

**Company Registration No. 58397**

**TOWERS & CO LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

THURSDAY



\*A2HPMCA9\*

A07

26/09/2013

#287

COMPANIES HOUSE

# **TOWERS & CO LIMITED**

## **DIRECTORS' REPORT**

For the year ended 31 December 2012

### **CHIEF EXECUTIVE'S REVIEW**

#### **Principal activities**

Towers & Co Limited is an International Food Company specialising in the import, export and distribution of chilled, frozen and cooked meat and poultry as well as frozen fish and seafood

#### **Business review**

It is important, not only to reconcile the past year's financial performance, but also to review the underlying business strategy and the strategic progress and investment that has been made in 2012 for the future of Towers & Co, its shareholders, and employees. Whilst a poor year financially, strategically it was a progressive one during which we completed the restructuring of the group which we commenced in the second half of 2008.

In late 2011, the company had taken a strategic decision to cease our Australian and New Zealand export businesses. Consequently these businesses were wound down at the end of 2011 and all trading activity ceased by the end of June 2012. The unprofitable trading activity that took place in the first half of the year and the full closure costs including redundancies, stock liquidation, audits and legal costs have all been taken in the current year. This includes the write off of the loan to the Australian subsidiary of £1.3 million.

We would like to thank all the directors and staff for working through a difficult period during the closure process.

Towers Thompson operates in an environment where many outcomes of the environment are beyond our control, but they materially impact on the business. The key external factors that influence our business are the global economic situation, availability of product and the exchange rates for the currencies of our major supplying countries, all these have a major impact on the group in some shape or form.

#### **Financial performance**

The result for the year is an operating loss of £1.787 million (2011: £0.862 million).

The company's main operating subsidiary Rassau Seafood GmbH has been revalued by £777,000 to reflect its consistently successful trading performance (note 10).

# **TOWERS & CO LIMITED**

## **DIRECTORS' REPORT**

For the year ended 31 December 2012

### **CHIEF EXECUTIVE'S REVIEW**

#### **Wholesale distribution**

Markets in which export and distribution businesses operate have been highly competitive both in terms of pricing from competitors and the E U Environment in general. The market where our UK and distribution businesses operate continued to experience competitor pressure although the operational efficiency improvements and significant overhead reductions have to a large extent mitigated against these pressures.

Sales of our "Kingdom" beef and poultry products continued to gain momentum with the launch of our range of "Kingdom" high quality chilled steak cuts, beef burgers, pork sausages and chilled poultry products.

#### **Far East exports**

Once again our Export Divisions performed well last year. Fortunately these businesses are not directly linked to the European economy and both export businesses continue to have excellent prospects.

Both our export companies are well positioned in China and throughout the year their sales to Far Eastern markets continued to gain momentum. Previously low value items dominated sales but increasingly high value products are now being added to the product mix which is allowing us to expand our exports to this fast growing market.

#### **UK trading**

In future our trading businesses will see a reduction in turnover as a direct result of our policy to focus primarily on the growing quality end of the markets in which we operate in Europe. Pork sales under our "Belvedere" brand showed exceptional growth from modest beginnings. This part of our business continues to innovate and search for new growth opportunities provides for an extremely positive outlook for this sector.

#### **Rassau Seafood**

Whilst the results of our UK businesses were adversely affected by the weakness of the economy, Rassau Seafood, our Hamburg based seafood import and distribution business, assisted by the strong Germany economy, delivered another outstanding performance.

The year has started strongly for Rassau and they look set to exceed their 2012 results.

Towers Thompson Seafood, our UK fish and seafood business in Grimsby came under new management in the last quarter of the year.

## **TOWERS & CO LIMITED**

### **DIRECTORS' REPORT**

For the year ended 31 December 2012

#### **CHIEF EXECUTIVE'S REVIEW**

##### **The outlook**

As a result of the numerous cost saving initiatives and management changes the early months of 2013 have been very encouraging and has seen a return to profitability for the Group

Challenging times for the company mean challenging times for the directors, management and employees. The progress we have made in recent years in very tough trading conditions has been achieved by the determination, experience and expertise of our management and employees who have displayed a high level of commitment and professionalism throughout the year. I would like to take this opportunity, on behalf of the Board, to personally thank everyone for their dedicated efforts and for their continuing commitment to the Group's ongoing growth and development.

A handwritten signature in black ink, appearing to read 'Alan Thompson', is positioned above the printed name.

Alan Thompson  
Chief Executive  
31 July 2013

**TOWERS & CO LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
For the year ended 31 December 2012

**Key performance indicators**

The main KPI, gross margin, decreased from 7.8% in 2011 to 7.7% in 2012

**Financial instruments**

The major foreign currency involved in the company's trading activities is the US dollar. The company's policy is to hedge using forward foreign exchange contracts as soon as commitment has been given to the underlying transaction. Practically all sales made on credit terms to the company's customers are covered by credit insurance policies covering a number of different geographical territories.

**Results and dividend**

The results for the year are set out in the profit and loss account on page 9. Dividends paid during the year amounted to £nil (2011: £nil).

**Directors**

Details of directors who held office during the financial year are

T G Goddard  
A P Thompson  
P Dolan

**Political and Charitable Donations**

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £1,000 (2011: £2,000).

**Employment of Disabled Persons**

The Company's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled.

**Employees**

The Company considers that a loyal and highly skilled workforce is essential to the future of its business, and therefore recognises that employees should be kept informed of the progress of their business and of the Company as a whole.

**Disclosure of Information to Auditors**

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

**TOWERS & CO LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
For the year ended 31 December 2012

**Auditors**

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



**P Dolan**  
**Director**

Turnford Place  
Great Cambridge Road  
Broxbourne  
Hertfordshire  
EN10 6NH

31 July 2013

## **TOWERS & CO LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

London North Office  
58 Clarendon Road  
Watford WD17 1DE  
United Kingdom

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO LIMITED**

We have audited the financial statements of Towers & Co Limited for the year ended 31 December 2012 set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 website at [www.frc.org.uk/auditscopeukprivate](http://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 company's affairs as at 31 December 2012 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS & CO 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*David Burridge*

**David Burridge (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
London North Office  
58 Clarendon Road  
Watford  
Herts WD17 1DE

31 July 2013

**TOWERS & CO LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
For the Year Ended 31 December 2012

	<i>Note</i>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Turnover</b>	1,2	<b>100,840</b>	122,937
Cost of sales		<b>(93,093)</b>	(113,363)
<b>Gross profit</b>		<u><b>7,747</b></u>	<u>9,574</u>
Distribution costs		<b>(2,048)</b>	(2,255)
Administrative expenses		<u><b>(7,486)</b></u>	<u>(8,181)</u>
<b>Operating loss</b>	4	<b>(1,787)</b>	(862)
Amounts written off loans to group undertakings		<b>(1,262)</b>	-
Amounts written off investments		-	(236)
Interest payable and similar charges	5	<b>(440)</b>	(373)
Other finance income	6	<u><b>60</b></u>	<u>75</u>
<b>Loss on ordinary activities before taxation</b>		<b>(3,429)</b>	(1,396)
Tax on loss on ordinary activities	7	<u><b>211</b></u>	<u>253</u>
<b>Loss for the financial year</b>	18	<u><b>(3,218)</b></u>	<u>(1,143)</u>

All of the company's activities are derived from continuing operations. There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The accompanying notes on pages 12-25 are an integral part of the financial statements.

**TOWERS & CO LIMITED**  
**BALANCE SHEET**  
As at 31 December 2012

	<i>Note</i>	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	9	1,413	1,821
Investments	10	<u>5,250</u>	<u>4,473</u>
		6,663	6,294
<b>Current assets</b>			
Stocks	11	5,010	12,396
Debtors	12	20,195	21,215
Cash at bank and in hand		<u>6</u>	<u>991</u>
		25,211	34,602
Creditors due within one year	14	<u>(21,729)</u>	<u>(28,139)</u>
<b>Net current assets</b>		<u>3,482</u>	<u>6,463</u>
<b>Total assets less current liabilities</b>		10,145	12,757
Creditors due after more than one year	15	(12)	(12)
<b>Net assets excluding pension asset</b>		<u>10,133</u>	<u>12,745</u>
<b>Pension asset</b>	20	331	317
<b>Net assets including pension asset</b>		<u>10,464</u>	<u>13,062</u>
<b>Capital and reserves</b>			
Called up share capital	17	13,549	13,549
Profit and loss account	18	(5,900)	(2,525)
Revaluation reserve	18	<u>2,815</u>	<u>2,038</u>
<b>Shareholder's funds</b>	19	<u>10,464</u>	<u>13,062</u>

These financial statements were approved by the board of directors on 31 July 2013 and were signed on its behalf by



**Terry G Goddard**  
**Director**

Company registration number 58397

The accompanying notes on pages 12-25 are an integral part of the financial statements

**TOWERS & CO LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
For the Year ended 31 December 2012

	2012 £'000	2011 £'000
Loss for the financial year	(3,218)	(1,143)
Actuarial loss recognised in the pension scheme	(217)	(454)
Deferred tax arising on actuarial losses in the pension scheme	44	91
Effect of irrecoverable surplus limit	20	217
Deferred tax on irrecoverable surplus limit	<u>(4)</u>	<u>(66)</u>
Alternative valuation of investments, surplus arising (note 1)	-	2,038
Total recognised gains and losses relating to the financial year	<u>(3,375)</u>	<u>683</u>

The accompanying notes on pages 12-25 are an integral part of the financial statements

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the Year Ended 31 December 2012

**1. ACCOUNTING POLICIES**

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

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Towers Thompson Holdings Limited, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Towers Thompson Holdings Limited, within which this Company is included, are available to the public and can be obtained from Turnford Place, Great Cambridge Road, Turnford, Hertfordshire, EN10 6NH.

**Alternative Accounting Rules**

Investments have been valued under alternative accounting rules. Directors have revalued investments using price earnings ratios for similar companies and using discounted cash flow techniques.

Where investments have been significantly impaired in value they have been written down through the profit and loss account.

**Turnover**

Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable. Turnover is recognised upon despatch of the goods or services.

**Depreciation**

The cost or valuation of tangible fixed assets is written off on a straight line basis over their estimated useful lives. Principal rates of depreciation in use by the Company are -

Freehold Buildings	-	1% - 2%
Leasehold Property	-	Period of Lease
Plant and Equipment	-	15%-20%
Motor Vehicles	-	20%-25%

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price including freight, insurance, landing charges and transport.

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**1. ACCOUNTING POLICIES (continued)**

**Investments**

Investments in subsidiary undertakings are stated at directors' valuation that is not an independent valuation, under the alternative accounting rules. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount based on the latest valuation at the reporting date. Revaluations shall be made annually to ensure that the carrying amount does not differ materially from that which would be determined at the reporting date.

**Taxation**

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Full provision is made for all timing differences except as otherwise required by FRS19. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

**Lease Purchase and Operating Leases**

Assets held under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the life of the lease.

**Pension Costs**

The Company operates both a defined contribution scheme and pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged against profits in respect of the defined contribution scheme represents the contributions payable to the scheme in respect of the accounting period.

In terms of the defined benefit scheme the pension scheme assets are measured using market values. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

**Foreign Currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**Dividends on Shares Presented Within Shareholders' Funds**

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

**Financial Guarantee Contracts**

The company has not adopted amendments to FRS26 and FRS12 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2008

Where a company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

The company does not expect amendments to have any impact on the financial statements for the period commencing 1 January 2012

**2. ANALYSIS OF TURNOVER**

All the company's turnover is derived from the company's main activity, food wholesaling

Turnover is analysed by geographical market as follows

	2012 £'000	2011 £'000
United Kingdom	72,182	92,326
Europe	3,493	11,934
Rest of World	25,165	18,677
	<u>100,840</u>	<u>122,937</u>

**3. EMPLOYEES AND DIRECTORS**

The average number of employees, including directors, during the year was as follows

	Number of employees	
	2012	2011
Management	2	3
Administration	27	38
Production & Distribution	112	121
	<u>141</u>	<u>162</u>

	2012 £'000	2011 £'000
The aggregate payroll costs of these persons were as follows		
Wages and Salaries	4,091	4,532
Social Security Costs	401	461
Other Pension Costs	153	106
	<u>4,645</u>	<u>5,099</u>

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**3. EMPLOYEES AND DIRECTORS (CONTINUED)**

	2012 £'000	2011 £'000
Remuneration paid to executive directors	317	317
Pension contributions	76	76
	<u>393</u>	<u>393</u>

The remuneration paid to the highest paid director, excluding defined benefit pension contributions, amounted to £123,000 (2011 £123,000) Pension contributions of £27,000 (2011 £27,000) were paid on his behalf during the year

All three directors accrued retirement benefits under a company defined benefit scheme in both the current and the previous year The highest paid director had an accrued pension at the year-end of £21,000 (2011 £20,000)

**4. OPERATING LOSS**

Operating loss is stated after charging/(crediting)

	2012 £'000	2011 £'000
Auditors' remuneration		
Audit of the financial statements	40	40
Operating lease charges		
Plant & machinery	244	146
Other	165	164
Depreciation - owned assets	329	329
- leased assets	67	67
Profit on disposal of fixed assets	<u>(44)</u>	<u>(19)</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £'000	2011 £'000
Finance charges payable in respect of finance leases and hire purchase contracts	1	3
On bank loans and overdrafts	389	326
Group interest	50	44
	<u>440</u>	<u>373</u>

**6. OTHER FINANCE INCOME**

	2012 £'000	2011 £'000
Expected return on pension scheme assets	168	261
Interest on pension scheme liabilities	<u>(108)</u>	<u>(186)</u>
	<u>60</u>	<u>75</u>



**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**7. TAX ON LOSS ON ORDINARY ACTIVITIES**

Analysis of credit in year	2012 £'000	2011 £'000
UK corporation tax at 24.5% (2011: 26.5%)		
Current tax on income for the year	-	-
Deferred tax (see note 14)		
Origination/reversal of timing differences	(254)	(237)
Total deferred tax	(254)	(237)
Deferred tax on pension scheme asset	43	(16)
Tax on loss on ordinary activities	(211)	(253)

**Factors affecting the tax charge for the current and future periods**

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

	2012 £'000	2011 £'000
Current tax reconciliation		
Loss on ordinary activities before tax	(3,429)	(1,396)
Current tax at 24.5% (2011: 26.5%)	(840)	(391)
Effects of		
Expenses not deductible for tax purposes	4	7
Difference between depreciation and capital allowances	(32)	(15)
Tax loss carried forward	868	334
Other timing differences	-	65
Total current tax credit (see above)	-	-

**8. DIVIDENDS PAID**

	2012 £'000	2011 £'000
Dividends – paid	-	-

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2011: £nil)

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**9. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant, Equipment & Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2012	139	169	5,119	<b>5,427</b>
Additions	-	-	78	<b>78</b>
Disposals	-	-	(398)	<b>(398)</b>
At 31 December 2012	<u>139</u>	<u>169</u>	<u>4,799</u>	<u><b>5,107</b></u>
<b>Depreciation</b>				
At 1 January 2012	5	131	3,470	<b>3,606</b>
Charge for year	-	-	397	<b>397</b>
Disposals	-	-	(309)	<b>(309)</b>
At 31 December 2012	<u>5</u>	<u>131</u>	<u>3,558</u>	<u><b>3,694</b></u>
<b>Net Book Value</b>				
At 31 December 2012	<u>134</u>	<u>38</u>	<u>1,241</u>	<u><b>1,413</b></u>
At 1 January 2012	<u>134</u>	<u>38</u>	<u>1,649</u>	<u><b>1,821</b></u>

The net book value of leased assets is £109,000 within plant, equipment and vehicles (2011 £176,000). Depreciation charged to the profit and loss account on these assets during the year was £43,000 (2011 £67,000).

**10. FIXED ASSET INVESTMENTS**

	Shares in Subsidiary Undertakings £'000
Valuation at 1 January 2012	4,473
Additions at valuation	<u>777</u>
Valuation at 31 December 2012	<u><b>5,250</b></u>

Details of the principal subsidiary undertakings are listed in note 24

**11. STOCKS**

	2012 £'000	2011 £'000
Finished goods	<u><b>5,010</b></u>	<u><b>12,396</b></u>

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**12. DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable within one year		
Trade debtors	10,242	11,406
Amounts owed by group undertakings	8,212	8,260
Other debtors	326	358
Corporation tax	12	12
Prepayments and accrued income	186	216
	<u>18,978</u>	<u>20,252</u>
Amounts receivable after more than one year		
Deferred tax asset (note 13)	1,217	963
	<u>20,195</u>	<u>21,215</u>

**13. DEFERRED TAXATION**

The elements of deferred taxation are as follows

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Difference between accumulated depreciation and capital allowances	(44)	(25)
Effect of trading losses	1,261	988
	<u>1,217</u>	<u>963</u>

**14. CREDITORS DUE WITHIN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdrafts	10,780	12,680
Obligations under finance leases & hire purchase contracts	4	48
Trade creditors	5,474	8,421
Amounts owed to group undertakings	3,639	3,828
Taxation and social security	284	298
Other creditors	514	66
Accruals and deferred income	1,034	2,798
	<u>21,729</u>	<u>28,139</u>

The majority of the Company's bank overdrafts are secured by a debenture

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**15. CREDITORS DUE AFTER MORE THAN ONE YEAR**

	2012 £'000	2011 £'000
Obligations under finance leases and hire purchase contracts	<u>12</u>	<u>12</u>

**16. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	2012 £'000	2011 £'000
Amounts payable		
Within one year	4	48
In second to fifth years	<u>12</u>	<u>12</u>
	<u>16</u>	<u>60</u>

Lease purchase contracts are analysed as follows

Current obligations	4	48
Non current obligations	<u>12</u>	<u>12</u>
	<u>16</u>	<u>60</u>

**17. CALLED UP SHARE CAPITAL**

	At 1 January and 31 December 2012 £'000
<b>Authorised</b>	
17,000,000 ordinary shares at £1 each	<u>17,000</u>
<b>Allotted, called up and fully paid</b>	
13,548,673 ordinary shares at £1 each	<u>13,549</u>
Shares classified in shareholders' funds	<u>13,549</u>

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**18. RESERVES**

<b>Profit and loss account</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Opening reserves	(2,525)	(1,170)
Loss for the financial year	(3,218)	(1,143)
Actuarial loss	(173)	(363)
Effect of irrecoverable surplus limit	16	151
At end of year	<u>(5,900)</u>	<u>(2,525)</u>
Profit and loss reserve		
Excluding pension surplus	(6,231)	(2,842)
Pension surplus (note 20)	331	317
Profit and loss reserve	<u>(5,900)</u>	<u>(2,525)</u>
Revaluation reserve		
Opening reserve	2,038	2,038
Arising during year	777	-
At end of year	<u>2,815</u>	<u>2,038</u>

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	(3,218)	(1,143)
Actuarial loss	(173)	(363)
Effect of irrecoverable surplus limit	16	151
Alternative valuation of investments, surplus arising (note 1)	777	-
Net reduction in to shareholder's funds	<u>(2,598)</u>	<u>(1,355)</u>
Opening shareholder's funds	13,062	14,417
Closing shareholder's funds	<u>10,464</u>	<u>13,062</u>

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**20. PENSION COSTS**

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £35,000 (2011 £46,000) reflects the amount of contributions during the calendar year. No contributions (2011 £nil) were payable to the fund at the year-end and included in creditors.

Contributions to the group's defined benefits scheme (the John Silver Scheme) are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The John Silver Scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method, when expressed as a percentage of the pensionable payroll, can be expected to increase over time, as the average age of the membership increases.

The most recent actuarial valuation for the John Silver Scheme was carried out on 1 November 2009 and assessed on the Continuing Valuation basis. The realisable value of the Scheme's assets at that date was £4,508,000 and the actuarial value of those assets represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The funding shortfall identified by the actuarial valuation was partially eliminated by special employer contributions of £100,000 and £200,000 paid in December 2009 and December 2010 respectively.

Since 1 November 2006 on the advice of the Scheme Actuary the Company has been paying contributions at the standard Company contribution rate of 33.2% of Pensionable Earnings (inclusive of member contributions). Following the 1 November 2009 actuarial valuation, the Company has agreed to pay 28.9% of Pensionable Earnings (net of member contributions) to cover the cost of benefits accruing in the future. In addition, the Company has agreed to pay £90,000 p.a. from 2011 to 2017 to make good the funding shortfall which includes an allowance of £25,000 p.a. towards the cost of the expenses of administering the Scheme.

The pension contribution made by the company over the year to the John Silver Scheme was £201,000 (2011 £190,000). No contributions were outstanding to the fund at the year-end (2011 £nil).

An actuarial valuation of the scheme was carried out at 31 December 2012 on a set of assumptions consistent with those required under FRS17 by a qualified actuary. The major assumptions used by the actuary were:

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**20. PENSION COSTS**

	<b>2012</b>	<b>2011</b>
Rate of increase in pensionable salaries	<b>3.75%</b>	3.5%
Rate of increases in pensions in payment (LPI with as minimum of 0% and a maximum of 5%)	<b>2.8%</b>	2.9%
Rate of increases in pensions in payment (LPI with a minimum of 3% and a maximum of 5%)	<b>3.5%</b>	3.5%
Discount rate	<b>4.3%</b>	4.7%
Rate of revaluation of deferred pensions	<b>1.8%</b>	1.9%
Inflation assumption	<b>2.8%</b>	2.9%

In valuing the liabilities of the pension plan at 31 December 2012, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2012 would have increased by £77,000 (2011: £56,000) before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard achievable mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pension age 65: 24.3 years (male), 26.4 years (female)

Future retiree upon reaching 65: 27.8 years (male), 29.9 years (female)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	<b>3,136</b>	2,781
Present value of scheme liabilities	<b>(2,637)</b>	(2,279)
Surplus in the scheme	<b>499</b>	502
Effect of irrecoverable surplus	<b>(86)</b>	(106)
Surplus to be recognised	<b>413</b>	396
Related deferred tax asset	<b>(82)</b>	(79)
Net pension asset	<b>331</b>	317

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**20. PENSION COSTS**

Movements in present value of defined benefit obligation

	2012 £'000	2011 £'000
Scheme liabilities at start of the year	2,279	3,534
Movement in year		
Current service cost	108	75
Interest cost	52	186
Contributions by scheme participants	21	30
Actuarial loss	230	131
Benefits paid	(53)	(1,677)
Scheme liabilities at end of the year	<u>2,637</u>	<u>2,279</u>

Movement in fair value of plan assets

	2012 £'000	2011 £'000
Fair value of scheme assets at start of year	2,781	4,300
Expected return on scheme assets	168	261
Actuarial gains/(losses)	13	(323)
Contributions by employer	206	190
Contributions by scheme participants	21	30
Benefits paid	(53)	(1,677)
Fair value of scheme assets at end of the year	<u>3,136</u>	<u>2,781</u>

The scheme has a small number of pensions in payment relating to previous member retirements, which have been fully secured through an insurance company. The value of these insured liabilities has been excluded from the calculation of the present scheme liabilities. Similarly the market value of assets held by the insurance companies in respect of these policies has been excluded from the company's above disclosure.

Expenses recognised in the profit and loss account	2012 £'000	2011 £'000
Current service cost	<u>52</u>	<u>75</u>
Interest on pension scheme liabilities	108	186
Expected return on pension scheme assets	<u>(168)</u>	<u>(261)</u>
	<u>(8)</u>	<u>-</u>



**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**20. PENSION COSTS**

The expense is recognised in the following line items in the profit and loss account

	2012 £'000	2011 £'000
Administration Expenses	52	75
Other Finance Income	(60)	(75)
	<u>(8)</u>	<u>-</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is loss £217,000 (2011 loss £454,000)

	2012 £'000	2011 £'000
Equities	1,551	1,803
Bonds	1,045	955
Property	463	-
Cash	77	23
	<u>3,136</u>	<u>2,781</u>
Actual return on plan assets	<u>181</u>	<u>(62)</u>

Long-term rate of return expected at  
31 December

	2012	2011
Equities	7.00%	7.00%
Bonds	3.50%	4.75%
Property	6.50%	-
Cash	2.50%	3.00%

The history of the plan for the current and prior periods is as follows

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of scheme assets	3,136	2,781	4,300	4,785	3,912
Present value of scheme liabilities	2,637	2,279	3,534	4,578	3,341
Surplus in scheme	499	502	766	207	571
Experience adjustment on scheme assets	13	(323)	92	391	(1,027)
Experience adjustment on scheme liabilities	(52)	92	360	4	(6)

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2012 is £63,000 (2011 £82,000)

**TOWERS & CO LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
For the Year Ended 31 December 2012

**22. COMMITMENTS**

The minimum annual lease payments to which the company was committed under non-cancellable operating leases at 31 December 2012 were as follows

	Land & Buildings		Equipment & Vehicles	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	5	239	-
In second to fifth years inclusive	147	143	409	310
	<u>147</u>	<u>148</u>	<u>648</u>	<u>310</u>

**23. ULTIMATE PARENT COMPANY**

The ultimate holding company during the year was Towers Thompson Holdings Limited, a company incorporated in England and Wales. A copy of the accounts is available from Turnford Place, Great Cambridge Road, Turnford, Hertfordshire, EN10 6NH. The largest and smallest group in which the results of the company are consolidated is Towers Thompson Holdings Limited.

**24. SUBSIDIARY UNDERTAKINGS**

The principal subsidiary undertakings all of which are wholly owned are as follows

Operating Subsidiary	Activity	Country of Incorporation	Ordinary Share Capital
Rassau Seafood GmbH	Seafood Distribution	Germany	100%
Sinoway Foods Industries Limited (Hong Kong)	Food Distribution	Hong Kong	100%

These subsidiaries are included in the consolidated results of the parent company, Towers Thompson Holdings Limited.