

REGISTERED NUMBER 03851239 (England and Wales)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011
FOR
FARMERS FRESH LIMITED

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FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

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FOR THE YEAR ENDED 31 MAY 2011

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FARMERS FRESH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2011

DIRECTORS:

S T Morris
T J Bayliss
S S Wood
G Jones
J R Lloyd
W A Lammas
T I Simpson
D T Owen

SECRETARY:

J R Bishop

REGISTERED OFFICE:

The Abattoir
Rouncil Lane
Kenilworth
Warwickshire
CV8 1NN

REGISTERED NUMBER:

03851239 (England and Wales)

AUDITORS:

Chancery (UK) LLP
Chartered Accountants and
Statutory Auditor
Chancery Pavilion
Boycott Avenue
Oldbrook
Milton Keynes
MK6 2TA

SOLICITORS:

Burges Salmon
Narrow Quay House
Narrow Quay
Bristol
BS1 4AH

FARMERS FRESH LIMITED (REGISTERED NUMBER· 03851239)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2011

The directors present their report with the financial statements of the company for the year ended 31 May 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an abattoir

REVIEW OF BUSINESS

The company continued its trade as a lamb abattoir and sold in excess of 567,000 units (2010 573,000 units) of meat at a margin of approximately 14.0% (2010 13.3%) The company continues to monitor its margins to maintain its profitability As the price of livestock increases through the year, mainly due to the lack of supply in the market, the company needs to continue to be diligent in its operating activity

The company was invoiced management charges amounting to £184,902 (2010 £93,600) for the year by the parent company These charges are included in administrative expenses and have reduced the operating profit of the company

The company aims to continue to reduce costs and wastage in an effort to continue to achieve favourable margins

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2011 (2010 £Nil)

DIRECTORS

The directors shown below have held office during the period from 1 June 2010 to the date of this report

W A Lammas - Managing director

T I Simpson - Operations director

T J Bayliss - Non executive director

G Jones - Non executive director

J R Lloyd - Non executive director

S T Morris - Non executive director

S S Wood - Non executive director

Other changes in directors holding office are as follows

D T Owen - Non executive director - appointed 5 May 2011

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The payment of creditors follows a standard payment practice and the terms of payment are agreed with suppliers and abided by Copies of the standard payment practice can be obtained from the registered office The aggregate creditor days equated to 4 days (2010 2 days)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Chancery (UK) LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'T J Bayliss', is written over a horizontal line.

T J Bayliss - Director

5 December 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FARMERS FRESH LIMITED**

We have audited the financial statements of Farmers Fresh Limited for the year ended 31 May 2011 on pages five to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Robert Dearing (Senior Statutory Auditor)
for and on behalf of Chancery (UK) LLP
Chartered Accountants and
Statutory Auditor
Chancery Pavilion
Boycott Avenue
Oldbrook
Milton Keynes
MK6 2TA

5 December 2011

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2011

	Notes	2011 £	2010 £
TURNOVER	2	49,113,144	45,170,966
Cost of sales		42,223,682	39,181,817
GROSS PROFIT		6,889,462	5,989,149
Distribution costs		1,442,843	1,549,151
Administrative expenses		4,753,260	4,249,789
		6,196,103	5,798,940
		693,359	190,209
Other operating income		103,004	137,133
OPERATING PROFIT	4	796,363	327,342
Interest payable and similar charges	6	3,173	11,169
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		793,190	316,173
Tax on profit on ordinary activities	7	288,659	45,589
PROFIT FOR THE FINANCIAL YEAR		504,531	270,584

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

BALANCE SHEET
31 MAY 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	671,155	740,816
CURRENT ASSETS			
Stocks	9	123,920	94,417
Debtors	10	6,134,556	5,148,014
Cash at bank		81,985	78,879
		6,340,461	5,321,310
CREDITORS			
Amounts falling due within one year	11	6,185,256	5,740,297
NET CURRENT ASSETS/(LIABILITIES)		155,205	(418,987)
TOTAL ASSETS LESS CURRENT LIABILITIES		826,360	321,829
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Profit and loss account	16	826,359	321,828
SHAREHOLDERS' FUNDS	21	826,360	321,829

The financial statements were approved by the Board of Directors on 5 December 2011 and were signed on its behalf by



T J Bayliss - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

1 ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements

Turnover

Turnover represents net invoiced sales of meat, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Short leasehold	- 20% on reducing balance
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance
Computer equipment	- 33% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred taxation is provided in full, in accordance with FRS19, on those timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred taxation is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred taxation assets and liabilities are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Grants

Grants are recognised in line with SSAP 4 and are written down in line with the associated assets.

Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 "Related Party Disclosures" not to separately disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary.

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2011 £	2010 £
Europe	28,940,798	28,439,047
UK	20,172,346	16,731,919
	<u>49,113,144</u>	<u>45,170,966</u>

3 STAFF COSTS

	2011 £	2010 £
Wages and salaries	2,012,503	1,918,633
Social security costs	197,838	182,815
	<u>2,210,341</u>	<u>2,101,448</u>

The average monthly number of employees during the year was as follows

	2011	2010
Production	58	57
Administration	7	7
	<u>65</u>	<u>64</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Hire of plant and machinery	6,840	7,330
Depreciation - owned assets	159,731	183,450
Profit on disposal of fixed assets	(2,743)	-
Auditors remuneration audit work	7,500	6,750
Auditors' remuneration for non audit work	9,000	11,275
Foreign exchange differences	<u>(89,057)</u>	<u>(120,864)</u>
Directors' remuneration	<u>105,002</u>	<u>65,386</u>

5 EXCEPTIONAL ITEMS

During the year, the company was invoiced management charges amounting to £184,902 (2010 £93,600) by the parent company. These charges are included within administrative expenses and have also reduced the operating profit of the company.

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Bank interest	3,036	11,169
Corporation tax interest	137	-
	<u>3,173</u>	<u>11,169</u>

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011	2010
	£	£
Current tax		
UK corporation tax	290,530	103,911
Deferred tax		
Accelerated capital allowances	(1,871)	(58,322)
Tax on profit on ordinary activities	<u>288,659</u>	<u>45,589</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>793,190</u>	<u>316,173</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	206,229	88,528
Effects of		
Disallowed expenditure	48,534	7,228
Accelerated capital allowances	18,275	14,719
Group relief	-	(324)
Change in taxation rate	17,492	-
Marginal relief	-	(6,240)
Current tax charge	<u>290,530</u>	<u>103,911</u>

FARMERS FRESH LIMITED (REGISTERED NUMBER 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

8 TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 June 2010	492,269	1,598,998	101,515
Additions	13,928	81,856	-
Disposals	-	(29,300)	-
At 31 May 2011	506,197	1,651,554	101,515
DEPRECIATION			
At 1 June 2010	299,116	1,100,497	78,665
Charge for year	40,023	106,699	4,570
Eliminated on disposal	-	(13,267)	-
At 31 May 2011	339,139	1,193,929	83,235
NET BOOK VALUE			
At 31 May 2011	167,058	457,625	18,280
At 31 May 2010	193,153	498,501	22,850

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2010	42,650	47,659	2,283,091
Additions	14,700	-	110,484
Disposals	(8,650)	-	(37,950)
At 31 May 2011	48,700	47,659	2,355,625
DEPRECIATION			
At 1 June 2010	27,386	36,612	1,542,276
Charge for year	4,794	3,645	159,731
Eliminated on disposal	(4,270)	-	(17,537)
At 31 May 2011	27,910	40,257	1,684,470
NET BOOK VALUE			
At 31 May 2011	20,790	7,402	671,155
At 31 May 2010	15,264	11,047	740,815

9 STOCKS

	2011 £	2010 £
Stocks	123,920	94,417

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade debtors	6,074,038	5,075,518
Other debtors	4,114	6,234
VAT	-	16,373
Deferred tax asset		
Accelerated capital allowances	10,567	8,696
Prepayments and accrued income	45,837	41,193
	<u>6,134,556</u>	<u>5,148,014</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Bank loans and overdrafts (see note 12)	2,775,198	2,702,451
Trade creditors	517,114	607,770
Amounts owed to group undertakings	1,602,173	1,824,517
Tax	290,530	103,911
Social security and other taxes	53,398	41,927
VAT	78,130	-
Accruals and deferred income	868,713	459,721
	<u>6,185,256</u>	<u>5,740,297</u>

Included within the balance of Accruals and deferred income are deferred capital grants amounting to £45,057 (2010 £56,322)

12 LOANS

An analysis of the maturity of loans is given below

	2011	2010
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	<u>2,775,198</u>	<u>2,702,451</u>

The bank overdraft is secured by a fixed and floating charge over the under taking and all property and assets both present and future

13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2011	2010	2011	2010
	£	£	£	£
Expiring				
Within one year	<u>125,400</u>	<u>125,400</u>	<u>1,672</u>	<u>1,672</u>

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

14 DEFERRED TAX

	£
Balance at 1 June 2010	(8,696)
Accelerated capital allowances	(2,684)
Change in rate of taxation	813
	<hr/>
Balance at 31 May 2011	<u>(10,567)</u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

16 RESERVES

	Profit and loss account £
At 1 June 2010	321,828
Profit for the year	<u>504,531</u>
At 31 May 2011	<u>826,359</u>

17 ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party of the company is Farmers First Limited. Farmers First Limited is registered in England and Wales and copies of its Annual Report can be obtained from the registered office. The largest and smallest group in which the results of the company are consolidated is that headed by Farmers First Limited.

18 CONTINGENT LIABILITIES

The company had a cross guaranteed overdraft with Farmers Fresh Chase Terrace Limited. The overdraft agreement was for a total overdraft across both companies of £1m. At the year end the overdraft in Farmers Fresh Chase Terrace Limited was £Nil (2010: £Nil). The company continues to have a good working relationship with its bankers.

FARMERS FRESH LIMITED (REGISTERED NUMBER: 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

19 TRANSACTIONS WITH DIRECTORS

During the year the directors were paid various amounts for management services and goods supplied under arms-length trading conditions. The amounts include payments in respect of the following:

- Livestock traded with the company
- Commission on livestock procurement
- Rent on the abattoir property and attached field
- Remuneration in the form of consultancy fees
- Remuneration in the form of salaries are disclosed in line with the applicable accounting standards

The amounts involved are as follows:

Livestock & Commission	2011 £	2010 £
T J Bayliss	41,292	22,350
D T Owen	40,970	-
J R Lloyd	185,736	184,884
L G Jones	84,470	87,801
S T Morris	52,633	53,222
	<u>405,101</u>	<u>348,257</u>

Consultancy	2011 £	2010 £
S&A Wood (In which S S Wood is a partner)	37,500	27,500
T I Simpson	96,400	14,300
	<u>133,900</u>	<u>27,500</u>

Other	2011 £	2010 £
S&A Wood (In which S S Wood is a partner)		
Rent	<u>125,400</u>	<u>125,400</u>

20 RELATED PARTY DISCLOSURES

Farmers First Limited the parent company has provided financial guarantees in respect of Farmers Fresh Limited bank overdraft for £250,000.

FARMERS FRESH LIMITED (REGISTERED NUMBER. 03851239)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2011

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	504,531	270,584
Net addition to shareholders' funds	504,531	270,584
Opening shareholders' funds	321,829	51,245
Closing shareholders' funds	826,360	321,829