

**J.R. HOLLAND (FOOD SERVICES) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 2 MAY 2020**

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**J.R. HOLLAND (FOOD SERVICES) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J Holland D Hutchinson H Fletcher
<b>Company secretary</b>	H Fletcher
<b>Registered number</b>	03031294
<b>Registered office</b>	245 Dukesway Team Valley Trading Estate Gateshead Tyne & Wear NE11 0PZ
<b>Independent auditor</b>	Ryecroft Glenton Chartered Accountants & Statutory Auditors 32 Portland Terrace Newcastle upon Tyne NE2 1QP
<b>Bankers</b>	Santander UK plc Bridle Road Bootle L30 4GB
<b>Solicitors</b>	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF

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**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 2 MAY 2020**

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**Review of the business and future developments**

The directors are satisfied with the results for the period. The Company's financial and other performance indicators during the period were as follows:

	<b>2020</b>	<b>2019</b>	
	<b>(53 weeks)</b>	<b>(52 weeks)</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	<b>10,202</b>	11,170	(8.7%)
Gross Margin	<b>3,377</b>	3,779	(10.6%)
Operating Profit	<b>137</b>	376	(63.6%)
Gross Margin %	<b>33.1%</b>	33.8%	(2.1%)

The current period to date is in line with expectations. The directors have continued to focus 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 period 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.

**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.

**COVID-19 risk**

The COVID-19 pandemic has had a significant impact on the Company post year end. Continued worldwide restrictions are expected to have an adverse impact on turnover and margins in the short term. The Company has looked to mitigate this by working closely with customers and suppliers throughout the post-year end lockdown periods to ensure that the Company can continue to meet the demand for its products and minimise the risk of bad debts and potential impairment. The Company has also utilised UK government support schemes where relevant.

Due to a number of factors the Company continues to face a challenging trading environment at the year end, but it believes it has sufficient resources to meet these challenges.

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**J.R. HOLLAND (FOOD SERVICES) LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 2 MAY 2020**

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This report was approved by the board on 23 April 2021 and signed on its behalf.

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H Fletcher  
Director

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 2 MAY 2020**

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The directors present their report and the financial statements for the period ended 2 May 2020.

**Principal activity**

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

**Directors**

The directors who served during the period were:

J Holland  
D Hutchinson  
H Fletcher

**Results and dividends**

The profit for the period, after taxation, amounted to £91,747 (2019 - £297,849).

The directors recommended and paid a dividend during the period of £NIL (2019 - £NIL).

**Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

**Auditors**

The auditors, Ryecroft Glenton, Auditors will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 April 2021 and signed on its behalf.

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H Fletcher  
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 2 MAY 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements 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;
- 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J.R. HOLLAND (FOOD SERVICES) LIMITED**

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**Opinion**

We have audited the financial statements of J.R. Holland (Food Services) Limited (the 'Company') for the period ended 2 May 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 2 May 2020 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J.R. HOLLAND (FOOD SERVICES) LIMITED (CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' 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.

**Opinion 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 the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the 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 or the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J.R. HOLLAND (FOOD SERVICES) LIMITED (CONTINUED)

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**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

**Auditors' 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 Auditors' 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 on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Grahame Maughan (Senior Statutory Auditor)

for and on behalf of

**Ryecroft Glenton**

Statutory Auditors

Newcastle upon Tyne

Statutory Auditors

23 April 2021

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 2 MAY 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
Turnover	4	<b>10,201,644</b>	11,170,442
Cost of sales		<b>(6,824,688)</b>	(7,391,816)
<b>Gross profit</b>		<b>3,376,956</b>	3,778,626
Distribution costs		<b>(2,226,482)</b>	(2,272,674)
Administrative expenses		<b>(1,059,213)</b>	(1,133,476)
Other operating income		<b>46,019</b>	3,142
<b>Operating profit</b>	5	<b>137,280</b>	375,618
Interest receivable and similar income	8	<b>6,018</b>	1,477
Interest payable and expenses	9	<b>(12,647)</b>	(12,088)
<b>Profit before tax</b>		<b>130,651</b>	365,007
Tax on profit	10	<b>(38,904)</b>	(67,158)
<b>Profit for the financial period</b>		<b>91,747</b>	297,849

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 14 to 28 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 2 MAY 2020**

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	11		507,268		780,664
Investment property	12		150,000		150,000
			<u>657,268</u>		<u>930,664</u>
<b>Current assets</b>					
Stocks	13	144,074		145,747	
Debtors: amounts falling due after more than one year	14	-		80,000	
Debtors: amounts falling due within one year	14	2,276,546		2,304,082	
Cash at bank and in hand	15	593,944		577,623	
		<u>3,014,564</u>		<u>3,107,452</u>	
Creditors: amounts falling due within one year	16	(813,952)		(1,128,901)	
<b>Net current assets</b>			<u>2,200,612</u>		<u>1,978,551</u>
<b>Total assets less current liabilities</b>			<u>2,857,880</u>		<u>2,909,215</u>
Creditors: amounts falling due after more than one year	17		(195,024)		(326,750)
<b>Provisions for liabilities</b>					
Deferred tax	19	(17,323)		(28,679)	
			<u>(17,323)</u>		<u>(28,679)</u>
<b>Net assets</b>			<u><u>2,645,533</u></u>		<u><u>2,553,786</u></u>

**BALANCE SHEET (CONTINUED)**  
**AS AT 2 MAY 2020**

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	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Capital and reserves</b>			
Called up share capital	20	<b>1,000</b>	<i>1,000</i>
Profit and loss account	21	<b>2,644,533</b>	<i>2,552,786</i>
		<hr/>	<hr/>
		<b>2,645,533</b>	<i>2,553,786</i>
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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2021.

.....  
H Fletcher  
Director

.....  
J Holland  
Director

The notes on pages 14 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 2 MAY 2020**

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	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>At 1 April 2018</b>	<b>1,000</b>	<b>2,254,937</b>	<b>2,255,937</b>
Profit for the year	-	297,849	297,849
<b>At 3 May 2019</b>	<b>1,000</b>	<b>2,552,786</b>	<b>2,553,786</b>
Profit for the period	-	91,747	91,747
<b>At 2 May 2020</b>	<b>1,000</b>	<b>2,644,533</b>	<b>2,645,533</b>

The notes on pages 14 to 28 form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 2 MAY 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial period	91,747	297,849
<b>Adjustments for:</b>		
Depreciation of tangible assets	279,247	313,359
Profit on disposal of tangible assets	(61,034)	(3,003)
Government grants	(45,030)	-
Interest paid	12,647	12,088
Interest received	(6,018)	(1,477)
Taxation charge	(11,356)	-
Decrease/(increase) in stocks	1,673	(16,789)
Decrease/(increase) in debtors	107,536	(265,565)
(Decrease) in creditors	(200,290)	(39,228)
Corporation tax (paid)/received	(70,771)	58,946
<b>Net cash generated from operating activities</b>	<b>98,351</b>	<b>356,180</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(5,849)	(555,490)
Sale of tangible fixed assets	61,034	23,000
Government grants received	45,030	-
Interest received	6,018	1,477
HP interest paid	(12,645)	(12,088)
<b>Net cash from investing activities</b>	<b>93,588</b>	<b>(543,101)</b>

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 2 MAY 2020**

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	2020 £	2019 £
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(175,618)	127,089
<b>Net cash used in financing activities</b>	<u>(175,618)</u>	<u>127,089</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	16,321	(59,832)
Cash and cash equivalents at beginning of period	577,623	637,455
<b>Cash and cash equivalents at the end of period</b>	<u><u>593,944</u></u>	<u><u>577,623</u></u>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	593,944	577,623
	<u><u>593,944</u></u>	<u><u>577,623</u></u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**1. General information**

J.R. Holland (Food Services) Limited is a private limited company, limited by shares, incorporated in England and Wales (no. 03031294). The Registered Office is 245 Dukesway, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0PZ. The principal activity of the Company is the temperature controlled distribution of fresh fruit, vegetables and dairy products.

**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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are drawn up to the nearest Saturday to 30 April each year.

The financial statements are prepared in GBP sterling, rounded to the nearest £, which is the functional currency of the Company.

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 following principal accounting policies have been applied:

**2.2 Going concern**

The directors have considered the Company's current and future prospects and its availability of financing, and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

The Company meets its working capital requirements through its bank facilities. The directors perform regular reviews to ensure that these facilities remain sufficient for the business.

At the balance sheet date, the Company had net assets of £2,645,533, net current assets of £2,200,612 and cash resources of £593,944.

At the date of approval of these financial statements, the COVID-19 pandemic has had a significant impact on the business but the directors are confident that cash resources remain strong. Whilst the directors recognise that significant uncertainties remain, there are a number of mitigating actions that could be taken to realise additional cost savings and preserve cash.

The directors have been in contact with its bank and have taken appropriate steps to utilise the various support mechanisms instigated by the UK government. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**2. Accounting policies (continued)**

**2.3 Revenue**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, 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	- over 2 to 5 years
Motor vehicles	- over 3 to 5 years

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 profit or loss.

**2.5 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**2. Accounting policies (continued)**

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition.

Cost is based on the cost of purchase 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.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.9 Financial instruments**

The Company only enters into basic financial instrument 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, loans to related parties and investments in non-puttable ordinary shares.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including hire purchase agreements, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**2. Accounting policies (continued)**

**2.12 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.13 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 profit or loss 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.

**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

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2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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 .

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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.

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenue and expenses during the period.

The following judgements and estimates can have a significant effect on the financial statements:

***Stock Valuation and Provisioning***

The Company sells fruit and vegetables which is provided against should there be any doubt about the recoverability of cost value.

***Provisions for Bad Debts***

Provision for bad debt is made through the Statement of Comprehensive Income when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as remote. Provision is also in place for discounts given to customers.

4. Turnover

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

All turnover arose within the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	10,000	9,500
Depreciation of owned fixed assets	44,553	56,138
Depreciation of assets held under finance leases and hire purchase contracts	234,693	257,221
Profit on disposal of tangible assets	(61,034)	(3,003)
Operating lease rentals - land and buildings	<u>81,300</u>	<u>81,300</u>

**6. Employees**

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

	2020	2019
	£	£
Wages and salaries	1,849,062	1,891,474
Social security costs	138,674	152,504
Pension costs	30,890	26,811
	<u>2,018,626</u>	<u>2,070,789</u>

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

	2020	2019
	No.	No.
Administration	13	13
Distribution	73	78
	<u>86</u>	<u>91</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

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7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	158,662	118,727
Company contributions to defined contribution pension schemes	5,616	5,803
	<u>164,278</u>	<u>124,530</u>

During the period retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The directors are considered to be the only key management personnel of the Company.

8. Interest receivable

	2020 £	2019 £
Interest receivable	6,018	1,477
	<u>6,018</u>	<u>1,477</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Finance leases and hire purchase contracts	12,647	12,088
	<u>12,647</u>	<u>12,088</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**


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**10. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	48,928	43,501
Adjustments in respect of previous periods	1,332	-
	<u>50,260</u>	<u>43,501</u>
<b>Total current tax</b>	<u>50,260</u>	<u>43,501</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(11,356)	23,657
<b>Total deferred tax</b>	<u>(11,356)</u>	<u>23,657</u>
<b>Taxation on profit on ordinary activities</b>	<u>38,904</u>	<u>67,158</u>
<b>Factors affecting tax charge for the period/year</b>		

The tax assessed for the period/year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>130,651</u>	<u>365,007</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	24,824	69,351
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	939	493
Capital allowances for period/year in excess of depreciation	23,377	(26,119)
Adjustments to tax charge in respect of prior periods	1,332	-
Changes in provisions leading to an increase (decrease) in the tax charge	(212)	(224)
Deferred tax charge	(11,356)	23,657
<b>Total tax charge for the period/year</b>	<u>38,904</u>	<u>67,158</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

10. Taxation (continued)

Factors that may affect future tax charges

A planned reduction in the corporation tax rate from 19% to 17% from 1 April 2020 has been reversed. The current corporation tax rate of 19% has therefore been applied to the Company's deferred tax liability at the balance sheet date.

11. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>			
At 3 May 2019	486,906	1,866,954	2,353,860
Additions	5,849	-	5,849
Disposals	-	(828,381)	(828,381)
At 2 May 2020	492,755	1,038,573	1,531,328
<b>Depreciation</b>			
At 3 May 2019	344,912	1,228,283	1,573,195
Charge for the period on owned assets	44,553	-	44,553
Charge for the period on financed assets	-	234,693	234,693
Disposals	-	(828,381)	(828,381)
At 2 May 2020	389,465	634,595	1,024,060
<b>Net book value</b>			
At 2 May 2020	103,290	403,978	507,268
At 2 May 2019	141,994	638,670	780,664

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**11. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Motor vehicles	343,027	552,307
	<u>343,027</u>	<u>552,307</u>

**12. Investment property**

	Freehold investment property £
<b>Valuation</b>	
At 3 May 2019	150,000
	<u>150,000</u>
<b>At 2 May 2020</b>	<u>150,000</u>

The 2020 valuations were made by the directors, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £	2019 £
Historic cost	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

**13. Stocks**

	2020 £	2019 £
Goods for resale	144,074	145,747
	<u>144,074</u>	<u>145,747</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

14. Debtors

	2020 £	2019 £
<b>Due after more than one year</b>		
Other debtors	-	80,000
	<u>-</u>	<u>80,000</u>
	<u>-</u>	<u>80,000</u>
<b>Due within one year</b>		
Trade debtors	1,595,207	1,783,575
Other debtors	562,935	403,550
Prepayments and accrued income	85,904	84,457
Tax recoverable	32,500	32,500
	<u>2,276,546</u>	<u>2,304,082</u>
	<u>2,276,546</u>	<u>2,304,082</u>

15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	593,944	577,623
	<u>593,944</u>	<u>577,623</u>
	<u>593,944</u>	<u>577,623</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

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16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	416,534	630,017
Corporation tax	48,928	74,669
Other taxation and social security	28,414	36,580
Obligations under finance lease and hire purchase contracts	144,118	188,011
Accruals and deferred income	175,958	199,624
	<u>813,952</u>	<u>1,128,901</u>

The following liabilities were secured:

	2020 £	2019 £
Obligations under finance leases and hire purchase contracts	144,118	188,011
	<u>144,118</u>	<u>188,011</u>

Details of security provided:

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

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17. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	195,024	326,750
	<u>195,024</u>	<u>326,750</u>

The following liabilities were secured:

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	195,024	326,750
	<u>195,024</u>	<u>326,750</u>

Details of security provided:

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

18. Hire purchase and finance leases

	2020 £	2019 £
Amounts falling due within one year	144,118	188,011
Amounts falling due between one and two years	127,906	143,757
Amounts falling due between two and five years	67,118	182,993
	<u>339,142</u>	<u>514,761</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020

19. Deferred taxation

	2020 £
At beginning of year	(28,679)
Charged to profit or loss	11,356
<b>At end of year</b>	<b><u>(17,323)</u></b>

The deferred taxation (liability)/asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(19,918)	(31,401)
Other timing differences	2,595	2,722
	<b><u>(17,323)</u></b>	<b><u>(28,679)</u></b>

20. Share capital

	2020 £	2019 £
<b>Authorised, allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1.00 each	<b><u>1,000</u></b>	<b><u>1,000</u></b>

21. Reserves

**Profit and loss account**

This reserve records the cumulative amount of profits and losses less any distribution of dividends. Movement is detailed in the Statement of Changes in Equity.

22. 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 cost charge represents contributions payable by the Company to the fund and amounted to £30,890 (2019 - £26,811). Contributions totalling £6,556 (2019 - £5,298) were payable to the fund at the balance sheet date and are included in other creditors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 MAY 2020**

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**23. Controlling entity and related party transactions**

For the whole of the period 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.

Purchases, net of rebates and value added tax, were made from a limited liability partnership, controlled by a director, with a total value of £2,509,002 (2019 - £2,680,931). The balance owing by the Company at the period end, included within trade creditors was £130,853 (2019 - £176,484), inclusive of value added tax, and £39,237 (2019 - £40,131) is included within accruals and other creditors.

An amount of £125,450 (2019 - £134,047), exclusive of value added tax, has been included in the financial statements in respect of a volume rebate. Unpaid rebates and charges totalling £806,234 (2019 - £680,783) are included within trade debtors, inclusive of value added tax.

In addition, sales net of value added tax were made to the same limited liability partnership with a total value of £57,826 (2019 - £91,011). The balance owed to the Company at the period end, included within trade debtors, was £3,519 (2019 - £2,433).

Rent on land and buildings totalling £81,300 (2019 - £81,300) was paid to a director's SIPP.

Included within other debtors is an amount of £100,000 (2019 - £100,000) due from a director. The loan is interest free and repayable on demand.

Included within debtors due after more than one year is an amount of £NIL (2019 - £80,000) and included in other debtors due within one year is an amount of £200,000 (2019 - £20,000) due from a company under common control. The loan bears interest at 5% over LIBOR and is repayable within five years.

Sales, net of value added tax, with a total value of £45,327 (2019 - £Nil) were made to this same entity under common control in the period. The balance owed to the Company at the period end, included within trade debtors, was £22,000 (2019 - £Nil). Purchases, net of value added tax, were made from this entity with a total value of £132,119 (2019 - £Nil). The balance owed by the Company at the period end was (£8,283) (2019 - £Nil).

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