

Kiril Mischeff (Trading) Limited

Annual report and financial statements

Registered Number 5486353

For the year ended 30 September 2017



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Officers and professional advisors

Directors

RAR Mischeff
JI Bowler
AV Charlton
C Green
MKL Jackson
IR Marlow
DA Mirchev
WRS Neill
A Smith

Secretary

A Smith

Registered office

Broadwall House
21 Broadwall
London
SE1 9PL

Company number

5486353

Statutory auditor

KPMG LLP
1 Sovereign Square
Sovereign Square
Leeds
LS1 4DA

Bankers

Royal Bank of Scotland plc
9th Floor
280 Bishopgate
London
EC3M 5RB

Solicitors

Laytons Solicitors LLP
2 More London
Riverside
London
EC4Y 0LS

Keeble Hawson LLP
Capital House
Russell Street
Leeds
LS1 5SP

Strategic report

Principal activities

The company is the parent company of Kiril Mischeff Limited, the holding company of the Kiril Mischeff Group of companies.

The principal activities of the Group continue to be the importing, processing, packaging and distribution of food products, food products broking and trading, shipping and forwarding and the provision of serviced office facilities.

Business model

The Group procures food products and food ingredients from suppliers across the world to provide high quality products to a range of users to both the United Kingdom and overseas. These users cover a wide spectrum of industries including food manufacture, food service and food retail.

We strive to provide the highest level of service to our customers and our suppliers and our offering provides first rate expertise to both parties in the form of food technical knowledge to ensure the customer can be sure of the quality of its supplies.

Relationships with our suppliers and customers are seen as paramount to ensure our mutual businesses thrive and grow. We source products from multiple suppliers, all of which have been internally approved and meet the company's high standard of suitability, to ensure continuity of supply and a wide range of product offerings.

Business review and results

Business review and results – Turnover increased by 10.7% in the year with the corresponding gross profit increasing by 10.6%. The group has generated strong profitability in a very competitive environment.

Key performance indicators

The Group adopts a variety of key performance indicators ("KPI's) to monitor its performance. The principle KPI's are sales and margin reports and divisional and company profit & loss accounts. The Group reviews stock levels on a weekly basis versus stock target levels and cash is monitored daily and forecast on a weekly basis.

In order to upkeep its aim of delivering excellent service levels the Group also monitors the level of unfulfilled orders on a weekly basis and investigates out of stock occurrences.

The use of these KPI's enables management to ensure service levels are maintained and that products can be assessed for profitability on a line-by-line basis.

Principal risks and uncertainties

The Group is subject to exchange rate fluctuations as the majority of products are imported. To manage this risk the Board adopts a system of fixing the exchange rate on contracted purchases at the time of securing the contract.

The Group is obliged to honour its supply contracts to customers. Accordingly to provide certainty of supply the Group sources from multiple suppliers worldwide whenever possible.

Interest rate fluctuations are a risk to the Group which is managed by the use of tight working capital management.

Uncertainty exists with regards to the UK's pending departure from the European Union. The Group however sources its products worldwide so is capable of switching suppliers from alternative countries both inside and outside the European Union.

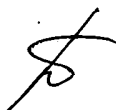
Strategic report *(continued)*

Future developments

The Group operates in a very competitive environment and the current economic climate means that all companies which thrive have to operate with the most efficient cost base. Accordingly the Board believes margin pressures will continue from customers and suppliers.

However with an ever increasing worldwide population food demands are increasing and consumer tastes changing which means the volume and the range of food requirements continues to rise. The Board will strive to capitalise on this opportunity by sourcing new and exciting products from existing and new suppliers, whilst maintaining a tight rein on its cost base and working capital requirements.

Signed on behalf of the Board



D Mirchev
Director

Broadwall House
21 Broadwall
London
SE1 9PL

29 June 2018

Directors' report

The directors present their annual report and accounts together with the audited financial statements of the company and the Group for the year ended 30 September 2017.

The principal activities are discussed in detail in the strategic report.

Results and dividends

The results for the year are shown in the consolidation income statement account on page 8. The profit for the year after taxation was £1,493,000 (2016: £1,320,000).

No interim dividends were paid during the year. The directors do not recommend payment of a final dividend (2016: *£nil*).

Directors

The directors who held office during the year were as follows:

RAR Mischeff
JI Bowler
AV Charlton
C Green
MKL Jackson
IR Marlow
DA Mirchev
WRS Neill
A Smith

Political donations

The Company has not made any political donations during the year (2016: *£nil*).

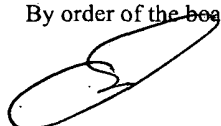
Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Smith
Secretary

Broadwall House
21 Broadwall
London
SE1 9PL
2017

29th June 2018

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Sovereign Square
Sovereign Square
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Kiril Mischeff (Trading) Limited

We have audited the financial statements of Kiril Mischeff (Trading) Limited for the year ended 30 September 2017 set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the 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, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 September 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Kiril Mischeff (Trading) Limited *(continued)*

Matters on which we are required to report by exception


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

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



**Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
1 Sovereign Square
Sovereign Square
Leeds
LS1 4DA

 June 2018

Consolidated Income Statement
for the year ended 30 September 2017

	<i>Note</i>	2017 £'000	2016 £'000
Turnover	2	167,249	151,064
Cost of sales		(156,235)	(141,109)
Gross profit		11,014	9,955
Distribution costs		(3,584)	(2,999)
Administrative expenses		(4,992)	(5,216)
Other operating income	3	24	27
Share of operating loss in associates	12	(58)	(30)
Operating profit		2,405	1,737
Interest payable	4	(63)	(167)
Amounts written off investment	12	(539)	-
Profit before taxation		1,803	1,570
Tax on profit	8	(310)	(250)
Profit for the financial year		1,493	1,320
Other comprehensive income			
Effective portion of change in fair value of cash flow hedges	25	(736)	1,483
Total comprehensive income for the year		757	2,803

The notes on pages 14 to 30 form part of the financial statements.

Consolidated Statement of Financial Position
at 30 September 2017

	Note	2017	2016
		£'000	£'000
Fixed assets			
Intangible assets	10	(8)	(16)
Tangible assets	11	3,659	3,329
Investments	12	152	761
		<u>3,803</u>	<u>4,074</u>
Current assets			
Stocks	13	9,703	12,255
Debtors	14	35,530	34,741
Cash at bank and in hand		1,604	2,779
		<u>46,837</u>	<u>49,775</u>
Creditors: amounts falling due within one year	15	<u>(41,701)</u>	<u>(45,492)</u>
Net current assets		<u>3,697</u>	<u>4,283</u>
Total assets less current liabilities		<u>7,500</u>	<u>8,357</u>
Creditors: amounts falling due after more than one year	16	<u>(219)</u>	<u>(250)</u>
Net assets		<u>7,281</u>	<u>8,107</u>
Capital and reserves			
Called up equity share capital	19	39	39
Share premium account		12	12
Capital redemption reserve	20	19	19
Profit and loss account		7,948	6,554
Cash flow hedge reserve	25	(736)	1,483
Equity shareholders' funds		<u>7,281</u>	<u>8,107</u>

The notes on pages 14 to 30 form part of the financial statements.

These financial statements were approved by the board of directors on ~~29th~~ June 2018 and were signed on its behalf by:



DA Mirchev
Director



A Smith
Director

Company Statement of Financial Position

at 30 September 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	12	670	670
Current assets			
Debtors	14	99	-
Creditors: amounts falling due within one year	15	(26)	(297)
Net current liabilities		73	(297)
Total assets less current liabilities		743	373
Capital and reserves			
Called up equity share capital	19	39	39
Share premium account		12	12
Capital redemption reserve	20	19	19
Profit and loss account		673	303
Equity shareholders' funds		743	373

The notes on pages 14 to 30 form part of the financial statements.

These financial statements were approved by the board of directors on 29th June 2018 and were signed on its behalf by:



DA Mirchev

Director



A Smith

Director

Consolidated Statement of Changes in Equity

For the year ended 30 September 2017

	Called up Share capital	Share Premium Account	Capital Reserve	Cash flow hedge reserve	Profit and loss account	Total equity
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 st October 2015	43	12	15	535	5,786	6,391
Share redemption	(4)	-	4	-	(552)	(552)
Total comprehensive income for the period Profit or loss	-	-	-	(335)	1,320	785
Other comprehensive income	-	-	-	1,483	-	1,483
Balance at 30th September 2016	39	12	19	1,483	6,554	8,107
Balance at 1 st October 2016	39	12	19	1,483	6,554	8,107
Total comprehensive income for the period Profit or loss	-	-	-	(1,483)	1,493	10
Dividends	-	-	-	-	(100)	(100)
Other comprehensive income	-	-	-	(736)	-	(736)
Balance at 30th September 2017	39	12	19	(736)	7,948	7,281

Company Statement of Changes in Equity
For the year ended 30 September 2017

	Called up Share capital	Share Premium Account	Capital Redemption Reserve	Profit and loss account	Total equity
	£000s	£000s	£000s	£000s	£000s
Balance at 1 st October 2015	43	12	15	250	320
Share redemption	(4)	-	4	(552)	(552)
Total comprehensive income for the period					
Profit or loss	-	-	-	605	605
Balance at 30th September 2016	39	12	19	303	373
Balance at 1 st October 2016	39	12	19	303	373
Total comprehensive income for the period					
Profit or loss	-	-	-	270	270
Dividend received	-	-	-	100	100
Balance at 30th September 2017	39	12	19	673	743

Consolidated cash flow statement
at 30 September 2017

	<i>Note</i>	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		1,493	1,320
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	6	274	284
Loss on sale of tangible fixed assets	6	(23)	6
Share of operating loss in associates	12	(77)	30
Interest payable	4	63	167
Taxation	25	310	250
		<hr/>	<hr/>
		2,040	2,057
(Increase)/decrease in trade and other debtors		(2,016)	(4,223)
(Increase)/decrease in stocks		2,552	(240)
(Decrease)/increase in trade and other creditors		(3,116)	9,232
		<hr/>	<hr/>
		(540)	6,828
Interest paid		(63)	(167)
Tax paid		(375)	(297)
		<hr/>	<hr/>
Net cash from operating activities		(978)	6,364
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of tangible fixed assets		(624)	(386)
Acquisition of intangible fixed assets		-	(150)
Sales of tangible fixed assets		35	16
Repayment of loan from associate		146	50
Write-down of investment		539	-
Dividends paid		(100)	-
		<hr/>	<hr/>
Net cash from investing activities		(4)	(470)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from new loan		617	-
Repayment of borrowings		(46)	(4,985)
Share capital redemption		-	(552)
		<hr/>	<hr/>
Net cash from financing activities		571	(5,537)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(411)	357
Cash and cash equivalents at 1 October		1,966	1,609
		<hr/>	<hr/>
Cash and cash equivalents at 30 September	24	1,555	1,966
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Kiril Mischeff (Trading) Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5486353 and the registered address is Broadwall House, 21 Broadwall, London, SE1 9PL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2016 have been applied. The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included

Going concern

The use of going concern accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

The directors have prepared cash flow forecasts that indicate the company is able to meet its liabilities as they fall due, and the company will continue in operation for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the accounts on the going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30th September 2017. The results of subsidiary undertakings are included in the consolidated profit and loss account. All intra group transactions, balances, income and expenses are eliminated on consolidation.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in the profit or loss. Other investments are measured at cost less impairment recognised in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Notes (continued)

1 Accounting policies (continued)

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|--|-----------------------------------|
| • freehold property | straight line basis over 50 years |
| • plant and equipment, fixtures and fittings | straight line basis over 5 years |
| • motor vehicles | straight line basis over 4 years |

Revaluation

Investment properties and land are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

Investments in associated undertakings

An associate is an undertaking in which the Group has a long term interest and over which it exercises significant influence. The Group's share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be seven years

- The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.
- Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

No depreciation is provided in respect of investment properties applying the fair value model.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Employee benefits

Defined contribution plans and other long term employee benefits

The company operates a defined contribution pension scheme. The pension costs charged to the profit and loss account are the premiums payable in accordance with the rules of the scheme in respect of the accounting period.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover represents amounts receivable for goods and services and net agency income from haulage, freight and rental services provided net of VAT.

Turnover on the sale of goods is recognised when substantially all of the risks and rewards in the product have passed to the customer, and substantially all of the Group's work is completed which is usually upon delivery to the customer, or his agent.

Notes (continued)

1 Accounting policies (continued)

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not recognised when assets are revalued, unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognise the gains or losses expected to arise on sale. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Related party disclosures

The company has adopted an accounting policy not to disclose related party transactions between the company, other group companies and associates.

Notes *(continued)*

1 *Accounting policies (continued)*

Accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period.

If the revision affects both current and future periods, the revision will impact both the period of the revision and future periods.

Credit risk

The Group is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, the Group has policies and procedures in place to ensure such risk is limited by placing credit limits on each counterparty. The Group regularly monitors such limits and defaults by counterparties, incorporating this information into credit risk controls. The Group does not currently hold any collateral to mitigate this exposure, however appropriate credit insurance is in place.

The maximum credit exposure to credit risk is limited to the carrying value of each asset.

Notes (continued)

2 Turnover

The total turnover at the group for the year has been derived from its principle activity. The Board has not presented a geographical analysis of turnover as it is deemed it will be prejudicial to the interests of the Group.

3 Other Operating Income

	2017 £'000	2016 £'000
External rental income	24	27

4 Interest payable

	2017 £'000	2016 £'000
On bank overdrafts	(63)	(167)

5 Staff costs

Group employee costs including directors during the year:

	2017 £'000	2016 £'000
Wages and salaries	4,984	5,156
Social security costs	635	576
Other pension costs	227	230
	<u>5,846</u>	<u>5,962</u>

The average number of employees of the group including directors during the year was:

	2017 No.	2016 No.
Office, management and selling	125	122

Notes (continued)

5 Staff costs (continued)

Directors' remuneration	2017 £'000	2016 £'000
Salaries	2,093	2,366
Benefits in kind	99	88
Aggregate remuneration	2,192	2,453
Pension contributions	100	148
	<u>2,292</u>	<u>2,602</u>

There are seven (2016: eight) directors accruing pension benefits under money purchase schemes.

The remuneration of the highest paid director was as follows:

	2017 £'000	2016 £'000
Aggregate remuneration	<u>543</u>	<u>710</u>

6 Profit

The profit is after charging/(crediting)

	2017 £'000	2016 £'000
Depreciation of owned fixed assets	282	292
Amortisation of goodwill	(8)	(8)
Auditor's remuneration - audit services	35	35
Auditor's remuneration - other services	7	7
Operating lease charges - land and buildings	25	25
Loss / (profit) on disposal of fixed assets	(23)	6
Net foreign exchange gains	112	(357)
	<u>112</u>	<u>(357)</u>

7 Auditor's remuneration

	2017 £'000	2016 £'000
Audit of the group subsidiaries	35	35
Tax services	7	7
	<u>42</u>	<u>42</u>

Auditor's remuneration relating to the Company are nil (2016: nil)

Notes (continued)

8 Tax on profit

	2017 £'000	2016 £'000
Current tax		
Corporation tax charge	412	286
Adjustments in respect of prior periods	138	(72)
	<hr/>	<hr/>
UK corporation tax	550	214
Deferred tax charge / (credit)	(240)	36
	<hr/>	<hr/>
Total tax on profit	310	250
	<hr/>	<hr/>

The corporation tax charge on ordinary activities for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.5% (2016: 20%).

Reconciliation of effective tax rate

	£'000	£'000
Profit before taxation	1,803	1,570
	<hr/>	<hr/>
Profit before taxation multiplied by the standard rate of corporation tax of 19.5% (2016: 20%)	351	314
	<hr/>	<hr/>
<i>Effects of</i>		
Movement in tax rate	14	4
Short term timing differences	(116)	58
Adjustment in respect of prior years	138	(72)
Use of brought forward losses	(77)	(54)
	<hr/>	<hr/>
Total tax charge	310	250
	<hr/>	<hr/>

9 Profit for the year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of the financial statements. The Group profit includes a parent Company profit after tax of £371,000 (2016: £605,000).

Notes *(continued)*

10 Intangible fixed assets

Group	Goodwill on acquisition of Bitage £'000	Goodwill on acquisition of Holme Farm Group Holdings £'000	Goodwill on acquisition of Unsoy £'000	Total £'000
Cost				
1 October 2016 and 30 September 2017	357	(357)	300	300
Amortisation				
At 1 October 2016	(357)	102	(61)	(316)
Charge for year	-	51	(43)	8
At 30 September 2017	(357)	153	(104)	(308)
Net book value				
At 30 September 2016	-	(255)	239	(16)
At 30 September 2017	-	(204)	196	(8)

Negative goodwill arose on the acquisition of Holme Farm Group Holdings Limited on 30 September 2014.

On 30 April 2015, Kiril Mischeff Limited acquired the trade and stock of a business in the UK, which resulted in goodwill arising. Goodwill and negative goodwill is being amortised over a period of seven years.

Notes (continued)

11 Tangible fixed assets

Group	Freehold investment property £'000	Freehold property £'000	Plant, equipment fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>					
At 1 October 2016	250	3,133	1,500	794	5,677
Additions	-	209	164	251	624
Disposals	-	-	-	(133)	(133)
At 30 September 2017	250	3,342	1,664	912	6,168
<i>Depreciation</i>					
At 1 October 2016	-	(772)	(1,116)	(460)	(2,348)
Charge for year	-	(34)	(71)	(176)	(282)
Disposals	-	-	-	121	121
At 30 September 2017	-	(806)	(1,187)	(516)	(2,509)
<i>Net book value</i>					
At 30 September 2017	250	2,536	477	396	3,659
At 30 September 2016	250	2,361	384	334	3,329

The freehold property was professionally revalued on 5 December 2016 by a third party on an open market value basis. This asset has a mixed use, in equal proportions, between freehold property and freehold investment property.

12 Investments

Group	Associated undertakings £'000
<i>Cost</i>	
At 1 October 2016	749
Share of associated undertakings losses	(58)
Provision for impairment	(539)
At 30 September 2017	152
	Subsidiary undertakings £'000
<i>Company</i>	
<i>Cost</i>	
At 1 October 2016 and at 30 September 2017	670

Notes (continued)

<i>Direct holding</i>		Percentage of shares held	Main activity
Kiril Mischeff Limited	Broadwall House 21 Broadwall London SE1 9PL	100%	Import and distribution of food products
<i>Indirect Holdings (interest held by Kiril Mischeff Limited)</i>			
W Saunders (Shipping & Forwarding) Limited	Broadwall House 21 Broadwall London, SE1 9P	100%	Shipping and forwarding
EE & Brian Smith (1928) Limited	Brook Farm, Dorton Aylesbury Buckinghamshire HP18 9NQ	100%	Food broking and trading
Bitage Limited	Enterprise House Carlton Road Worksop Nottinghamshire S81 7QF	100%	Provision of serviced office facilities
Holme Farm Group Holdings Limited	The Site Office Holme Farm Swineshead Lincolnshire PE20 3NL	100%	Investment holding company
E.F.W Limited	The Site Office Holme Farm Swineshead Lincolnshire PE20 3NL	*100%	Processing and packaging
Holme Farm Marketing (Boston) Limited	The Site Office Holme Farm Swineshead Lincolnshire PE20 3NL	*100%	Non-trading
Holme Farm Transport Limited	The Site Office Holme Farm Swineshead Lincolnshire PE20 3NL	*100%	Non-trading
Holme Farm Fruits Limited	East Gormack Blairgowrie Perthshire, PH10 6TA	**50%	Processing and packaging
Aseptico Limited	Freezerserve Building Stopgate Lane Simonswood Liverpool L33 4YB	**50%	Processing and packaging

*Interest held by Holme Farm Group Holdings Limited.

**The Company hold significant influence and not controlling influence with these entities and are therefore treated as associates in line with the accounting policies.

All shares held in subsidiary companies are ordinary shares.

In the opinion of the directors, the aggregate value of the company's investment in the subsidiary undertakings is not less than the amount included in their balance sheet.

Notes (continued)

13 Stock

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Finished goods and goods for resale	9,703	-	12,255	-

14 Debtors

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Trade debtors	34,925	-	32,576	-
VAT	98	-	38	-
Deferred tax asset	450	-	194	-
Prepayments & accrued income	57	-	440	-
Amounts due from associates	-	99	10	-
Other financial assets	-	-	1,483	-
	35,530	99	34,741	-

15 Creditors: amounts falling due within one year

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Bank loans and overdrafts	1,732	-	1,878	-
Finance leases	27	-	27	-
Trade creditors	28,209	-	32,349	-
Social security and taxes	481	-	170	-
Amounts due to subsidiaries	-	26	-	297
Corporation tax	223	-	48	-
Other creditors	511	-	511	-
Accruals and deferred income	11,221	-	10,509	-
Other financial liabilities	736	-	-	-
	43,140	26	45,492	297

16 Creditors: amounts falling due after more than one year

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Other creditors	203	-	250	-
Deferred tax	16	-	-	-
	219	-	-	-

Notes (continued)

17 Deferred tax

Deferred tax is analysed over the following timing differences:

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Depreciation in excess of capital allowances - assets	(48)	-	(43)	-
Depreciation in excess of capital allowances - liabilities	16	-	-	-
Other timing differences	(403)	-	(151)	-
	<u>(435)</u>	<u>-</u>	<u>(194)</u>	<u>-</u>

Movements on the provision for deferred tax are as follows:

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
At 1 October 2016	(194)	-	(230)	-
Credit in the profit and loss account	(240)	-	36	-
	<u>(435)</u>	<u>-</u>	<u>(194)</u>	<u>-</u>

18 Pension costs

The group operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the group and amounted to £277,069 (2016: £230,866) for the year.

Contributions totalling £26,212 (2016: £16,100) were payable to the scheme at the year end and are included in creditors.

19 Share capital

	2017 £'000	2016 £'000
<i>Allotted, called up and fully paid</i>		
350,000 (2016: 350,000) 'A' ordinary shares of 10p each	35	35
37,500 (2016: 37,500) 'B' ordinary shares of 10p each	4	4
	<u>39</u>	<u>39</u>

'A' ordinary shares have full rights with regard to voting, participation and dividends. 'B' ordinary shares have full rights with regards to voting and dividends with a limit on participation.

Notes (continued)

20 Capital redemption reserve

	2017 £'000	2016 £'000
At 1 October 2016	19	15
Additions	-	4
At 30 September 2017	<u>19</u>	<u>19</u>

21 Related party transactions

At 30 September 2017 a loan of £203,000 (2016: £250,000) was due by a group company to Broadwall Properties Limited, a company controlled by RAR Mischeff.

At 30 September 2017 a loan of £10,000 (2016: £10,000) was due from Aseptico Limited, an associate of the Group.

22 Commitments

At 30 September 2017 the group had operating lease commitments for the following year as set out below:

	2017 £'000	2016 £'000
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	3	3
Between two and five years	10	10
More than five years	5	8
	<u>18</u>	<u>21</u>

23 Contingent liabilities

Group

At 30 September 2017 the group had outstanding forward foreign exchange contracts of £57,423,739 (2016: £41,029,837).

Notes (continued)

24 Notes to the cash flow statement

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

	2017 £'000	2016 £'000
(Decrease) / Increase in cash in the year	(411)	357
	<u>(411)</u>	<u>357</u>
Movement in bank loans	(617)	4,354
Movement in other loans	46	631
	<u>(571)</u>	<u>4,985</u>
Movement in net debt in the year	(982)	5,342
Opening net debt	651	(4,691)
	<u>(331)</u>	<u>651</u>
Closing net funds / (debt)	<u>(331)</u>	<u>651</u>

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

	2016 £'000	Cash flow £'000	2017 £'000
Cash at bank and in hand	2,779	(2,614)	165
Bank overdrafts	(813)	2,203	1,390
	<u>1,966</u>	<u>(411)</u>	<u>1,555</u>
Debt falling due within one year	(1,066)	(617)	(1,683)
Debt falling due after more than one year	(249)	46	(203)
	<u>651</u>	<u>(982)</u>	<u>(331)</u>

25 Cash flow hedges

The following table indicates the period in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models

	2017			2016		
	Carrying amount £000	Expected cash flows £000	1 year or less £000	Carrying amount £000	Expected cash flows £000	1 year or less £000
Forward exchange contracts:						
Assets	-	-	-	1,483	1,483	1,483
Liabilities	(736)	(736)	(736)	-	-	-
	<u>(736)</u>	<u>(736)</u>	<u>(736)</u>	<u>1,483</u>	<u>1,483</u>	<u>1,483</u>