

**FRESHCUT FOODS LTD**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2014**

**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****STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JANUARY 2014**

The directors present their strategic report and the financial statements for the year ended 31 January 2014.

**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 pleased to report on another year of progress for Freshcut Foods Ltd. During the year the company has shown strong trading performance in tough market conditions; strict control has been placed over costs and the company has increased the gross profit margin from 27.1% in 2013 to 27.3%. 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 forward. The progress made during the 2014 financial year will continue into 2015 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.

As a company, 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.

We aim to deliver sustainability in everything we do, whether this applies to financial results or the way in which we drive health and safety improvements. Wider sustainability issues are becoming more and more important to our customers.

As we generate cost savings through manufacturing controllable costs, we ensure that procurement can be invested to support the company's growth.

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.

**Results and dividends**

The results for the year are set out on page 8.

**Key performance indicators**

At the end of the financial year, the results of the company were positive. Turnover has risen slightly to £14,088,112 (2013: £13,575,772), and the gross profit margin has increased to 27.3% (2013: 27.1%).

Profit before tax for the year is £488,133 (2013: £209,998). The company carries out regular cost reviews and new methods and processes are continually being considered and implemented within the company to maintain strong profit margins.

In order to continue to maintain profit margins and reduce long term costs, £76,922 (2013: £107,776) has been invested in fixed asset additions during the year. The directors are keen to maintain a strong position in the market by remaining at the forefront of technology and strive to update computerised systems and production equipment to benefit the company, in time, through reducing costs and remaining competitive.

The net assets of the company increased to £1,095,141 (2013: £816,675).

## FRESHCUT FOODS LTD

### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2014

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#### **Financial risk management objectives and policies**

The directors have considered the company's position in the current economy and consider the following to detail the principle risks and uncertainties faced by the company, together with processes in place to minimise any possible negative impact.

#### Competitor activity

The company operates in a highly competitive market. 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 costs base to ensure it remains competitive in the market. The directors also ensure that they continue to invest in ways to improve processes and reduce production times so that they can remain up to date with technological advances.

#### 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 by 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.

#### Management of 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.

If these rises could not be reflected in the sales values on a timely basis, this would have an adverse effect on results.

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.

#### 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 of 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****STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JANUARY 2014**

..... continued

**Suppliers**

The company is dependent on the continuous supply of products from key suppliers. A loss of these suppliers could see short term disruption to the production levels of the company.

The company uses a range of suppliers in various locations to ensure that products can be sourced throughout the year. The accounts department rigorously check the financial strength of suppliers for long term viability. Agreements are frequently entered into with suppliers to guarantee the availability of the quantity and quality of products.

**Operational disruption**

Disruption to operational activities due to fire, natural catastrophe, act of vandalism, critical plant failure or information systems problems could potentially impact on lead times for servicing customers.

The company has robust security and business recovery plans in place to manage the impact of any such event. Regular risk reviews are conducted to consider these matters and insurance is in place to mitigate the financial impact.

**Loss of key personnel**

The ongoing success of the company is dependent on attracting and retaining high quality management and senior employees to manage the operations effectively.

The risk is mitigated by strong recruitment processes used, long term management incentives and providing senior staff with access to development training.

**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.

**Taxation**

The company is subject to taxation and change in tax legislation which could impact on the results and cashflow.

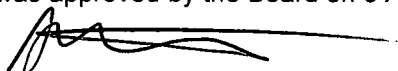
The directors regularly monitor changes in tax legislation and obtain external advice to respond to such changes.

**Future developments**

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. Emphasis is maintained on product development, cost efficiency and technology to deliver long term growth supported by our strong financial position.

The company's overall strategy continues to be the supply of quality products, with focus on commitment to high standards of food safety.

This report was approved by the Board on 6 August 2014 and signed on its behalf by



Mr A D Clarke  
Director

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

**FRESHCUT FOODS LTD****DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JANUARY 2014**

The directors present their report and the financial statements for the year ended 31 January 2014.

**Directors**

The Directors' who served during the year are as stated below:

Mr A D Clarke

Mr P M Clee

In accordance with Section 414C (11) of the Companies Act 2006 items which are required to be disclosed under Section 7 are disclosed in the Strategic Report rather than the Directors' Report.

**Purchase of own shares**

During the year the company purchased the forty B £1 shares in issue for £80,000. The shares were purchased for the long term benefit of the company. The shares were held by individuals who did not have an active role in the business and therefore it was deemed more appropriate for them to be repurchased so the entire control would be held by the Directors.

**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.

**FRESHCUT FOODS LTD**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JANUARY 2014**

..... continued

**Auditors**

Minshalls Limited are deemed to be reappointed in accordance with an elective resolution made under Section 386(1) of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report was approved by the Board on 6 August 2014 and signed on its behalf by

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal line with a small loop at the end.

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 2014 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 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 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**

As explained more fully in the directors' responsibilities statement (set out on page 4 - 5), 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 (APB'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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement's or inconsistencies we consider the implications for our 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.

### **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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

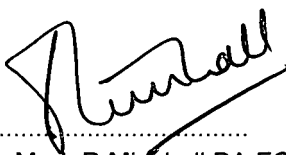
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
FRESHCUT FOODS LTD**

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**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.



.....  
Mr Mark R Minshall BA FCA (Senior statutory auditor)

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

Date: 6 August 2014



## FRESHCUT FOODS LTD

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JANUARY 2014**

		<b>Continuing operations</b>	
		<b>2014</b>	<b>2013</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	14,088,112	13,575,772
Cost of sales		(10,239,377)	(9,890,245)
<b>Gross profit</b>		<b>3,848,735</b>	<b>3,685,527</b>
Distribution costs		(777,830)	(848,379)
Administrative expenses		(2,664,236)	(2,607,480)
Other operating income		87,900	-
<b>Operating profit</b>	<b>3</b>	<b>494,569</b>	<b>229,668</b>
Other interest receivable and similar income	<b>5</b>	78	32
Interest payable and similar charges	<b>6</b>	(6,514)	(19,702)
<b>Profit on ordinary activities before taxation</b>		<b>488,133</b>	<b>209,998</b>
Tax on profit on ordinary activities	<b>9</b>	(129,267)	(58,505)
<b>Profit for the year</b>	<b>19</b>	<b>358,866</b>	<b>151,493</b>

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

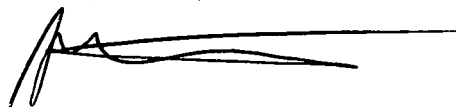
## FRESHCUT FOODS LTD - 04584241

BALANCE SHEET  
AS AT 31 JANUARY 2014

	Notes	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10		-		80,862
Tangible assets	11		482,095		597,663
			<u>482,095</u>		<u>678,525</u>
<b>Current assets</b>					
Stocks	12	221,122		189,568	
Debtors	13	2,217,115		1,598,145	
Cash at bank and in hand		45,988		89,276	
		<u>2,484,225</u>		<u>1,876,989</u>	
<b>Creditors: amounts falling due within one year</b>	14	(1,858,542)		(1,701,221)	
<b>Net current assets</b>			<u>625,683</u>		<u>175,768</u>
<b>Total assets less current liabilities</b>			1,107,778		854,293
<b>Creditors: amounts falling due after more than one year</b>	15		-		(17,175)
<b>Provisions for liabilities</b>	16		<u>(12,637)</u>		<u>(20,443)</u>
<b>Net assets</b>			<u>1,095,141</u>		<u>816,675</u>
<b>Capital and reserves</b>					
Called up share capital	18		5,060		5,100
Other reserves	19		40		-
Profit and loss account	19		<u>1,090,041</u>		<u>811,575</u>
<b>Shareholders' funds</b>	20		<u>1,095,141</u>		<u>816,675</u>

These accounts were approved by the directors on 6 August 2014, and are signed on their behalf by:

Mr A D Clarke  
Director



Registration number 04584241

The notes on pages 12 to 22 form an integral part of these financial statements.

## FRESHCUT FOODS LTD

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	2014 £	2013 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		494,569	229,668
Depreciation		273,352	350,116
(Increase) in stocks		(31,554)	19,637
(Increase) in debtors		(618,970)	88,660
Increase in creditors		123,840	(544,938)
<b>Net cash inflow from operating activities</b>		<u>241,237</u>	<u>143,143</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		241,237	143,143
Returns on investments and servicing of finance	25	(6,436)	(19,670)
Taxation	25	(73,924)	(102,944)
Capital expenditure	25	(76,922)	(41,188)
		<u>83,955</u>	<u>(20,659)</u>
Financing	25	(127,243)	(53,332)
<b>Increase in cash in the year</b>		<u>(43,288)</u>	<u>(73,991)</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 26)</b>			
<b>Increase in cash in the year</b>		(43,288)	(73,991)
Cash outflow from decrease in debts and lease financing		46,843	53,332
Change in net funds resulting from cash flows		<u>3,555</u>	<u>(20,659)</u>
New finance leases and hire purchase contracts		-	(66,588)
<b>Movement in net funds in the year</b>		<u>3,555</u>	<u>(87,247)</u>
<b>Net funds at 1 February 2013</b>		24,956	112,203
<b>Net funds at 31 January 2014</b>		<u>28,511</u>	<u>24,956</u>

**FRESHCUT FOODS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014**

..... continued

**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 3 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% - 25% 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 2014**2. Turnover**

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

**3. Operating profit**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Amortisation written off intangible assets	80,862	80,863
Depreciation		
- written off owned tangible fixed assets	179,723	231,302
- written off tangible fixed assets on HP/Finance lease	12,767	37,952
Operating lease rentals		
- Land and buildings	115,000	115,000
- Office equipment	2,817	8,398
Auditors' remuneration (Note 4)	8,500	8,500
Auditors' remuneration from non-audit work (Note 4)	10,148	7,513

**4. Auditors' remuneration**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit of the financial statements	8,500	8,500
Auditors' remuneration - other fees:		
- taxation and compliance services	10,148	7,513

**5. Interest receivable and similar income**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank interest	78	32

**6. Interest payable and similar charges**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Hire purchase interest	3,909	5,376
Invoice discounting interest	2,605	14,326

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014

..... continued

**7. Employees****Number of employees**The average monthly numbers of employees  
(including the directors) during the year were:

	<b>2014 Number</b>	<b>2013 Number</b>
Production staff	116	115
Administration staff	35	33
Management staff	2	2
	<u>153</u>	<u>150</u>

**Employment costs**

	<b>2014 £</b>	<b>2013 £</b>
Wages and salaries	3,439,668	3,367,930
Social security costs	242,374	211,122
Pension costs-other operating charge	136,456	158,406
	<u>3,818,498</u>	<u>3,737,458</u>

**7.1. Directors' remuneration**

	<b>2014 £</b>	<b>2013 £</b>
Remuneration and other emoluments	292,343	230,848
Pension contributions	80,000	94,000
	<u>372,343</u>	<u>324,848</u>

	<b>Number</b>	<b>Number</b>
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:

	<b>£</b>	<b>£</b>
Emoluments and other benefits	157,827	123,382
Pension contributions	40,000	47,000
	<u>197,827</u>	<u>170,382</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 £136,456 (2013 - £158,406).

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014

..... continued

## 9. Tax on profit on ordinary activities

Analysis of charge in period	2014 £	2013 £
<b>Current tax</b>		
UK corporation tax at 23.00% (2013 - 24.00%)	138,423	75,274
Adjustments in respect of previous periods	(1,350)	-
	<u>137,073</u>	<u>75,274</u>
Total current tax charge	<u>137,073</u>	<u>75,274</u>
 <b>Deferred tax</b>		
Timing differences, origination and reversal	(7,806)	(16,769)
Total deferred tax	<u>(7,806)</u>	<u>(16,769)</u>
Tax on profit on ordinary activities	<u>129,267</u>	<u>58,505</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 (23.17 per cent). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>488,133</u>	<u>209,998</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.17% (31 January 2013 : 24.33%)	113,100	51,093
<b>Effects of:</b>		
Expenses not deductible for tax purposes	18,139	8,889
Capital allowances for period in excess of depreciation	6,029	13,792
Adjustments to tax charge in respect of previous periods	(1,350)	-
Effect due to rate alteration	1,155	2,179
Marginal Relief	-	(679)
Current tax charge for period	<u>137,073</u>	<u>75,274</u>

## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014

..... continued

## 10. Intangible fixed assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 February 2013	313,508	313,508
At 31 January 2014	313,508	313,508
<b>Amortisation</b>		
At 1 February 2013	232,646	232,646
Charge for year	80,862	80,862
At 31 January 2014	313,508	313,508
<b>Net book values</b>		
At 31 January 2014	-	-
At 31 January 2013	80,862	80,862

## 11. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 February 2013	1,469,416	82,569	1,551,985
Additions	51,705	25,217	76,922
At 31 January 2014	1,521,121	107,786	1,628,907
<b>Depreciation</b>			
At 1 February 2013	911,967	42,355	954,322
Charge for the year	175,479	17,011	192,490
At 31 January 2014	1,087,446	59,366	1,146,812
<b>Net book values</b>			
At 31 January 2014	433,675	48,420	482,095
At 31 January 2013	557,449	40,214	597,663



## FRESHCUT FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2014

..... continued

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

Asset description	2014		2013	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	<u>81,388</u>	<u>12,767</u>	<u>105,276</u>	<u>37,952</u>
<b>12. Stocks</b>			<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Raw materials and consumables			201,114	154,554
Finished goods and goods for resale			<u>20,008</u>	<u>35,014</u>
			<u>221,122</u>	<u>189,568</u>
<b>13. Debtors</b>			<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Trade debtors			1,676,043	1,440,118
Amount owed by invoice discounting facility			320,401	12,091
Amount owed by connected companies			18,977	39,257
Other debtors			46,230	49,959
Prepayments and accrued income			<u>155,464</u>	<u>56,720</u>
			<u>2,217,115</u>	<u>1,598,145</u>

## FRESHCUT FOODS LTD

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<b>14. Creditors: amounts falling due within one year</b>	<b>2014 £</b>	<b>2013 £</b>
Net obligations under finance leases and hire purchase contracts	17,476	47,144
Trade creditors	895,884	744,191
Amounts owed to connected companies	360,000	450,000
Corporation tax	138,430	75,281
Other taxes and social security costs	56,010	56,085
Other creditors	11,149	19,379
Accruals and deferred income	379,593	309,141
	<u>1,858,542</u>	<u>1,701,221</u>

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

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

The average interest rate for the lending facilities in the year was 3.45%.

<b>15. Creditors: amounts falling due after more than one year</b>	<b>2014 £</b>	<b>2013 £</b>
Net obligations under finance leases and hire purchase contracts	-	17,175
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	17,476	47,144
Repayable between one and five years	-	17,175
	<u>17,476</u>	<u>64,319</u>

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

The average interest rate for the lending facilities in the year was 3.45%.

## FRESHCUT FOODS LTD

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## 16. Provisions for liabilities

	Deferred taxation (Note 17) £	Total £
At 1 February 2013	20,443	20,443
Movements in the year	(7,806)	(7,806)
At 31 January 2014	<u>12,637</u>	<u>12,637</u>

## 17. Provision for deferred taxation

	2014 £	2013 £
Accelerated capital allowances	12,637	3,443
Short term timing difference	-	17,000
Provision for deferred tax	<u>12,637</u>	<u>20,443</u>
Provision at 1 February 2013	20,443	
Deferred tax credit in profit and loss account	(7,806)	
Provision at 31 January 2014	<u>12,637</u>	

## FRESHCUT FOODS LTD

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18. Share capital	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
5,060 Ordinary A shares of £1 each	5,060	5,060
0 Ordinary B shares of £1 each	-	40
	<u>5,060</u>	<u>5,100</u>
	<u><u>5,060</u></u>	<u><u>5,100</u></u>
 <b>Equity Shares</b>		
5,060 Ordinary A shares of £1 each	5,060	5,060
0 Ordinary B shares of £1 each	-	40
	<u>5,060</u>	<u>5,100</u>
	<u><u>5,060</u></u>	<u><u>5,100</u></u>

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

During the year the 40 ordinary B shares were repurchased by the company and are no longer in issue.

19. Equity Reserves	Profit and loss account £	Capital redemption reserve £	Total £
<b>At 1 February 2013</b>	811,575	-	811,575
Profit for the year	358,866		358,866
Purchase of own shares	(80,400)	40	(80,360)
<b>At 31 January 2014</b>	<u>1,090,041</u>	<u>40</u>	<u>1,090,081</u>
	<u><u>1,090,041</u></u>	<u><u>40</u></u>	<u><u>1,090,081</u></u>

20. Reconciliation of movements in shareholders' funds	2014 £	2013 £
Profit for the year	358,866	151,493
Purchase of own shares	(80,440)	-
Other recognised gains or losses	40	-
Net addition to shareholders' funds	<u>278,466</u>	<u>151,493</u>
Opening shareholders' funds	816,675	665,182
Closing shareholders' funds	<u><u>1,095,141</u></u>	<u><u>816,675</u></u>

## FRESHCUT FOODS LTD

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**21. Financial commitments**

At 31 January 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
<b>Expiry date:</b>				
Within one year	-	-	3,679	3,531
Between one and five years	115,000	115,000	4,415	4,415
In over five years	-	-	1,886	-
	<u>115,000</u>	<u>115,000</u>	<u>9,980</u>	<u>7,946</u>

**22. Contingent liabilities**

During the year cross guarantees were in place between Freshcut Foods Ltd and Fresh Mediterranean Foods Ltd, a company in which the directors have an interest. There was no liability at the year end.

**23. Related party transactions**

During the year sales were made to SHCL FMF Newco 3 Limited (formerly known as Fresh Mediterranean Foods Limited), a company in which the directors have an interest, amounting to £1,232,153 (2013: £1,299,637).

During the year SHCL FMF Newco 3 Limited recharged certain costs to the company amounting to £Nil (2013: £12,000).

Included in Debtors at the year end is a balance of £18,977 (2013: £39,257) owed from SHCL FMF Newco 3 Limited. Also included in Creditors at the year end is £360,000 (2013: £450,000) owed to SHCL FMF Newco 3 Limited. These amounts are unsecured, interest free and repayable on demand.

During the year the company purchased computer services to the value of £102,667 (2013: £Nil) from Altech Software Limited, a subsidiary of SHCL FMF Newco 3 Limited. The company charged management fees to Altech Software Ltd amounting to £87,900 (2013: £Nil) during the year. During the prior year the company purchased capital items from Altech Software Limited amounting to £25,000. No capital items were purchased from Altech Software Limited during the current year.

During the year the company was charged £16,483 (2013: £38,542) for IT services from Ropeweaver Business Systems Limited, a company in which the directors' spouses have an interest.

During 2013 the directors had an interest in CS2 Transport Limited. Included in the 2013 accounts was a trade creditor amounting to £41,827 and delivery services received from CS2 Transport Limited of £499,521. The directors had no interest in CS2 Transport Limited during the 2014 year end.

## FRESHCUT FOODS LTD

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**24. Controlling interest**

The company is controlled by the directors by virtue of the fact that together they own 100% of the issued share capital.

**25. Gross cash flows**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	78	32
Interest paid	(6,514)	(19,702)
	<u>(6,436)</u>	<u>(19,670)</u>
<b>Taxation</b>		
Corporation tax paid	(73,924)	(102,944)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(76,922)	(41,188)
<b>Financing</b>		
Purchase of own shares	(80,400)	-
Capital element of finance leases and hire purchase contracts	(46,843)	(53,332)
	<u>(127,243)</u>	<u>(53,332)</u>

**26. Analysis of changes in net funds**

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	89,276	(43,288)	45,988
Finance leases and hire purchase contracts	(64,320)	46,843	(17,477)
<b>Net funds</b>	<u>24,956</u>	<u>3,555</u>	<u>28,511</u>