

FRESHCUT FOODS LTD
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011

Registration number. 04584241

Minshalls Limited
Chartered Accountants
and Statutory auditors
370-374 Nottingham Road
Newthorpe
Nottinghamshire
NG16 2ED

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FRESHCUT FOODS LTD**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2011**

The directors present their report and the financial statements for the year ended 31 January 2011

Principal activity and review of the business

The principal activity of the company is that of a fresh vegetable processor. There have been no significant changes to the principal activity during the period under review and the directors are not aware, at the date of this report, of any likely major changes in the next year.

Business review

The directors are happy to report on a year of significant progress for Freshcut Foods Ltd. During the year the company has shown strong trading performance and has increased turnover and maintained profitability, in tough market conditions. Trading during the year has remained positive with customers adjusting to the changing economic conditions. Relations remain good with key suppliers ensuring that quality levels are maintained as the company continues to grow. The progress made during the 2011 financial year will continue into 2012 and beyond to ensure that the company can continue to deliver products that meet customer and consumer demands in a competitive market place at rates that ensure margins are maintained.

We continue to maintain good customer relations to ensure repeat business, whilst we also aim to win new contracts and remain competitive in our area. The company is continually striving to develop new products to meet consumer demands and changing requirements, particularly in such a changing economic climate, whilst ensuring that current products are produced to the high standard expected by our customers.

The directors believe that whilst the market place will continue to remain challenging the company is well placed to deal with such economic demands due to its positive stance in the industry and its strong financial position.

Key performance indicators

At the end of the year the financial performance of the company was positive, with turnover at £11,173,414 (2010 £11,055,866 16 month period), an increase of 35% when comparing against a 12 month period for 2010. Gross profit has remained consistent at £2,810,880 in 2011 compared to £2,950,129 in 2010, when taking into account that 2010 was a 16 month period, the growth in 2011 is considered to be very positive.

Gross profit margins have moved from 26% in 2010 to 25% in 2011, further evidence that whilst the company has seen significant increase in turnover, the strategy to maintain margins has been achieved and the turnover has not been grown at the expense of margins.

The company has invested £236,437 in new fixed asset additions during the year (£274,607 during 2010), the majority of which has been financed from cash. The directors strongly believe that to remain competitive in the market place the company should be at the forefront of technology, this also ensures that the company benefit from the advancement of machinery that over time will assist with reduced overhead costs.

The future

We are confident that the company is well positioned for growth. We continue to invest in the business to ensure that we can capitalise upon new opportunities in the food sector and realise our potential even during these uncertain economic times we continue to concentrate on product development, cost efficiency and technology to deliver long term growth supported by our strong financial position.

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a final dividend.

FRESHCUT FOODS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

continued

Financial risk management objectives and policies

Industry risks

Competitor Activity

The company operates in highly competitive markets, significant product innovations, technical advances or the intensification of price competition could adversely affect the company's results

The company continually works to streamline its cost base to ensure it remains competitive

The directors also ensure that they continue to invest in ways to better processes and speed up production so that they can remain up to date with technological advancements

Economic uncertainty

The company could be adversely affected by global business conditions and a worsening of the economy both generally and specifically in the UK. Factors such as taxation, interest rates, inflation, the availability and cost of credit, could significantly affect the activity level of customers

Whilst general economic conditions are outside of the company's control, we are responding to the current economic conditions continually reviewing products offered to the market to ensure that we meet the requirements of the consumer. Given the uncertain consumer outlook, the company also continues to closely manage costs and cashflow

Managing procurement costs

The company purchases a significant quantity of raw materials each year. The company's cost base can be affected by fluctuating raw material, services and energy prices

The directors negotiate prices and purchase agreements in advance to ensure the best possible prices are obtained, they also endeavour to put in place agreements for supply levels, particularly for products that may have suffered due to adverse growing conditions such as bad weather

Operational & Commercial Risks

Food Safety, Environmental and Health and Safety

As a processor of fresh vegetables, the company is subject to general market related risks, including product contamination and general food scares. Further, the company is also subject to rigorous and constantly evolving regulations and legislation in the areas of environmental protection and employee health and safety

The company maintains a strong technical department which sets high standards for hygiene, health and safety systems and environmental controls. The company takes external advice to ensure that they remain compliant with the ever changing regulatory environment, particularly in the areas of health and safety

Changes in Consumer Behaviour and Demand

In common with other food industry manufacturers, unforeseen changes in food consumption patterns and/or amendments to government legislation regarding the composition of food products may impact the company

The company works closely with its customers to adapt to changing consumer trends. The company also seeks to continually develop new products to ensure that it meets the requirements of the customer and consumer

FRESHCUT FOODS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

continued

Financial Risks

Foreign Currency Risk

The company imports certain raw materials for production. Due to this there are inherent risks associated with fluctuations in both foreign exchange rates and interest rates.

The company has price agreements in place with suppliers to mitigate as much as possible against exchange rate movements. The company has minimal lending to limit its exposure to interest rate fluctuations.

Directors

The directors who served during the year are as stated below

Mr A D Clarke

Mr P M Clee

Charitable Donations

During the year the company contributed £3,294 to charities. Included in this was £300 to a local football club, £2,890 to a rugby club and 3 small donations amounting to less than £104.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Minshalls Limited are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

FRESHCUT FOODS LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2011**

continued

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

This report was approved by the Board on 18 May 2011 and signed on its behalf by



Mr A D Clarke
Director

Registered office
370-374 Nottingham Road
Newthorpe
Nottinghamshire
NG16 2ED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FRESHCUT FOODS LTD

We have audited the financial statements of Freshcut Foods Ltd for the year ended 31 January 2011 which comprise the Profit and Loss Account, the balance sheet, the Cash Flow Statement and the related notes. 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 shareholders, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of directors' responsibilities.

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the operating and financial review section of the directors' report.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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 Directors' Report 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

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FRESHCUT FOODS LTD**

continued

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read 'Minshall Ltd', with a long horizontal line extending to the right.

Mr Mark R Minshall (Senior statutory auditor)

For and on behalf of Minshalls Limited
Chartered Accountants
and Statutory auditors
370-374 Nottingham Road
Newthorpe
Nottinghamshire
NG16 2ED

Date 18 May 2011

FRESHCUT FOODS LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2011**

		Continuing operations	
		Year ended 31/01/11	Period ended 31/01/10
	Notes	£	£
Turnover	2	11,173,414	11,055,866
Cost of sales		(8,362,534)	(8,105,737)
Gross profit		<u>2,810,880</u>	<u>2,950,129</u>
Distribution costs		(672,067)	(807,317)
Administrative expenses		(1,911,863)	(2,020,957)
Other operating income		-	77,158
Operating profit	3	<u>226,950</u>	<u>199,013</u>
Other interest receivable and similar income	5	20	56
Interest payable and similar charges	6	(20,981)	(21,257)
Profit on ordinary activities before taxation		<u>205,989</u>	<u>177,812</u>
Tax on profit on ordinary activities	9	(83,135)	(45,900)
Profit for the year		<u><u>122,854</u></u>	<u><u>131,912</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 10 to 21 form an integral part of these financial statements.

FRESHCUT FOODS LTD - 04584241

BALANCE SHEET
AS AT 31 JANUARY 2011

	Notes	31/01/11		31/01/10	
		£	£	£	£
Fixed assets					
Intangible assets	10		242,587		127,012
Tangible assets	11		569,297		509,899
			<u>811,884</u>		<u>636,911</u>
Current assets					
Stocks	12	227,573		203,411	
Debtors	13	1,482,277		1,134,042	
Cash at bank and in hand		264,748		21,993	
		<u>1,974,598</u>		<u>1,359,446</u>	
Creditors amounts falling due within one year	14	<u>(2,314,011)</u>		<u>(1,631,349)</u>	
Net current liabilities			<u>(339,413)</u>		<u>(271,903)</u>
Total assets less current liabilities			472,471		365,008
Creditors: amounts falling due after more than one year	15		(11,823)		(40,868)
Provisions for liabilities	16		<u>(54,042)</u>		<u>(40,388)</u>
Net assets			<u>406,606</u>		<u>283,752</u>
Capital and reserves					
Called up share capital	18		5,100		5,100
Profit and loss account			<u>401,506</u>		<u>278,652</u>
Shareholders' funds	19		<u>406,606</u>		<u>283,752</u>

The financial statements were approved by the Board on 18 May 2011 and signed on its behalf by



Mr A D Clarke
Director

The notes on pages 10 to 21 form an integral part of these financial statements.

FRESHCUT FOODS LTD

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	Year ended 31/01/11 £	Period ended 31/01/10 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		226,950	199,013
Depreciation		183,664	207,367
(Increase) in stocks		(24,162)	(43,904)
(Increase) in debtors		(348,235)	(578,103)
Increase in creditors		670,904	306,781
Net cash inflow from operating activities		<u>709,121</u>	<u>91,154</u>
Cash flow statement			
Net cash inflow from operating activities		709,121	91,154
Returns on investments and servicing of finance	23	(20,961)	(21,201)
Taxation	23	(40,319)	(12,573)
Capital expenditure	23	(358,637)	(137,477)
		<u>289,204</u>	<u>(80,097)</u>
Financing	23	(46,448)	(52,871)
Increase in cash in the year		<u>242,756</u>	<u>(132,968)</u>
Reconciliation of net cash flow to movement in net funds (Note 24)			
Increase in cash in the year		242,756	(132,968)
Cash outflow from decrease in debts and lease financing		46,448	52,871
Change in net funds resulting from cash flows		289,204	(80,097)
New finance leases and hire purchase contracts		-	(130,367)
Movement in net funds in the year		<u>289,204</u>	<u>(210,464)</u>
Net debt at 1 February 2010		<u>(65,323)</u>	<u>145,141</u>
Net funds at 31 January 2011		<u>223,881</u>	<u>(65,323)</u>

FRESHCUT FOODS LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011****1. Accounting policies****1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Sales of goods are recognised when goods are delivered and title has passed.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	10% - 20% straight line
Fixtures, fittings and equipment	-	25% straight line

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred bringing the stock to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

1.8. Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

FRESHCUT FOODS LTD

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

continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

	Year ended 31/01/11 £	Period ended 31/01/10 £
Sales	11,173,414	11,055,866
	<u>11,173,414</u>	<u>11,055,866</u>

3 Operating profit

Operating profit is stated after charging

Depreciation

- written off owned tangible fixed assets

- written off tangible fixed assets on HP/Finance lease

Loss on disposal of tangible fixed assets

Operating lease rentals

- Land and buildings

- Office equipment

Auditors' remuneration (Note 4)

Auditors' remuneration from non-audit work (Note 4)

and after crediting

Profit on disposal of tangible fixed assets

	Year ended 31/01/11 £	Period ended 31/01/10 £
- written off owned tangible fixed assets	156,448	185,021
- written off tangible fixed assets on HP/Finance lease	29,491	15,879
Loss on disposal of tangible fixed assets	-	6,467
Operating lease rentals		
- Land and buildings	115,000	153,333
- Office equipment	9,129	7,177
Auditors' remuneration (Note 4)	6,000	6,000
Auditors' remuneration from non-audit work (Note 4)	1,000	1,000
and after crediting		
Profit on disposal of tangible fixed assets	<u>2,275</u>	<u>-</u>

4 Auditors' remuneration

	Year ended 31/01/11 £	Period ended 31/01/10 £
Auditors' remuneration - audit of the financial statements	<u>7,000</u>	<u>7,000</u>

5 Interest receivable and similar income

	Year ended 31/01/11 £	Period ended 31/01/10 £
Bank interest	<u>20</u>	<u>56</u>

FRESHCUT FOODS LTD

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

continued

6	Interest payable and similar charges	Year ended	Period ended
		31/01/11	31/01/10
		£	£
	Interest payable on loans < 1 yr	-	1,010
	Hire purchase interest	5,617	4,462
	Invoice discounting interest	15,364	15,785
		<u>20,981</u>	<u>21,257</u>
7	Employees	Year ended	Period ended
		31/01/11	31/01/10
		Number	Number
	Number of employees		
	The average monthly numbers of employees (including the directors) during the year were		
	Production staff	83	65
	Administration staff	27	25
	Management staff	2	2
		<u>112</u>	<u>92</u>
	Employment costs	31/01/11	31/01/10
		£	£
	Wages and salaries	2,605,762	2,617,566
	Social security costs	162,715	206,118
	Pension costs	145,091	108,218
		<u>2,913,568</u>	<u>2,931,902</u>

FRESHCUT FOODS LTD

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

continued

7 1 Directors' remuneration	Year ended	Period ended
	31/01/11	31/01/10
	£	£
Remuneration and other emoluments	214,109	271,362
Pension contributions	80,000	78,500
	<u>294,109</u>	<u>349,862</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>
	£	£
Highest paid director		
Amounts included above		
Emoluments and other benefits	110,414	131,563
Pension contributions	40,000	44,250
	<u>150,414</u>	<u>175,813</u>

8. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £145,091 (2010 - £108,218)

FRESHCUT FOODS LTD

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

continued

9. Tax on profit on ordinary activities

	Year ended 31/01/11 £	Period ended 31/01/10 £
Analysis of charge in period		
Current tax		
UK corporation tax at 28.00% (2010 - 21.00%)	69,482	40,319
Adjustments in respect of previous periods	(1)	619
	<u>69,481</u>	<u>40,938</u>
Total current tax charge	<u>69,481</u>	<u>40,938</u>
Deferred tax		
Timing differences, origination and reversal	13,654	4,962
Total deferred tax	<u>13,654</u>	<u>4,962</u>
Tax on profit on ordinary activities	<u>83,135</u>	<u>45,900</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28.00 per cent). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>205,989</u>	<u>177,812</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.00% (31 January 2010 - 21.00%)	57,677	37,341
Effects of		
Expenses not deductible for tax purposes	20,168	5,067
Capital allowances for period in excess of depreciation	(97)	(2,089)
Adjustments to tax charge in respect of previous periods	(1)	619
Marginal Relief	(8,266)	-
Current tax charge for period	<u>69,481</u>	<u>40,938</u>

FRESHCUT FOODS LTD

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

continued

10 Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 February 2010	188,508	188,508
Additions	125,000	125,000
At 31 January 2011	313,508	313,508
Amortisation		
At 1 February 2010	61,496	61,496
Charge for year	9,425	9,425
At 31 January 2011	70,921	70,921
Net book values		
At 31 January 2011	242,587	242,587
At 31 January 2010	127,012	127,012

11. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 February 2010	1,028,821	45,685	1,074,506
Additions	226,172	10,265	236,437
Disposals	(3,392)	(14,415)	(17,807)
At 31 January 2011	1,251,601	41,535	1,293,136
Depreciation			
At 1 February 2010	539,096	25,511	564,607
On disposals	(3,392)	(13,890)	(17,282)
Charge for the year	167,773	8,741	176,514
At 31 January 2011	703,477	20,362	723,839
Net book values			
At 31 January 2011	548,124	21,173	569,297
At 31 January 2010	489,725	20,174	509,899

FRESHCUT FOODS LTD

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

continued

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	31/01/11		31/01/10	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	<u>85,127</u>	<u>21,491</u>	<u>114,059</u>	<u>15,879</u>
12. Stocks			31/01/11 £	31/01/10 £
Finished goods and goods for resale			<u>227,573</u>	<u>203,411</u>
13. Debtors			31/01/11 £	31/01/10 £
Trade debtors			1,301,216	984,561
Amount owed by connected companies			63,480	48,909
Other debtors			76,886	64,664
Prepayments and accrued income			<u>40,695</u>	<u>35,908</u>
			<u>1,482,277</u>	<u>1,134,042</u>

FRESHCUT FOODS LTD

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

continued

14. Creditors: amounts falling due within one year	31/01/11 £	31/01/10 £
Net obligations under finance leases and hire purchase contracts	29,044	46,447
Trade creditors	1,047,171	675,672
Amounts owed to connected companies	180,000	-
Corporation tax	69,481	40,320
Other taxes and social security costs	52,609	46,013
Other creditors	815,736	700,286
Accruals and deferred income	119,970	122,611
	<u>2,314,011</u>	<u>1,631,349</u>

Other creditors includes advances under an invoice discounting agreement of £651,369 (2010 £686,254) secured by fixed and floating charges over all property and assets, present and future, of the company

Amounts due under finance leases and hire purchase agreements are secured by fixed and floating charges over the assets

Lloyds TSB has a fixed and floating charge in place over the assets of the business for any liability that may become due to them

15 Creditors: amounts falling due after more than one year	31/01/11 £	31/01/10 £
Net obligations under finance leases and hire purchase contracts	<u>11,823</u>	<u>40,868</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	29,044	46,447
Repayable between one and five years	11,823	40,868
	<u>40,867</u>	<u>87,315</u>

Amounts due under finance leases and hire purchase agreements are secured by fixed and floating charges over the assets

FRESHCUT FOODS LTD

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

continued

16 Provisions for liabilities

	Deferred taxation (Note 17) £	Total £
At 1 February 2010	40,388	40,388
Movements in the year	13,654	13,654
At 31 January 2011	<u>54,042</u>	<u>54,042</u>

17. Provision for deferred taxation

	31/01/11 £	31/01/10 £
Accelerated capital allowances	54,042	40,388
Provision for deferred tax	<u>54,042</u>	<u>40,388</u>
Provision at 1 February 2010	40,388	
Deferred tax charge in profit and loss account	13,654	
Provision at 31 January 2011	<u>54,042</u>	

FRESHCUT FOODS LTD

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

continued

18	Share capital	31/01/11 £	31/01/10 £
	Authorised		
	5,060 Ordinary A shares of £1 each	5,060	5,060
	40 Ordinary B shares of £1 each	40	40
	59,900 Redeemable preference shares of £1 each	59,900	59,900
		<u>65,000</u>	<u>65,000</u>
	Allotted, called up and fully paid		
	5,060 Ordinary A shares of £1 each	5,060	5,060
	40 Ordinary B shares of £1 each	40	40
		<u>5,100</u>	<u>5,100</u>
	Equity Shares		
	5,060 Ordinary A shares of £1 each	5,060	5,060
	40 Ordinary B shares of £1 each	40	40
		<u>5,100</u>	<u>5,100</u>

The "A" and "B" shareholders rank pari passu in all respects

19.	Reconciliation of movements in shareholders' funds	31/01/11 £	31/01/10 £
	Profit for the year	122,854	131,912
	Opening shareholders' funds	<u>283,752</u>	<u>151,840</u>
	Closing shareholders' funds	<u>406,606</u>	<u>283,752</u>

20 Financial commitments

At 31 January 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31/01/11 £	31/01/10 £	31/01/11 £	31/01/10 £
Expiry date:				
Between one and five years	<u>115,000</u>	<u>115,000</u>	<u>16,930</u>	<u>11,633</u>

FRESHCUT FOODS LTD

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

continued

21. Related party transactions

During the year sales were made to Fresh Mediterranean Foods Limited, a company in which the directors have a interest, amounting to £2,507,936 (2010 £3,567,399)

Included in Debtors at the year end is a balance of £63,480 (2010 £48,909) owed from Fresh Mediterranean Foods Limited Also included in Creditors at the year end is a balance of £180,000 (2010 £nil) owed to Fresh Mediterranean Foods Limited

22 Controlling interest

The company is controlled by the directors by virtue of the fact that they each own 49.6% of the issued share capital

23. Gross cash flows

	31/01/11 £	31/01/10 £
Returns on investments and servicing of finance		
Interest received	20	56
Interest paid	(20,981)	(21,257)
	<u>(20,961)</u>	<u>(21,201)</u>
Taxation		
Corporation tax paid	(40,319)	(12,573)
Capital expenditure		
Payments to acquire intangible assets	(125,000)	-
Payments to acquire tangible assets	(236,437)	(144,240)
Receipts from sales of tangible assets	2,800	6,763
	<u>(358,637)</u>	<u>(137,477)</u>
Financing		
Capital element of finance leases and hire purchase contracts	(46,448)	(52,871)

FRESHCUT FOODS LTD

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

continued

24 Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	21,993	242,756	264,749
Finance leases and hire purchase contracts	(87,316)	46,448	(40,868)
Net funds	<u>(65,323)</u>	<u>289,204</u>	<u>223,881</u>