. Tangible fixed assets

	<b>Leasehold property £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 22 December 2013	4,507,115	15,586,206	97,224	1,477,000	21,667,545
Additions	105,611	389,792	24,055	32,261	551,719
Disposals	–	(2,441,800)	(15,897)	(62,000)	(2,519,697)
At 31 August 2014	<u>4,612,726</u>	<u>13,534,198</u>	<u>105,382</u>	<u>1,447,261</u>	<u>19,699,567</u>
<b>Depreciation</b>					
At 22 December 2013	3,880,099	9,930,668	63,000	1,327,750	15,201,517
Charge for the period	99,241	491,376	30,455	26,739	647,811
On disposals	–	(2,403,119)	(15,897)	(62,000)	(2,481,016)
At 31 August 2014	<u>3,979,340</u>	<u>8,018,925</u>	<u>77,558</u>	<u>1,292,489</u>	<u>13,368,312</u>
<b>Net book value</b>					
At 31 August 2014	<u>633,386</u>	<u>5,515,273</u>	<u>27,824</u>	<u>154,772</u>	<u>6,331,255</u>
At 21 December 2013	<u>627,016</u>	<u>5,655,538</u>	<u>34,224</u>	<u>149,250</u>	<u>6,466,028</u>

#### Hire purchase agreements

Included within the net book value of £6,331,255 is £358,966 (2013 - £729,000) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £48,454 (2013 - £92,000).

# TSC FOODS LIMITED

## Notes to the Accounts

Period from 22nd December 2013 to 31st August 2014

### 10. Stocks

	31 Aug 14 £	21 Dec 13 £
Raw materials	2,408,625	3,205,319
Finished goods	2,077,904	1,958,212
	<u>4,486,529</u>	<u>5,163,531</u>

### 11. Debtors

	31 Aug 14 £	21 Dec 13 £
Trade debtors	5,998,694	6,897,648
Amounts owed by group undertakings	10,053,189	6,849,844
Other debtors	617,750	944,713
Prepayments and accrued income	711,815	417,498
Deferred taxation (note 12)	182,000	255,616
	<u>17,563,448</u>	<u>15,365,319</u>

### 12. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Included in debtors (note 11)	<u>182,000</u>	<u>255,616</u>

The movement in the deferred taxation account during the period was:

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Balance brought forward	255,616	493,616
Profit and loss account movement arising during the period	(73,616)	(238,000)
Balance carried forward	<u>182,000</u>	<u>255,616</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	31 Aug 14 £	21 Dec 13 £
Excess of depreciation over taxation allowances	174,000	251,616
Other timing differences	8,000	4,000
	<u>182,000</u>	<u>255,616</u>

# TSC FOODS LIMITED

## Notes to the Accounts

Period from 22nd December 2013 to 31st August 2014

### 13. Creditors: amounts falling due within one year

	31 Aug 14 £	21 Dec 13 £
Bank overdraft	1,003,595	–
Trade creditors	4,448,080	6,600,022
Amounts owed to group undertakings	219,810	–
Corporation tax	219,375	277,018
PAYE and social security	236,611	212,794
Hire purchase agreements	179,405	203,944
Other creditors	159,386	150,500
Accruals and deferred income	1,360,469	2,184,040
	<u>7,826,731</u>	<u>9,628,318</u>

The hire purchase agreements are secured on the assets to which they relate.

The bank overdraft represents an invoice discounting facility which is secured by a fixed and floating charge over all the assets of the company.

### 14. Creditors: amounts falling due after more than one year

	31 Aug 14 £	21 Dec 13 £
Hire purchase agreements	<u>36,412</u>	<u>166,000</u>

### 15. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	31 Aug 14 £	21 Dec 13 £
Hire purchase agreements are analysed as follows:		
Amounts payable within 1 year	179,405	203,944
Amounts payable between 1 and 2 years	36,412	166,000
	<u>215,817</u>	<u>369,944</u>

### 16. Pensions

The company operates a defined contribution pension 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 £113,701 (2013 £129,000). Contributions totalling £27,889 (2013 £40,033) were payable to the fund at the balance sheet date.

# TSC FOODS LIMITED

## Notes to the Accounts

### Period from 22nd December 2013 to 31st August 2014

#### 17. Commitments under operating leases

At 31st August 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	31 Aug 14		21 Dec 13	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	198,957	33,094	137,000	243,000
Within 2 to 5 years	345,080	347,194	405,957	-
	<u>544,037</u>	<u>380,288</u>	<u>542,957</u>	<u>243,000</u>

#### 18. Related party transactions

Details of transactions with Bar and Restaurant Foods Limited, Billington Food Ingredients Limited, English Provender Company Limited, Carrs Billington Agriculture (Operations) Limited, and Dickens 2014 Limited (subsidiary undertakings of the ultimate parent undertaking) and Edward Billington and Son Limited (ultimate parent undertaking), are as follows:

	Management charge paid £	Expenses recharged £	Purchases £
Bar and Restaurant Foods Limited	-	-	69,260
Billington Food Ingredients Limited	-	-	48,770
Carrs Billington Agriculture (Operations) Limited	-	1,037	-
English Provender Company Limited	-	250,000	2,000
Edward Billington and Son Limited	-	130,098	-
Dickens 2014 Limited	72,115	-	-

Details of loans made to Edward Billington and Son Limited and TSC Foods Group Limited (parent of SauceInvest Limited), together with loans received from Dickens 2014 Limited (parent of TSC Foods Group Limited), are as follows:

	Loans made £	Loans received £
Edward Billington and Son Limited	3,193,115	-
TSC Foods Group Limited	13,167	-
Dickens 2014 Limited	-	69,140

The outstanding balances with each company as at the period end were as follows:

	Debtor £	Creditor £
Edward Billington and Son Limited	3,193,115	-
Bar and Restaurant Foods Limited	-	50,087
Billington Food Ingredients Limited	-	26,548
English Provender Company Limited	-	1,920
Dickens 2014 Limited	-	155,678
TSC Foods Group Limited	6,860,074	-

During the period an amount of £2,500 (2013 £15,000) was paid to BM Consultancy in respect of the services of Mr. W. A. Morran, a former director of TSC Foods Group Limited.

During the period an amount of £5,388 was paid to Key Capital Partners Limited, a former shareholder of TSC Foods Group Limited in respect of consultancy services.

# TSC FOODS LIMITED

## Notes to the Accounts

Period from 22nd December 2013 to 31st August 2014

### 19. Share capital

#### Authorised share capital:

	31 Aug 14 £	21 Dec 13 £
12,720,000 Ordinary shares of £0.50 each	<u>6,360,000</u>	<u>6,360,000</u>

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

	No	31 Aug 14 £	No	21 Dec 13 £
Ordinary shares of £0.50 each	<u>6,480,000</u>	<u>3,240,000</u>	<u>6,480,000</u>	<u>3,240,000</u>

### 20. Share based payment reserve

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Share based payment reserve	<u>120,000</u>	<u>120,000</u>

### 21. Profit and loss account

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Balance brought forward	15,751,422	12,313,362
Retained profit for the financial period	1,805,875	3,438,060
Balance carried forward	<u>17,557,297</u>	<u>15,751,422</u>

### 22. Reconciliation of movements in shareholders' funds

	31 Aug 14 £	21 Dec 13 £
Profit for the financial period	1,805,875	3,438,060
Opening shareholders' funds	<u>19,111,422</u>	<u>15,673,362</u>
Closing shareholders' funds	<u>20,917,297</u>	<u>19,111,422</u>

# TSC FOODS LIMITED

## Notes to the Accounts

### Period from 22nd December 2013 to 31st August 2014

#### 23. Notes to the cash flow statement

##### Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	Period from 22 Dec 13 to 31 Aug 14 £	Year to 21 Dec 13 £
Operating profit	2,329,592	4,369,999
Amortisation	3,061	26,531
Depreciation	647,811	1,000,491
Profit on disposal of fixed assets	(8,727)	–
Decrease/(increase) in stocks	677,002	(770,531)
Increase in debtors	(2,271,745)	(1,280,319)
(Decrease)/increase in creditors	(2,723,000)	265,356
Net cash (outflow)/inflow from operating activities	<u>(1,346,006)</u>	<u>3,611,527</u>

##### Reconciliation of net cash flow to movement in net debt

	31 Aug 14 £	21 Dec 13 £
(Decrease)/increase in cash in the period	(2,512,188)	1,353,185
Cash outflow in respect of hire purchase	154,127	319,056
	<u>(2,358,061)</u>	<u>1,672,241</u>
Change in net debt	(2,358,061)	1,672,241
Net funds at 22 December 2013	1,138,865	(533,376)
Net debt at 31 August 2014	<u>(1,219,196)</u>	<u>1,138,865</u>

##### Analysis of changes in net debt

	At 22 Dec 2013 £	Cash flows £	At 31 Aug 2014 £
Net cash:			
Cash in hand and at bank	1,508,809	(1,508,593)	216
Overdrafts	–	(1,003,595)	(1,003,595)
	<u>1,508,809</u>	<u>(2,512,188)</u>	<u>(1,003,379)</u>
Debt:			
Hire purchase agreements	(369,944)	154,127	(215,817)
Net debt	<u>1,138,865</u>	<u>(2,358,061)</u>	<u>(1,219,196)</u>

# **TSC FOODS LIMITED**

## **Notes to the Accounts**

### **Period from 22nd December 2013 to 31st August 2014**

#### **24. Capital commitments**

Amounts contracted for but not provided in the accounts amounted to £336,565 (2013 - £Nil).

#### **25. Bank security**

The company has provided a fixed and floating charge over all assets of the company to Barclays Bank Plc.

#### **26. Ultimate parent company**

The company's immediate parent undertaking is SauceInvest Limited incorporated in England and Wales.

Until 31st January 2014, the company's ultimate parent company and controlling party was TSC Foods Group Limited, a company incorporated in England and Wales.

From 31st January 2014, the company's ultimate parent company is Edward Billington and Son Limited, a company incorporated in England and Wales.