

J R Holland (Food Services) Limited

Report and Abbreviated Financial Statements

26 April 2008

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COMPANIES HOUSE

J R Holland (Food Services) Limited

Registered No: 3031294

Directors

J Holland
D Hutchinson
Mrs H Fletcher

Secretary

Mrs H Fletcher

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Lloyds TSB Bank plc
PO Box 381
102 Grey Street
Newcastle upon Tyne
NE99 1NH

Solicitors

Eversheds
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

Registered Office

245 Dukesway
Team Valley Trading Estate
Gateshead
Tyne and Wear
NE11 0PZ

Directors' report

The directors present their report and abbreviated financial statements for the year ended 26 April 2008.

Results and dividends

The profit for the year, after taxation, amounted to £44,388 (2007: loss of £29,002). The directors do not recommend payment of a dividend.

Principal activity

The principal activity of the business is the temperature controlled distribution of fresh fruit, vegetables and dairy products.

Review of the business and future developments

The directors are satisfied with the results for the year, particularly in view of what was a difficult trading period generally, not helped by rising costs such as fuel.

The business has faced the usual challenges in relation to contract retention during the year and the impact of certain contract losses has been mitigated by new business won and the continued benefit of certain government and local authority initiatives to promote healthier eating.

The current year 2008/09 to date is in line with expectations. The directors have focused their attention on winning more consistent rather than seasonal business and trying to stabilise rising costs. This has resulted in a satisfactory financial performance in the year to date.

It is the directors' intention to further develop the company's customer base and to offer a wider product range whilst further improving the quality of service for which the company has already become well known.

Principal risks and uncertainties

The main risks associated with the company's financial assets and liabilities are set out below. The company does not undertake any hedging activity. Significant financial risks from a company perspective are addressed on a case-by-case basis.

Competitive risk

Distribution in the UK is extremely challenging, with a constant pressure to move to a low cost environment. To that end it has, and will, continue to be very difficult to win new business costed for distribution in the UK. However, the company continues to implement cost-cutting measures whilst maintaining high standards in the market.

Credit risk

The company's policy is aimed at minimising such losses, and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures and overdue debts are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved by the directors and flexibility is maintained by retaining surplus cash in readily accessible bank accounts.

Foreign currency risk

The company does not undertake transactions in foreign currencies and therefore the directors do not consider there to be any exposure as a result of the fluctuations in foreign exchange rates.

Directors' report

Directors

The directors who served during the year were as follows:

J Holland
D Hutchinson
H Fletcher

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the forthcoming Annual General Meeting.

By order of the Board



Mrs H Fletcher
Secretary

24 February 2009

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that 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 1985. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of J R Holland (Food Services) Limited under Section 247b of the Companies Act 1985

We have examined the company's abbreviated accounts for the year ended 26 April 2008 which comprise the Abbreviated Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 21, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 28 April 2007 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

A handwritten signature in black ink, appearing to be 'E. H. J.', followed by a large checkmark.

Ernst & Young LLP
Registered auditor
Newcastle upon Tyne

23 February 2009

Abbreviated profit and loss account

for the year ended 26 April 2008

	Notes	2008 £	2007 £
Gross profit		2,200,588	3,149,854
Distribution costs		1,379,952	2,024,377
Administrative expenses	5	743,051	1,168,049
		<u>2,123,003</u>	<u>3,192,426</u>
Operating profit/(loss)	3	77,585	(42,572)
Bank interest receivable		3,187	307
Interest payable and similar charges	7	(23,397)	(16,290)
		<u>57,375</u>	<u>(58,555)</u>
Profit/(loss) on ordinary activities before taxation		57,375	(58,555)
Tax (charge)/credit on profit on ordinary activities	8	(12,987)	29,553
		<u>44,388</u>	<u>29,002</u>
Profit/(loss) for the financial year	18	£44,388	£(29,002)

The results above all relate to continuing operations.

Statement of total recognised gains and losses

There are no recognised gains and losses other than the profit attributable to the members of the company of £44,388 in the year ended 26 April 2008 and of the loss of £29,002 in the year ended 28 April 2007.

Balance sheet

at 26 April 2008


	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	9	384,395	445,635
Current assets			
Stocks	10	52,983	57,132
Debtors	11	812,330	1,332,577
Cash at bank and in hand	12(b)	264,474	216,154
		1,129,787	1,605,863
Creditors: amounts falling due within one year	13	680,624	978,257
Net current assets		449,163	627,606
Total assets less current liabilities		833,558	1,073,241
Creditors: amounts falling due after more than one year	14	273,481	554,039
Provision for liabilities and charges			
Deferred taxation	16	15,964	19,447
		289,445	573,486
		£544,143	£499,755
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account	18	543,143	498,755
Equity shareholders' funds	18	£544,143	£499,755

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The abbreviated financial statements were approved by the Board of Directors on 24 February 2009 and signed on their behalf by:



H Fletcher Director



D Hutchinson Director

Statement of cash flows

for the year ended 28 April 2008

	Notes	2008 £	2007 £
Cash inflow from operating activities	12(a)	404,474	297,057
Returns on investment and servicing of finance			
Interest element of finance lease rental payments		(23,397)	(16,290)
Interest received		3,187	307
		(20,210)	(15,983)
Taxation			
UK corporation tax paid		(474)	(68,027)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(31,862)	-
Financing			
Net movement on long term borrowings		(250,000)	-
Repayment of capital element of finance leases and hire purchase contracts		(53,608)	(103,603)
		(303,608)	(103,603)
Increase in cash		£48,320	£109,444
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		48,320	109,444
Cash outflow from decrease in loans		250,000	-
Repayments of capital element of finance leases and hire purchase contracts		53,608	103,603
Change in net debt resulting from cash flows	12(b)	351,928	213,047
New finance lease and hire purchase contracts	12(b)	(36,772)	(476,267)
Movement in debt in the year		315,156	(263,220)
Net debt brought forward	12(b)	(419,442)	(156,222)
Net debt carried forward	12(b)	£(104,286)	£(419,442)

Notes to the abbreviated financial statements

at 28 April 2008

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are drawn up to the nearest Sunday to 30 April each year.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Plant and machinery	-	over 2 to 5 years
Motor vehicles	-	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale - purchase cost 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 disposal.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risk and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the abbreviated financial statements

at 28 April 2008

1. Accounting policies (continued)

Pensions

The company contributes to defined contribution pension schemes for its employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties within the United Kingdom. Turnover is stated before discounts of £238,336 (2007: £788,780), which are included in cost of sales.

Turnover is attributable to one continuing activity, the temperature controlled distribution of fresh fruit, vegetables and dairy products.

3. Operating profit

This is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	8,500	8,000
Depreciation of owned fixed assets	22,194	39,042
Depreciation of assets held under finance leases and hire purchase contracts	107,680	80,263
Operating lease rentals - plant and vehicles	87,209	249,078
- land and buildings	73,600	183,382

Non-audit fees paid to the auditors have not been disclosed as the company is exempt from this requirement as a medium sized company.

4. Directors' emoluments

	2008	2007
	£	£
Emoluments	147,843	147,208
Company contributions to money purchase pension schemes	3,600	3,600
	<u>£151,443</u>	<u>£155,808</u>

Two directors were members of a defined contribution pension scheme.

Notes to the abbreviated financial statements

at 28 April 2008

5. Exceptional items

Included in administrative expenses are the following exceptional items:

	2008	2007
	£	£
Impairment of investment in subsidiary undertaking	-	65,554
Release of subsidiary loan balance	-	(65,554)
Redundancy costs	-	23,431
Bad debts	-	103,000
	<u>£ -</u>	<u>£126,431</u>

6. Staff costs

	2008	2007
	£	£
Wages and salaries	992,102	1,495,512
Social security costs	84,351	128,020
Pension costs	7,453	9,357
	<u>£1,083,906</u>	<u>£1,632,889</u>

The average monthly number of employees during the period was as follows:

	2008	2007
	No.	No.
Administration	9	16
Distribution	55	79
	<u>64</u>	<u>95</u>

7. Interest payable and similar charges

	2008	2007
	£	£
Finance charges payable under finance leases and hire purchase contracts	<u>£23,397</u>	<u>£16,290</u>

Notes to the abbreviated financial statements

at 28 April 2008

8. Tax charge/(credit) on profit/(loss) on ordinary activities

	2008 £	2007 £
UK corporation tax	14,500	(49,000)
Under provided in previous year	2,000	-
Total current corporation tax	16,500	(49,000)
Deferred tax (note 16)	(3,513)	19,447
Tax charge /(credit)	£12,987	£(29,553)

Factors affecting the current tax charge/(credit):

The tax assessed on the profit/(loss) on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are reconciled below:

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation	57,375	(58,555)
Corporation tax at 30% (2007: 30%)	17,117	(17,567)
Expenses not deductible	1,852	3,083
Corporation tax underprovided in previous years	2,000	-
Depreciation less than/ (in excess of) capital allowances	2,360	(30,326)
Other (marginal rate, rounding etc.)	(6,829)	(4,190)
Total current corporation tax charge/(credit)	£16,500	£(49,000)

The directors are not aware of any significant factors that may affect the future tax charges of the company.

Notes to the abbreviated financial statements

at 28 April 2008

9. Tangible fixed assets

	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost:			
At 28 April 2007	217,702	693,733	911,435
Additions	-	68,634	68,634
At 26 April 2008	217,702	762,367	980,069
Depreciation:			
At 28 April 2007	198,405	267,395	465,800
Charge for year	15,894	113,980	129,874
At 26 April 2008	214,299	381,375	595,674
Net book value:			
At 26 April 2008	£3,403	£380,992	£384,395
At 28 April 2007	£19,297	£426,338	£445,635

Fixed assets include assets acquired under finance leases and hire purchase agreements as follows:

	<i>Net book value</i>		<i>Depreciation charge</i>	
	2008	2007	2008	2007
	£	£	£	£
Motor vehicles	374,692	£413,738	107,680	£80,263

10. Stocks

	2008	2007
Goods for resale	£52,983	£57,132

11. Debtors

	2008	2007
	£	£
Trade debtors	725,573	1,209,669
Other debtors	5,713	19,916
Corporation tax repayable	32,974	49,000
Prepayments and accrued income	48,070	53,992
	£812,330	£1,332,577

Notes to the abbreviated financial statements

at 28 April 2008

12. Notes to the statement of cash flows

a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2008 £	2007 £
Operating profit/(loss)	77,585	(42,572)
Depreciation of tangible fixed assets	129,874	119,305
Provision against fixed asset investments	-	65,554
Decrease in stocks	4,149	4,454
Decrease in operating debtors and prepayments	504,221	283,194
Decrease in operating creditors and accruals	(311,355)	(132,878)
Net cash inflow from operating activities	£404,474	£297,057

b) Analysis of changes in net debt

	At 28 April 2007 £	Cash flow £	Other £	At 26 April 2006 £
Cash	216,154	48,320	-	264,474
Finance lease/hire purchase obligations	216,154	48,320	-	-
Long term loans	(385,596)	53,608	(36,772)	(368,760)
	(250,000)	250,000	-	-
	£(419,442)	£351,928	£(36,772)	£(104,286)

13. Creditors: amounts falling due within one year

	2008 £	2007 £
Obligations under finance leases and hire purchase contracts (note 15)	95,279	81,557
Trade creditors	500,597	799,959
Other taxes and social security costs	23,459	25,618
Other creditors	5,154	14,427
Accruals	56,135	56,696
	£680,624	£978,257

The bank overdraft is secured by an unlimited debenture over the assets of the company. Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Notes to the abbreviated financial statements

at 28 April 2008

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

	2008	2007
	£	£
Obligations under finance leases and hire purchase contracts (note 15)	273,481	304,039
Amounts owed to related undertakings (note 20)	-	250,000
	<u>£273,481</u>	<u>£554,039</u>

The loans from related undertakings are interest free and have no set repayment terms.

15. Obligations under finance leases and hire purchase contracts

	2008	2007
	£	£
Amounts payable:		
Within one year	115,816	103,521
Between one and two years	115,816	224,078
Between two and five years	181,742	99,787
	<u>413,374</u>	<u>427,386</u>
Less: finance charged allocated to future periods	44,614	41,790
	<u>£368,760</u>	<u>£385,596</u>
Analysed between:		
Amounts falling due within one year (note 13)	95,279	81,557
Amounts falling due after more than one year (note 14)	273,481	304,039
	<u>£368,760</u>	<u>£385,596</u>

Hire purchase contracts are secured on the assets to which they relate.

Notes to the abbreviated financial statements

at 28 April 2008

16. Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2008 £	2007 £
At 28 April 2007	19,477	-
Released in the year	(3,513)	19,477
At 26 April 2008	<u>£15,964</u>	<u>£19,477</u>

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	2008	Provided 2007	2008	Not provided 2007
Accelerated capital allowances	£15,964	19,477	-	-
Deferred tax liability/(asset)	<u>£15,964</u>	<u>£19,477</u>	<u>£-</u>	<u>£-</u>

17. Share capital

	2008	2007
<i>Authorised:</i> 1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
<i>Allotted, called up and fully paid:</i> 1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 30 April 2006	1,000	527,757	528,757
Loss for the year	-	(29,002)	(29,002)
At 28 April 2007	<u>1,000</u>	<u>498,755</u>	<u>499,755</u>
Profit for the year	-	44,388	44,388
At 26 April 2008	<u>£1,000</u>	<u>£543,143</u>	<u>£544,143</u>

Notes to the abbreviated financial statements

at 28 April 2008

19. Other financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	2008	2007	2008	2007
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	23,668
Over five years	73,600	73,600	-	-
	<u>£73,600</u>	<u>£73,600</u>	<u>£-</u>	<u>£23,668</u>

The rent on land and buildings totalling £73,600 were paid to the J Holland FURBS.

20. Controlling entity and related party transactions

For the whole year the company was under the control of J Holland, a director, due to his interest in 100% of the issued share capital of the company.

During the year, the company made net purchases with a total value of £254,674 from J R Holland & Son Fruit and Vegetable Wholesalers, an unincorporated business owned by J Holland. The transactions were in the ordinary course of business and at arms length. The balance owing by the company at the year end, included within trade creditors (note 13), was £Nil, and owing to the company at the year end, included within trade debtors (note 11), was £1,508.

Purchases were also made from H2H Produce Limited, a company owned by J Holland, a director, with a total value of £254,674. The balance owing by the company at the year end to H2H Produce Limited, included within trade creditors (note 13), was £Nil.

Purchases were also made from J R Holland Produce LLP, a limited partnership controlled by J Holland, a director, with a total value of £873,096. The balance owing by the company at the year end to J R Holland Produce LLP, included within trade creditors (note 13) was £42,136, and owing to the company at the year end, included within trade debtors (note 11), was £6,312.

Sales were made to H2H (Leeds) Limited, a company controlled by J Holland, a director, with a total value of £4,914. The balance owed at the year end included in trade debtors (note 11) was £4,914.

Notes to the abbreviated financial statements

at 28 April 2008

20. Controlling entity and related party transactions (continued)

During the year, the company advanced amounts to a director, J Holland, as follows:

	2008	2007
	£	£
Amount outstanding at 28 April 2007	1,975	-
Monies advanced by the company during the year	62,250	487,456
Repaid during the year	(64,225)	(485,481)
Amount outstanding at 26 April 2008	£-	£1,975

The maximum outstanding during the year was £64,225.

21. Pension commitments

The company operates a defined contribution pension scheme for its directors and senior employees. There were no unpaid contributions outstanding at either year end.