

**Hancocks Group Holdings Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2012**

Registered number 05652019

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# **Hancocks Group Holdings Limited**

## **Annual report and financial statements for the year ended 31 December 2012**

	<b>Page</b>
Directors' report for the year ended 31 December 2012	1
Independent auditors' report to the members of Hancocks Group Holdings Limited	5
Consolidated profit and loss account for the year ended 31 December 2012	7
Note of group historical cost profits and losses for the year ended 31 December 2012	7
Consolidated balance sheet as at 31 December 2012	8
Balance sheet as at 31 December 2012	9
Consolidated cash flow statement for the year ended 31 December 2012	10
Reconciliation of net cash flow to movement in net funds for the year ended 31 December 2012	10
Notes to the financial statements for the year ended 31 December 2012	11

# **Hancocks Group Holdings Limited**

## **Directors' report for the year ended 31 December 2012**

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2012

### **Principal activities**

The company acts as holding company for a group which has continued its principal trade of cash and carry confectionery wholesaling through a national network of depots and its central bulk delivery service

### **Business review**

The group achieved sales of £ 109.1m (2011 £100.9m) and a pre-tax profit of £5.7m (2011 £4.3m). The directors do not recommend the payment of a dividend (2011 £nil). During the year the company received no dividend from Hancocks Holdings Limited (2011 £2,237,150).

During November 2012, the group was acquired using a new parent company, Hancock Topco Limited. This company and its subsidiaries are funded through a combination of debt and equity and in addition to management is majority owned and partly funded by private equity investors.

Under the new ownership, the group have plans and aspirations to develop the business through a further widening of the product range, customers and markets including increased geographical coverage through new depot openings.

During the year 90,000 (2011 45,000) ordinary £0.25 shares were issued by the company upon exercise of entitlements under the employee share option scheme resulting in a credit of £45,000 (2011 £22,500) to the share premium account.

### **Research and development**

We continue to invest in the systems at our depots, in our warehouse, and Head Office, to enable us to provide better product ranges, consistent quality, and improved customer service.

### **Future outlook**

Although we expect the marketplace to be as competitive as ever, we believe we will improve our current level of performance in the foreseeable future.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risk faced by the group is the increasing level of competition from local and national wholesalers and retailers, which is managed by the continued development of product ranges and customer service.

# **Hancocks Group Holdings Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include commodity price risk, credit risk, liquidity risk and interest rate cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring and minimising the levels of risk.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department. The department adopts policies and procedures that set out specific guidelines to manage risks and circumstances where it would be appropriate to use financial instruments to manage them.

#### *Price risk*

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing the exposure to commodity price risk exceeds any potential benefits. The group has no exposure to equity securities price risk as it holds no listed equity investments.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before credit sales are made.

#### *Liquidity risk*

The group actively maintains appropriate levels of liquidity designed to ensure the group has sufficient funds available for operations and planned expansion. Following its acquisition by private equity owners, the group uses a working capital facility, long-term finance and rolled up interest arrangements that are designed to ensure the group has sufficient available funds for operations and planned expansions.

#### *Interest rate cash flow risk*

The group of which the company is a member has both working capital facilities and longer term loan finance that are designed to ensure the group has sufficient available funds for operations and planned expansions. In order to ensure stability of cash flows and hence manage interest rate risk, the group has an interest rate cap to limit the maximum rate in respect of all bank loan interest.

# **Hancocks Group Holdings Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the directors are of the opinion that analysis using any KPIs in addition to turnover and operating profit is not necessary for an understanding of the development, performance or position of the business

### **Directors**

The directors who held office, together with changes during the year and subsequently, were

AD Hancock (resigned 16 November 2012)  
AP Hancock (resigned 16 November 2012)  
MA Watson  
S Gilbert (appointed 16 November 2012)  
P Kalverboer (appointed 16 November 2012)  
JF Summerley (appointed 16 November 2012)  
RJ Garner (appointed 16 November 2012)

### **Charitable donations**

During the year the group made donations totalling £13,479 (2011 £15,490)

### **Disabled persons**

It is the group's policy to give full consideration to suitable applications for employment by disabled persons (including any who may become disabled whilst in the employment of the group) and to arrange appropriate training. Currently no registered disabled persons are employed by the group.

### **Employees**

The group is committed to involving all employees in the performance and development of the group. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting the day to day operations of the group.

### **Market value of land and buildings**

A recent valuation has been carried out which indicates that the market value of the land and buildings held by the group is £2m in excess of the book values at 31 December 2012.

### **Qualifying third party indemnity provision**

The company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

# Hancocks Group Holdings Limited

## Directors' report for the year ended 31 December 2012 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

### On behalf of the board



R Garner  
Director  
20 May 2013

# **Hancocks Group Holdings Limited**

## **Independent auditors' report to the members of Hancocks Group Holdings Limited**

We have audited the group and parent company financial statements (the "financial statements") of Hancocks Group Holdings Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the note of group historical cost profits and losses, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to the movement in net funds 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent 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 financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

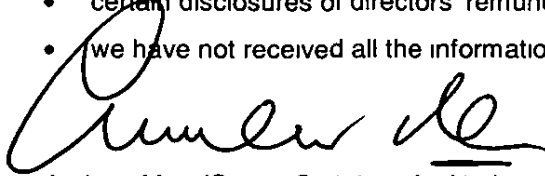
## **Hancocks Group Holdings Limited**

### **Independent auditors' report to the members of Hancocks Group Holdings 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



Andrew Mair (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
20 May 2013



# Hancocks Group Holdings Limited

## Consolidated profit and loss account for the year ended 31 December 2012

		2012	2011
	Note	£'000	£'000
<b>Turnover</b>	2	<b>109,119</b>	100,938
Operating costs	3	(103,393)	(96,642)
<b>Operating profit</b>		<b>5,726</b>	4,296
Net interest receivable	7	25	20
<b>Profit on ordinary activities before taxation</b>	4	<b>5,751</b>	4,316
Tax on profit on ordinary activities	8	(943)	(1,318)
<b>Profit for the financial year</b>	19	<b>4,808</b>	2,998

All operations relate to continuing activities

There are no recognised gains or losses other than those stated above

## Note of group historical cost profits and losses for the year ended 31 December 2012

	2012	2011
	£'000	£'000
Reported profit on ordinary activities before taxation	5,751	4,316
Difference between historical cost loss on disposal and loss calculated on the revalued amount	(51)	-
Historical cost profit on ordinary activities before taxation	5,700	4,316
Historical cost profit on ordinary activities after taxation	4,757	2,998

# Hancocks Group Holdings Limited

## Consolidated balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	9	85	193
Tangible assets	10	5,665	7,950
		<b>5,750</b>	<b>8,143</b>
<b>Current assets</b>			
Stocks	12	6,831	6,005
Debtors	13	20,547	9,095
Investments	14	-	919
Cash at bank and in hand		2,843	4,369
		<b>30,221</b>	<b>20,388</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(13,755)</b>	<b>(11,190)</b>
<b>Net current assets</b>		<b>16,466</b>	<b>9,198</b>
<b>Total assets less current liabilities</b>		<b>22,216</b>	<b>17,341</b>
<b>Net assets</b>		<b>22,216</b>	<b>17,341</b>
<b>Capital and reserves</b>			
Called up share capital	18	542	520
Share premium account	19	127	82
Capital redemption reserve	19	217	217
Revaluation reserve	19	-	(51)
Other reserves	19	5,872	5,872
Profit and loss account	19	15,458	10,701
<b>Total shareholders' funds</b>	20	<b>22,216</b>	<b>17,341</b>

These financial statements on pages 7 to 30 were approved by the board of directors on 20 May 2013 and were signed on its behalf by



R Garner  
Director

Hancocks Group Holdings Limited

Registered number 05652019

# Hancocks Group Holdings Limited

## Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Investments	11	1,332	1,332
<b>Current assets</b>			
Debtors	13	4,987	2,419
Creditors amounts falling due within one year	15	(4,796)	(2,289)
<b>Net current assets</b>		<b>191</b>	<b>130</b>
<b>Total assets less current liabilities</b>		<b>1,523</b>	<b>1,462</b>
Creditors amounts falling due after more than one year	16	(636)	(636)
<b>Net assets</b>		<b>887</b>	<b>826</b>
<b>Capital and reserves</b>			
Called up share capital	18	542	520
Capital redemption reserve	19	217	217
Share premium account	19	127	82
Profit and loss account	19	1	7
<b>Total shareholders' funds</b>	<b>20</b>	<b>887</b>	<b>826</b>

These financial statements on pages 7 to 30 were approved by the board of directors on 20 May 2013 and were signed on its behalf by



R Garner  
Director

# Hancocks Group Holdings Limited

## Consolidated cash flow statement for the year ended 31 December 2012

		2012	2011
	Note	£'000	£'000
<b>Cash inflow from operating activities</b>	24	<b>7,847</b>	6,994
Returns on investments and servicing of finance	25	25	20
Taxation paid		(1,555)	(1,493)
Capital expenditure and financial investment	25	(313)	(304)
Management of liquid resources	25	978	(1,000)
<b>Net cash inflow before financing</b>		<b>6,982</b>	4,217
<b>Financing</b>			
Issue of ordinary share capital	18,20	67	34
Repurchase of share capital		-	(2,237)
Loan advanced to parent undertaking	28	(8,023)	-
Directors' loan account movements	28	(552)	(2,498)
<b>Net cash outflow from financing</b>		<b>(8,508)</b>	(4,701)
<b>Decrease in cash in the year</b>	26	<b>(1,526)</b>	(484)

## Reconciliation of net cash flow to movement in net funds for the year ended 31 December 2012

		2012	2011
	Note	£'000	£'000
Decrease in cash in the year	26	(1,526)	(484)
(Decrease)/increase in liquid resources		(918)	918
<b>Net funds at the start of the year</b>		<b>5,287</b>	4,853
<b>Net funds at the end of the year</b>	26	<b>2,843</b>	5,287

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012

### 1 Accounting policies

The group financial statements have been prepared under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and applicable UK accounting and financial reporting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Basis of preparation

These financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of investment properties in accordance with SSAP19 'Accounting for Investment Properties'.

#### Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its subsidiary undertakings using uniform accounting policies. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated fully on consolidation. Merger accounting principles were, and continue to be, applied in relation to the reorganisation of the group on 19 December 2005 which related to the addition of this company as the parent company for the group.

In accordance with Section 408 of the Companies Act 2006, Hancocks Group Holdings Limited is exempt from the requirement to present its own profit and loss account.

#### Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard Number 8, 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group.

#### Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Goodwill is amortised by equal annual instalments over its estimated useful life, which is deemed to be a period of eight years.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at historic purchase cost less accumulated depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold and long leasehold buildings	50 years
Short leasehold property	over the remaining life of the lease
Plant and machinery	2-5 years

Freehold land is not depreciated.

# **Hancocks Group Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

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

#### **Intangible assets - licence**

The licence has been amortised by equal annual instalments over its useful economic life of 7 years

#### **Investments**

Fixed asset investments are shown at cost less any provision for impairment. In the company balance sheet, investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, are measured by reference to cash paid or the nominal value of the shares issued. Any premium is not recognised where merger relief is taken.

Current asset investments are shown at the lower of cost and net realisable value.

#### **Freehold investment property**

Investment properties are included at open market value. No depreciation is provided on these properties in accordance with SSAP 19, 'Accounting for Investment Properties'. This is a departure from the Companies Act 2006 which requires all tangible assets to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view and comply with applicable accounting standards which require properties to be included in the financial statements at open market value. Depreciation or amortisation is one of the many factors reflected in the annual valuation and the amount that might otherwise have been shown cannot be separated identified or quantified.

#### **Operating leases**

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

#### **Financial instruments**

Financial instruments are recorded initially at cost. Loans and debtors/creditors are subsequently measured at amortised cost. These are included in current assets/liabilities except for instruments that mature after more than 12 months which are included in non-current assets/liabilities.

#### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. All foreign exchange differences have been taken to the profit and loss account in the year.

#### **Pensions**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 1 Accounting policies (continued)

#### Supplier rebates

Supplier rebates are recognised when earned and accounted for as a reduction in raw materials and consumable costs. Where appropriate, amounts recoverable which relate to stocks are reflected within the carrying value of stocks.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in first out basis method is used. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Appropriate provisions are made for slow-moving and obsolete stock.

#### Share based payments

The fair value of options awarded is recognised as an expense in the profit and loss account over the expected vesting period. The fair value of employee share option plans is calculated using an industry accepted simulation model.

#### Taxation

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard Number 19, 'Deferred Tax'. It is measured at the rate of tax that has been substantively enacted at the balance sheet date which is expected to apply when differences reverse.

### 2 Turnover

Turnover represents the amounts (excluding value added tax and trade discounts) derived from the provision of goods to customers during the year, recognised on delivery to or collection of goods by customers.

Turnover by destination is analysed as follows:

	2012	2011
	£'000	£'000
Within the UK	105,273	96,873
Overseas markets	3,846	4,065
	109,119	100,938

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 3 Analysis of operating costs

	2012	2011
	£'000	£'000
(Increase)/decrease in stocks of finished goods	(826)	650
Raw materials and consumables	91,492	83,819
Staff costs		
- wages and salaries	5,564	5,495
- social security costs	631	576
- other pension costs (note 23)	245	227
- share based payments (note 27)	-	10
Depreciation and amortisation of tangible and intangible fixed assets	669	682
Other external charges	5,258	4,680
Loss on sale of fixed assets	360	2
Operating costs before employee bonus scheme	103,393	96,141
Employee bonus scheme	-	501
	103,393	96,642



# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 4 Profit on ordinary activities before taxation

This is stated after charging

	2012	2011
	£'000	£'000
Auditors' remuneration		
Fees payable to the auditors for the audit of the parent company and the consolidated financial statements	3	3
The audit of the company's subsidiaries pursuant to legislation	31	31
Tax advisory and compliance services	41	35
	75	69
Depreciation and amortisation - owned assets	669	682
Loss on sale of fixed assets	360	2
Hire of plant and machinery under operating leases	474	480
Leasehold property rents under operating leases	1,057	991

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 5 Directors emoluments

	2012	2011
	£'000	£'000
Aggregate directors' remuneration	1,386	1,690
Company contributions to money purchase pension scheme	40	26
	1,426	1,716
Number of directors who are		
Members of money purchase pension scheme	3	3
Highest paid director	£'000	£'000
Total remuneration	530	775
Company contributions to money purchase pension scheme	-	-

### 6 Staff numbers

The monthly average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	2012	2011
	Number	Number
Management	11	11
Administration	29	31
Sales	244	243
	284	285

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 7 Net interest receivable

	2012	2011
	£'000	£'000
Bank interest receivable	30	29
Other interest receivable	2	-
Interest receivable	32	29
Less		
Bank interest payable	(7)	-
Other interest payable	-	(9)
	25	20

### 8 Tax on profit on ordinary activities

	2012	2011
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profit for the year	1,056	1,341
Adjustment in respect of prior years	(90)	(9)
Total current tax	966	1,332
<b>Deferred tax</b>		
Origination and reversal of timing differences	(49)	(31)
Adjustment in respect of prior years	26	17
Total deferred taxation (note 17)	(23)	(14)
Tax charge on profit on ordinary activities	943	1,318

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 8 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The current tax charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation	5,751	4,316
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK at 24.5% (2011 26.5%)	1,409	1,144
Effects of		
Expenditure not deductible for tax purposes	209	163
Difference between depreciation and capital allowances	44	49
Other timing differences	1	(8)
Employee share options relief	(550)	-
Tax losses utilised	-	(7)
Group relief not paid for	(43)	-
Marginal relief	(14)	-
Adjustments in respect of prior years	(90)	(9)
Total current tax charge	966	1,332

The Finance Act in March 2012 reduced UK corporation tax to 24% from April 2012 and a reduction to 23% from April 2013 has since been enacted in July 2012 with further annual reductions proposed to reduce it to 21% by April 2014 and to 20% by April 2015. The enacted rate at 31 December 2012 of 23% has accordingly been applied to deferred taxation balances.

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 9 Intangible fixed assets

Group	Goodwill £'000	Licence £'000	Total £'000
<b>Cost</b>			
At 1 January 2011 and 31 December 2012	680	165	845
<b>Accumulated amortisation</b>			
At 1 January 2012	510	142	652
Charge for the year	85	23	108
<b>At 31 December 2012</b>	<b>595</b>	<b>165</b>	<b>760</b>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>85</b>	<b>-</b>	<b>85</b>
At 31 December 2011	170	23	193

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10 Tangible fixed assets

Group	Freehold investment property	Freehold land and buildings	Leasehold property	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2012	1,842	5,194	1,464	6,344	14,844
Additions	-	-	6	315	321
Disposals	(1,842)	-	-	(378)	(2,220)
<b>At 31 December 2012</b>	<b>-</b>	<b>5,194</b>	<b>1,470</b>	<b>6,281</b>	<b>12,945</b>
<b>Accumulated depreciation</b>					
At 1 January 2012	-	1,072	621	5,201	6,894
Charge for the year	-	77	52	432	561
Disposals	-	-	-	(175)	(175)
<b>At 31 December 2012</b>	<b>-</b>	<b>1,149</b>	<b>673</b>	<b>5,458</b>	<b>7,280</b>
<b>Net book value</b>					
<b>At 31 December 2012</b>	<b>-</b>	<b>4,045</b>	<b>797</b>	<b>823</b>	<b>5,665</b>
At 31 December 2011	1,842	4,122	843	1,143	7,950
The net book value of land included in freehold land and buildings was £1,462,000 (2011 £1,462,000)					
The net book value of leasehold property comprises				<b>2012</b>	2011
				<b>£'000</b>	<b>£'000</b>
Leases with 50 years or more unexpired				<b>772</b>	816
Leases with less than 50 years unexpired				<b>25</b>	27
<b>Net book value</b>				<b>797</b>	843

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 11 Fixed asset investments

Company				Interest in group undertakings
				£'000
Cost and net book value				
At 1 January 2012 and at 31 December 2012				1,332
Principal subsidiary undertakings	Country of registration	Principal activity	Class of shares held	% share holding
Hancocks Holdings Limited	England	Management services	Ordinary	100%
Sweet Factory Retail Limited	England	Confectionery, wholesale and retail	Ordinary	100%
Hancock Cash & Carry Limited*	England	Confectionery cash and carry	Ordinary	100%
International Confectionery Agencies Limited*	England	Confectionery wholesale	Ordinary	100%
World of Sweets Limited*	England	Confectionery wholesale	Ordinary	100%

\* indicates indirect holding

All of the above companies have been consolidated in these financial statements

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 12 Stocks

Group	2012	2011
	£'000	£'000
Finished goods	6,831	6,005

### 13 Debtors

Group	2012	2011
	£'000	£'000
Trade debtors	6,605	5,932
Amounts owed by group undertakings (note 28)	12,431	-
Other debtors	277	231
Tax receivable	556	-
Deferred tax (note 17)	83	60
Directors' loans (note 28)	43	2,222
Prepayments and accrued income	552	650
	<b>20,547</b>	<b>9,095</b>
<b>Company</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	4,389	197
Tax recoverable	555	-
Directors' loans	43	2,222
	<b>4,987</b>	<b>2,419</b>



# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 14 Current asset investments

	2012	2011
	£'000	£'000
Other investments	-	919

Current asset investments represent the realisable value of amounts held in managed funds

### 15 Creditors: amounts falling due within one year

Group	2012	2011
	£'000	£'000
Trade creditors	8,914	6,721
Other taxation and social security	1,713	1,539
Corporation tax	618	651
Other creditors	684	535
Accruals and deferred income	1,826	1,744
	13,755	11,190

Company	2012	2011
	£'000	£'000
Amount owed to group undertakings	4,241	2,286
Corporation tax	555	3
	4,796	2,289

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 16 Creditors: amounts falling due after more than one year

Company	2012	2011
	£'000	£'000
Amount owed to group undertakings	636	636

Amounts owed by and to group undertakings are interest free and unsecured £636,000 owed has with no fixed repayment date although confirmation has been given that this will not be before 1 January 2014

### 17 Deferred tax

Deferred tax is recognised in full at a rate of 23% (2011 25%) as follows

Group	Provided £'000
Accelerated capital allowances	59
Other timing differences	1
At 1 January 2012	60
Credited to profit and loss account (note 8)	23
<b>Deferred tax asset at 31 December 2012</b>	<b>83</b>
Accelerated capital allowances	71
Other timing differences	12
Deferred tax asset	83

#### Company

The company has no provided or unprovided deferred tax at the year end (2011 £nil)

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 18 Called up share capital

Group and company	2012	2011
	£'000	£'000

Allotted and fully paid

2,169,808 (2011 2,079,808) ordinary shares of £0 25 each	542	520
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During the year 90,000 (2011 45,000) ordinary £0 25 shares were issued by the company at £0 75 each upon exercise of entitlements under the employee share option scheme resulting in a credit of £45,000 (2011 £22,500) to the share premium account

### 19 Reserves

Group	Other reserves	Share premium account	Capital redemption reserve	Re-valuation reserve	Profit and loss account
	£'000	£'000	£'000	£'000	£'000
At 1 January 2012	5,872	82	217	(51)	10,701
Profit for the financial year	-	-	-	-	4,808
Revaluation deficit realised	-	-	-	51	(51)
Issue of shares	-	45	-	-	-
<b>At 31 December 2012</b>	<b>5,872</b>	<b>127</b>	<b>217</b>	<b>-</b>	<b>15,458</b>

Other reserves represent the merger reserve arising as a result of the merger of Hancocks Group Holdings Limited and Hancocks Holdings Limited on 19 December 2005

Company	Share premium account	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000
At 1 January 2012	82	217	7
Loss for the financial year	-	-	(6)
Issue of shares	45	-	-
<b>At 31 December 2012</b>	<b>127</b>	<b>217</b>	<b>1</b>

The results for the financial year include a loss of £6,000 (2011 profit of £2,265,000) which is dealt with in the financial statements of Hancocks Group Holdings Limited

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 20 Reconciliation of movement in shareholders' funds

Group	2012	2011
	£'000	£'000
Profit for the financial year	4,808	2,998
Credit to profit and loss account for share based payments	-	10
Issue of ordinary share capital	67	34
Purchase of own shares	-	(2,237)
Opening shareholders' funds	17,341	16,536
<b>Closing shareholders' funds</b>	<b>22,216</b>	<b>17,341</b>
<b>Company</b>		
(Loss)/profit for the financial year	(6)	2,265
Issue of ordinary share capital	67	34
Purchase of own shares	-	(2,237)
Opening shareholders' funds	826	764
<b>Closing shareholders' funds</b>	<b>887</b>	<b>826</b>

## Hancocks Group Holdings Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 21 Commitments

Annual commitments under non-cancellable operating leases at 31 December 2012 were as follows

Group	2012		2011	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	150	39	38	89
In the second to fifth years inclusive	698	367	642	229
Over five years	169	-	281	112
	1,017	406	961	430

#### Company

The company had no operating lease commitments

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 22 Contingent liabilities

The company and group have given guarantees and their assets are secured by fixed and floating charges in respect of £27m of parent company borrowings

### 23 Pension scheme

Since 1 April 1992 the group has operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the group, being invested with an insurance company.

Total pension costs during the year amounted to £245,000 (2011: £227,000). There were no accrued or prepaid contributions in 2011 or 2012.

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

	2012	2011
	£'000	£'000
Operating profit	5,726	4,296
Depreciation and other amounts written off tangible fixed assets	561	572
Amortisation and other amounts written off intangible fixed assets	108	110
(Increase)/decrease in realisable value of current investments	(59)	81
Share-based payment charge	-	10
Loss on sale of assets	360	2
(Increase)/decrease in stocks	(826)	650
Increase in debtors	(621)	(106)
Increase in creditors	2,598	1,379
<b>Net cash inflow from operating activities</b>	<b>7,847</b>	<b>6,994</b>

# Hancocks Group Holdings Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 25 Analysis of cash flows shown net in consolidated cash flow statement

	2012	2011
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	32	29
Interest paid	(7)	(9)
Net cash flow from returns on investment and servicing of finance	25	20
Capital expenditure and financial investment		
Purchase of tangible and intangible fixed assets	(321)	(577)
Sale of tangible fixed assets	8	273
Net cash flow from capital expenditure and financial investment	(313)	(304)
Management of liquid resources		
Sales of current asset investments	978	-
Purchase of current asset investments	-	(1,000)
	978	(1,000)

### 26 Analysis of net funds

	1 January 2012	Cash flow	Other changes	31 December 2012
	£'000	£'000	£'000	£'000
Cash at bank and in hand	4,369	(1,526)	-	2,843
Current asset investments	919	(978)	59	-
	5,288	(2,504)	59	2,843

# **Hancocks Group Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **27 Share based payments**

Hancocks Group Holdings Limited operates a share option scheme. Options are exercisable at a price of 75 pence and mature after either ten years, on a trade sale or floatation, on death or on retirement as a good leaver. The scheme commenced in April 2004 and 255,000 options were granted. No further options have been granted since the commencement of the scheme and no options have lapsed. During the year, 90,000 options were exercised (2011 45,000).

No options remain exercisable at 31 December 2012 (2011 90,000).

The FRS 20 share based payment charge in the profit and loss account in the year was £nil (2011 £10,000).

### **28 Related party transactions, ultimate parent company and controlling parties**

The immediate parent company is Hancocks Acquisition Limited and the ultimate parent company is Hancock Topco Limited.

H2 Equity Partners manages the interests of the investing H2 Equity funds, which hold the majority of the shares in the ultimate parent company, and is represented on the board of the company.

AD and AH Hancock, formerly the major shareholders in and directors of the company sold their shares in the year.

The freehold investment properties and certain motor vehicles, previously held by group companies were sold to AD and AH Hancock for consideration of £1,487,000 and £190,000 respectively in the year. The values were assessed by reference to external valuations at the date of sale.

The loans to former directors, Mr A D Hancock and Mr A P Hancock, were interest free and settled during the year. The maximum amount outstanding during the year from Mr A D Hancock was £3,053,000 (2011 £2,211,000) and £1,354,000 (2011 £11,000) from Mr A P Hancock. A £43,000 loan is owed by a director Mr J F Summerley and was the maximum amount outstanding during the year.

The amounts owed by group undertakings of £12,431,000 represent a loan to the company's new immediate parent undertaking, Hancocks Acquisition Limited, which is interest free and has no fixed repayment date. £4,408,000 arose from offset of the loan accounts against consideration owed on sale of the shares and the remainder from cash advanced to the company.