

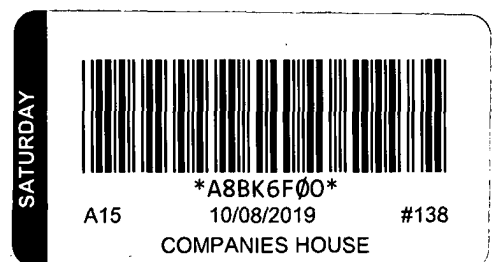
Petty, Wood & Co. Limited

Annual Report and Financial Statements

52 Week Period Ended

29 March 2019

Company Number 00082419



Petty, Wood & Co. Limited

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Company Information

Directors	J Potter G M Reynolds S M Linehan
Company secretary	S M Linehan
Registered number	00082419
Registered office	Walworth Business Park Livingstone Road Andover Hampshire SP10 5NS
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Petty, Wood & Co. Limited

Strategic Report For the 52 Week Period Ended 29 March 2019

The directors present their strategic report together with the audited financial statements for the 52 week period ended 29 March 2019.

Principal activities

The company provides sales, marketing, warehousing, and distribution services for UK and overseas manufacturers of premium quality food, drink and confectionary, gift and non-food brands.

Working with these brand owners the company supplies a wide range of sectors including Multiple Retailers, Independent Sector, Travel Retail, Cash & Carry, Delivered Wholesale, Health and Food Service. These sectors are served throughout the UK and Republic of Ireland, as well as a developing Export business.

In addition, the company owns and is a licensee of a number of brands, the largest of which is Epicure, which it has owned for over 125 years. A significant amount of investment and energy is being put into growing the share of these brands within the portfolio in order to ensure the business enhances control of its portfolio in the future.

Results and business review

Our core business remains strong and this has been reflected through small sales growth in the year. Regrettably, the budgeted loss of a significant £3.5m brand at the beginning of the year could have put the brakes on our recent year on year growth performance. However, I am pleased to report that our ability to attract new brands and driving strong performance through existing brands has meant that we delivered an improvement in sales and EBIT for the year, beating both budgeted sales and actual YoY.

I am particularly pleased to report that operating profit for the period to 29 March 2019 grew by over 35%. However, challenges remain in maintaining and enhancing margins for future years with this year's profitability being bolstered with compensation. There were no material bad debts during the year and we are confident we have all the processes and practices in place to minimise any business risk. Maintaining and enhancing this core business remains central to our future development as it provides the bedrock on which our strategic growth plans can be delivered. This coupled with new brands we have secured plus our owned brand development means we remain very bullish about the future and our ability to deliver sustainable growth for the long term.

Management of working capital is supported through an invoice discounting facility secured on the company's debtor book and both this and our term loan have reduced by almost £200k compared to the same time last year. We proactively decided to increase our stockholding on some core brands in response to the uncertainty surrounding Brexit. In most cases we have either negotiated full or partial funding with brand principals but in the case of our own brands we have the full exposure. With the initial March date not materialising we are trading our way through that stock and the position is being regularly monitored.

The company operates a closed defined benefit pension scheme. This was in surplus when the triennial valuation was carried out in June 2017, however because of the requirement of FRS102 to value it at a moment in time a deficit of just under £1m has had to be posted although this reduced by over £1/2m on prior year. Profit for the financial 52 week period increased reserves by almost £700k.

During the year there was a rationalisation of inter-company debt and as a result a debt owed to a fellow subsidiary amounting to £700,000 has been waived. This is detailed in capital and reserves under capital contribution on the face of the balance sheet.

Petty, Wood & Co. Limited

Strategic Report (continued)
For the 52 Week Period Ended 29 March 2019

Financial key performance indicators

	2019 £'000	2018 £'000
Turnover	48,724	48,485
Trading margin*	9,938	9,623
Stock	6,306	5,047
Trade debtors	6,985	6,614
Trade creditors	7,862	6,500

*Trading margin is the gross margin after being adjusted for non trading income and expenditure, except for foreign exchange impacts.

The directors also monitor non-financial key performance indicators which include employee turnover and absences.

Post balance sheet events

There are no reportable post balance sheet events.

Future developments

Significant investment continues to be made in enhancing our customer relationships, commercial resource and brand development. We have launched a new website to make it even easier for customers to trade with us and giving us the platform to speed up the process of signing thousands of new customers. We continue to invest in targeted trade shows increasing the profile of our brands, business and the Pettywood.direct website. Our biggest upcoming investment will be in developing innovative products targeted at securing listings with partner customers. This innovation and excitement continues to differentiate us in the market.

Petty, Wood & Co. Limited

Strategic Report (continued)
For the 52 Week Period Ended 29 March 2019

Principal risks and uncertainties

The group gives appropriate consideration to risk management objectives and policies. Facilities are in place to deal with cash flow and liquidity risk. Risk to pricing is mitigated by a diverse supplier portfolio. Credit risk is managed through adoption of a rigorous credit policy.

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business.

Interest rate risk

The group is exposed to cash flow interest rate risk on floating rate deposits, bank overdrafts and invoice discounting arrangements but this is considered to be low risk.

Foreign currency risk

The group's principal foreign currency exposures arise from overseas purchases of goods. The group has not hedged against these transactions through use of forward exchange contracts as the volume of purchases and volatility in currency has not warranted this. However, the group keeps movements on exchange rates under close review and will use hedges when deemed necessary.

Credit risk

Investment of cash surpluses, and borrowings, are made through banks and companies which must fulfil credit rating criteria approved by the board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Debtor balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

This report was approved by the board on 1.8.2019 and signed on its behalf.

J Potter
Director



Petty, Wood & Co. Limited

Directors' Report For the 52 Week Period Ended 29 March 2019

The directors present their report and the financial statements for the 52 Week Period ended 29 March 2019.

Results and dividends

The profit for the 52 Week Period, after taxation, amounted to £694,177 (2018 - £466,705).

The directors do not recommend the payment of a dividend for the period under review.

Directors

The directors who served during the 52 Week Period were:

J Potter
G M Reynolds
S M Linehan

Matters covered in the strategic report

Principal risks and uncertainties and key performance indicators are not shown in the directors report as this information is included in the Strategic Report under S414C(11) of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

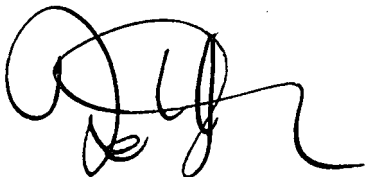
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 . 8 . 2019 and signed on its behalf.

J Potter
Director



Petty, Wood & Co. Limited

Directors' Responsibilities Statement

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

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Petty, Wood & Co. Limited

Independent Auditor's Report to the Member's of Petty Wood & Co Limited

Opinion

We have audited the financial statements of Petty, Wood & Co. Limited for the 52 week period ended 29 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

in our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Petty, Wood & Co. Limited

Independent Auditor's Report to the Member's of Petty Wood & Co Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Petty, Wood & Co. Limited

Independent Auditor's Report to the Member's of Petty Wood & Co Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Steve Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

8/8/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Petty, Wood & Co. Limited

Statement of Comprehensive Income For the 52 Week Period Ended 29 March 2019

	Note	2019 £	2018 £
Turnover	4	48,724,376	48,484,932
Cost of sales		(39,048,223)	(39,181,337)
Gross profit		9,676,153	9,303,595
Distribution costs		(5,713,687)	(5,481,322)
Administrative expenses		(3,107,923)	(3,167,827)
Operating profit	5	854,543	654,446
Income from shares in group undertakings		80,957	-
Interest receivable and similar income		556	-
Interest payable and similar charges	8	(58,414)	(74,194)
Other finance charges	9	(37,000)	(8,000)
Profit before tax		840,642	572,252
Tax on profit	10	(146,465)	(105,547)
Profit for the financial 52 Week Period		694,177	466,705
Actuarial gains/(losses) on defined benefit pension scheme	18	558,000	(1,181,000)
Movement of deferred tax relating to pension deficit		(94,860)	202,000
Other comprehensive income for the 52 Week Period		463,140	(979,000)
Total comprehensive income for the 52 Week Period		1,157,317	(512,295)

The notes on pages 13 to 33 form part of these financial statements.

Petty, Wood & Co. Limited

Registered number: 00082419

Balance Sheet As at 29 March 2019

	Note	29 March 2019 £	29 March 2019 £	30 March 2018 £	30 March 2018 £
Fixed assets					
Intangible assets	11		3,404		5,157
Tangible assets	12		194,412		115,055
			<u>197,816</u>		<u>120,212</u>
Current assets					
Stocks	14	6,306,486		5,047,310	
Debtors: amounts falling due within one year	15	16,384,821		15,187,625	
Cash at bank in hand		3,944		16,158	
		<u>22,695,251</u>		<u>20,251,093</u>	
Creditors: amounts falling due within one year	16	(14,771,200)		(13,582,324)	
Net current assets			<u>7,924,051</u>		<u>6,668,769</u>
Total assets less current liabilities			<u>8,121,867</u>		<u>6,788,981</u>
Provisions for liabilities					
Deferred Taxation	17	(10,330)		(13,761)	
			<u>(10,330)</u>		<u>(13,761)</u>
Net assets excluding pension liability			<u>8,111,537</u>		<u>6,775,220</u>
Pension liability	18		(964,000)		(1,485,000)
Net assets			<u><u>7,147,537</u></u>		<u><u>5,290,220</u></u>

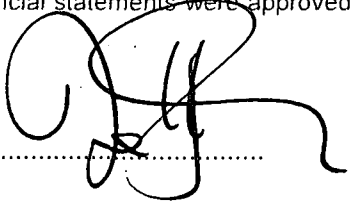
Petty, Wood & Co. Limited
Registered number: 00082419

Balance Sheet (continued)
As at 29 March 2019

		29 March 2019 £	30 March 2018 £
Capital and reserves	Note		
Called up share capital	20	1,543,823	1,543,823
Share premium account	21	914,628	914,628
Capital contribution	21	1,800,000	1,100,000
Profit and loss account	21	2,889,086	1,731,769
		<u>7,147,537</u>	<u>5,290,220</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

01.08.2019



.....
J Potter
Director

The notes on pages 13 to 33 form part of these financial statements.

Petty, Wood & Co. Limited

Statement of Changes in Equity For the 52 Week Period Ended 29 March 2019

	Called up share capital £	Share premium account £	Capital Contribution £	Profit and loss account £	Total equity £
At 1 April 2017	1,543,823	914,628	1,100,000	2,244,064	5,802,515
Comprehensive income for the period					
Profit for the period	-	-	-	466,705	466,705
Actuarial losses on pension scheme (net of deferred tax)	-	-	-	(979,000)	(979,000)
Total comprehensive income for the period	-	-	-	(512,295)	(512,295)
At 31 March 2018	1,543,823	914,628	1,100,000	1,731,769	5,290,220
Comprehensive income for the period					
Profit for the period	-	-	-	694,177	694,177
Actuarial gains on pension scheme (net of deferred tax)	-	-	-	463,140	463,140
Capital contribution on release from fellow subsidiary debt	-	-	700,000	-	700,000
Total comprehensive income for the period	-	-	700,000	1,157,317	1,857,317
Total transactions with owners	-	-	-	-	-
At 29 March 2019	1,543,823	914,628	1,800,000	2,889,086	7,147,537

The notes on pages 13 to 33 form part of these financial statements.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

1. General information

Petty, Wood & Co. Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities is disclosed in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Southwark Bridge Holdings Limited as at 29 March 2019 and these financial statements may be obtained from Petty, Wood & Co. Limited, Walworth Business Park, Livingstone Road, Andover, Hampshire, SP10 5NS.

2.3 Revenue

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers. Turnover and profit before tax are attributable to one continuing activity being the sales, marketing and distribution of premium quality food, drink and non-food products.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

2. Accounting policies (continued)

2.4 Purchased goodwill

Goodwill is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the statement of comprehensive income over the directors' estimate of its useful economic life up to a presumed maximum of 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Fixtures and fittings	-	15% to 20%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks, being finished goods for resale, are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

2.10 Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Any differences are taken to the profit and loss account.

2.11 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a finance expense'.

From April 2013, the pension scheme was closed to future accrual.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

2. Accounting policies (continued)

2.13 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other sources of estimation uncertainty

Tangible Fixed Assets (see note 12)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Pension liabilities (see note 18)

The group operates a defined benefit pension scheme, in accordance with the accounting policy as stated above. The future pension liabilities that will arise and the expected return a scheme assets are based upon various assumptions such as mortality rates, investment returns and future inflation. The calculations require the use of estimates (see note 18).

Bad debt provision (see note 15)

Provision for bad debts is made in respect of debtor accounts in dispute or where doubt exists regarding a customer's ability to pay.

Stock Provision (see note 14)

The level of inventory provision is dependent upon material resource planning driven current requirements of production inventory and the age profile of the inventory which is in excess of these requirements. In addition, a general review of the provision is made in order to supplement the formula based methodology to ensure that it is both reasonable and prudent.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

4. Turnover

	2019 £	2018 £
Food sales	<u>48,724,376</u>	<u>48,484,932</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	46,704,133	46,067,957
Rest of Europe	1,438,333	1,633,938
Rest of the world	581,910	783,037
	<u>48,724,376</u>	<u>48,484,932</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	35,640	47,600
Amortisation of intangible assets, including goodwill	1,753	1,578
Hire of plant and machinery - operating leases	41,627	47,101
Hire of other assets - operating leases	621,463	643,614
Defined contribution pension cost	142,209	137,767
Stock recognised as an expense	<u>42,520,303</u>	<u>41,378,053</u>

Audit fees are borne by the company's parent undertaking and recharged to the company by the way of a management charge.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	3,459,807	3,558,546
Social security costs	357,054	376,893
Cost of defined contribution scheme	142,209	137,767
	<u>3,959,070</u>	<u>4,073,206</u>

The average monthly number of employees, including the directors, during the 52 week period was as follows:

	2019 No.	2018 No.
Management	3	3
Administration	47	51
Sales and distribution	45	41
	<u>95</u>	<u>95</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	468,542	465,390
Company contributions to defined contribution pension schemes	28,230	27,407
	<u>496,772</u>	<u>492,797</u>

During the 52 Week Period retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £207,697 (2018 - £211,152).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,521 (2018 - £13,127).

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

8. Interest payable and similar expenses

	2019 £	2018 £
Invoice discounting charges	58,414	74,194
	<u>58,414</u>	<u>74,194</u>

9. Other finance charges

	2019 £	2018 £
Net interest on net defined benefit liability	(37,000)	(8,000)
	<u>(37,000)</u>	<u>(8,000)</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the period	140,000	90,438
Adjustments in respect of previous periods	4,486	564
	<u>144,486</u>	<u>91,002</u>
Group taxation relief	11,700	10,235
Total current tax	<u>156,186</u>	<u>101,237</u>
Deferred tax		
Origination and reversal of timing differences	(5,089)	8,835
Adjustments in respect of prior periods	(4,632)	(4,525)
Total deferred tax	<u>(9,721)</u>	<u>4,310</u>
Taxation on profit on ordinary activities	<u>146,465</u>	<u>105,547</u>

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>840,642</u>	<u>572,252</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	159,722	108,728
Effects of:		
Expenses not deductible for tax purposes	1,015	1,819
Rate change adjustment	606	(1,039)
Adjustments to tax charge in respect of prior periods	(146)	(3,961)
Other timing differences leading to an increase (decrease) in taxation	650	-
Non-taxable income	(15,382)	-
Total tax charge for the 52 Week Period	<u>146,465</u>	<u>105,547</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

The Government has announced that from 1 April 2020 the Corporation Tax main rate will be further reduced to 17%. Accordingly, deferred tax balances recognised in the accounts as at the year end have been calculated as using the 17% rate.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

11. Intangible assets

	Goodwill £
Cost	
At 31 March 2018	239,855
At 29 March 2019	<u>239,855</u>
Amortisation	
At 31 March 2018	234,698
Charge for the year	1,753
At 29 March 2019	<u>236,451</u>
Net book value	
At 29 March 2019	<u>3,404</u>
At 30 March 2018	<u>5,157</u>

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

12. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 31 March 2018	55,951	45,428	110,424	211,803
Additions	9,901	102,541	2,555	114,997
Disposals	(9,200)	-	(27,336)	(36,536)
At 29 March 2019	56,652	147,969	85,643	290,264
Depreciation				
At 31 March 2018	27,024	9,471	60,253	96,748
Charge for the 52 Week Period on owned assets	6,639	10,276	18,725	35,640
Disposals	(9,200)	-	(27,336)	(36,536)
At 29 March 2019	24,463	19,747	51,642	95,852
Net book value				
At 29 March 2019	32,189	128,222	34,001	194,412
At 30 March 2018	28,927	35,957	50,171	115,055

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 31 March 2018	69,536
At 29 March 2019	69,536
Impairment	
At 31 March 2018	69,536
At 29 March 2019	69,536
At 29 March 2019	-
At 30 March 2018	-

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principle activity
Epicure Limited	Ordinary	100%	Dormant
Universe Food Service Limited	Ordinary	100%	Dormant
The London Town Food Group Limited	Ordinary	100%	Dormant
The London Town Chocolate Company Limited	Ordinary	100%	Dormant
The Piccadilly Tea and Produce Company Limited	Ordinary	100%	Dormant
The London Biscuit Company Limited	Ordinary	100%	Dormant
Burnt Sugar Limited	Ordinary	100%	Dormant
Brands of Distinction Limited	Ordinary	100%	Dormant

The registered office of the subsidiary undertakings is Walworth Business Park, Livingstone Road, Andover, Hampshire, SP10 5NS

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

14. Stocks

	29 March 2019 £	30 March 2018 £
Finished goods and goods for resale	<u>6,306,486</u>	<u>5,047,310</u>

15. Debtors

	29 March 2019 £	30 March 2018 £
Trade debtors	6,985,150	6,613,572
Amounts owed by group undertakings	8,422,927	7,753,053
Other debtors	156,204	47,863
Prepayments and accrued income	656,620	520,647
Deferred taxation asset - pension scheme	163,920	252,490
	<u>16,384,821</u>	<u>15,187,625</u>

The impairment loss recognised in the statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £18,726 (52 weeks ended 31 March 2018 - £103,472).

16. Creditors: Amounts falling due within one year

	29 March 2019 £	30 March 2018 £
Invoice discounting facility and overdraft	4,076,969	4,269,762
Trade creditors	7,861,512	6,500,048
Amounts owed to group undertakings	-	426,015
Corporation tax	140,000	9,416
Other taxation and social security	150,388	156,421
Other creditors	1,364,620	1,080,155
Accruals and deferred income	1,177,711	1,140,507
	<u>14,771,200</u>	<u>13,582,324</u>

The balance disclosed within 'invoice discounting facility' is secured by a fixed and floating charge over all the assets of the company.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

17. Deferred taxation

	2019 £
At beginning of year	(13,761)
Charged in the year	3,431
At end of year	(10,330)

The provision for deferred taxation is made up as follows:

	29 March 2019 £	30 March 2018 £
Accelerated capital allowances	(13,867)	(15,742)
Other timing differences	3,537	1,981
	(10,330)	(13,761)

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £142,209 (2018 - £137,766). At the year end there were outstanding contributions of £29,013 (2018 - £27,887).

The company operates a Defined Benefit Pension Scheme. From April 2013, the pension scheme was closed to future accrual.

The assets of the scheme are held in separate trustee administered funds. Contributions to the scheme are charged to the Income Statement so as to spread the costs of the pensions over employee's working lives with that subsidiary.

A full actuarial valuation of the defined benefit scheme was carried out at 1 June 2017 and updated at 30 March 2019 by a qualified independent actuary on an FRS 102 section 28 basis.

There were no changes to the scheme during the period.

Reconciliation of present value of plan liabilities:

	29 March 2019 £	30 March 2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	(16,284,000)	(16,178,000)
Interest cost	(394,000)	(415,000)
Actuarial gains/ (losses)	(374,000)	(133,000)
Benefits paid	1,053,000	442,000
At the end of the year	(15,999,000)	(16,284,000)

Composition of plan liabilities:

	29 March 2019 £	30 March 2018 £
Schemes wholly or partly funded	(15,999,000)	(16,284,000)
Total plan liabilities	(15,999,000)	(16,284,000)

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

18. Pension commitments (continued)

Reconciliation of present value of plan assets:

	29 March 2019 £	30 March 2018 £
At the beginning of the year	14,799,000	15,882,000
Interest income on plan assets	357,000	407,000
Remeasurement - return on plan assets excluding interest income gain/(loss)	932,000	(1,048,000)
Benefits paid	(1,053,000)	(442,000)
At the end of the year	15,035,000	14,799,000

Composition of plan assets:

	29 March 2019 £	30 March 2018 £
Annuity policies	502,000	510,000
European equities	4,702,000	6,783,000
European bonds	5,224,000	4,259,000
Cash	510,000	3,247,000
Liability Driven Investment Strategies	4,097,000	-
Total plan assets	15,035,000	14,799,000

	29 March 2019 £	30 March 2018 £
Fair value of plan assets	15,035,000	14,799,000
Present value of plan liabilities	(15,999,000)	(16,284,000)
Net pension scheme liability	(964,000)	(1,485,000)

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

18. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	29 March 2019 £	30 March 2018 £
Net interest expense on net defined benefit liability	(37,000)	(8,000)
Total	(37,000)	(8,000)

The amounts recognised in other comprehensive income:

	29 March 2019 £	30 March 2018 £
Actual return less interest income included in net interest income	932,000	(1,048,000)
Experience gains and losses arising on the scheme liabilities	(277,000)	(268,000)
Changes in assumptions underlying the present value of the scheme liabilities	(97,000)	135,000
Closing defined benefit obligation	558,000	(1,181,000)

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £3,301,600 (2018 - £3,822,600).

The company expects to contribute £NIL to its Defined Benefit Pension Scheme in 2020.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

18. Pension commitments (continued)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.40	2.50
RPI inflation rate	3.40	3.20
CPI inflation rate	2.40	2.20
Increases to pensions in deferment	2.40	2.20
Future pension increases	3.20	3.00
Post-retirement mortality:		
- base table	S2PA	S2PA
- mortality projections	CMI 2018	CMI 2017
- long term rate of improvement	1.25	1.25
Commutation	5.00	5.00
- male currently aged 65	86	87
- female currently aged 65	88	89
- male currently aged 45	88	88
- female currently aged 45	90	90

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

19. Commitments under operating leases

At 29 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	29 March 2019 £	30 March 2018 £
Not later than 1 year	613,983	627,123
Later than 1 year and not later than 5 years	2,026,099	2,024,641
Later than 5 years	6,750,000	7,200,000
	<u>9,390,082</u>	<u>9,851,764</u>

There is a guarantee of £70,000 (2018: £70,000) to HM Revenue & Customs arising in the ordinary course of business.

20. Share capital

	29 March 2019 £	30 March 2018 £
Allotted, called up and fully paid		
1,543,823 (2018 - 1,543,823) Ordinary Shares shares of £1.00 each	<u>1,543,823</u>	<u>1,543,823</u>

21. Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium account represents the premium paid on issue of equity shares.

Capital contribution

The capital contribution represents the loan amounts waived by fellow subsidiary undertakings.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of any dividends and other adjustments.

Petty, Wood & Co. Limited

Notes to the Financial Statements For the 52 Week Period Ended 29 March 2019

22. Contingent liabilities

There is a multilateral guarantee dated 14 October 2016 given by the company and certain other companies in respect of the group bank overdraft and loan facilities. At 29 March 2019, the group loans and overdraft totalled £311,124 (30 March 2018 - £844,458).

23. Related party transactions

The company is a wholly owned subsidiary of Southwark Bridge Holdings Limited and has taken advantage of the exemptions conferred by FRS102 not to disclose transactions with Southwark Bridge Holdings Limited or other wholly owned subsidiaries within the group.

24. Controlling party

The company is a subsidiary of Southwark Bridge Holdings Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Southwark Bridge Holdings Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Petty, Wood & Co. Limited, Walworth Business Park, Livingstone Road, Andover, Hampshire, SP10 5NS. No other group accounts include the results of the company.