**RNB Stores Limited**

# Report and financial statements

Registered number 8004720

For the 52 weeks ended 28 December 2013

# Contents

# Company information

### Directors

D Willson-Rymer
S Potter
RG Marshall
R Collins (resigned 2 December 2013)
AM Barber (appointed 2 December 2013)

### Company secretary

Bibby Bros. & Co. (Management) Limited

### Registered office

105 Duke Street
Liverpool
L1 5JQ

### Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

### Bankers

Lloyds TSB
Liverpool Law Courts
Merchant Court
2-12 Lord Street
Liverpool
L2 1TS

# Strategic report

The directors present their annual report consisting of the strategic report and the directors' report and the audited financial statements for the financial period which consists of the 52 weeks ended 28 December 2013.

**Review of the business**

*Principal activities*

During the year ended 28 December 2013, and until August 2014 the company's principal activity was the operation of off-licence stores in the UK. However, on 23 August 2014, the directors took the decision to cease trading following the sale of 31 stores to Conviviality Retail plc. As the directors do not intend to acquire a replacement trade they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1 to the financial statements.

*Strategy*

A detailed business review was carried out in 2013 and the business implemented a strategy to split the estate into 2 segments, "local value" and "premium" stores, with the aim of driving sales performance. New store formats were trialled towards the end of the year, which received positive customer feedback and resulted in an improved sales performance. In December 2013, a new Managing Director was appointed and the business received £1m of additional loan funding from its parent company. Unfortunately, despite the strategic actions taken, the decision has been made, post year-end to sell the estate, due to on going business performance issues in early 2014.

*Business performance*

The results for the 52 week period show a loss before taxation of £4.3m (40 weeks ended 29 December 2012: loss £1.1m) generated from a turnover of £30.6m (40 weeks ended 29 December 2012 £26.1m). Total sales were higher than the previous year as a result of the full year trading period compared to 40 weeks in the previous period. However, underlying sales performance fell during the period in a difficult market. Gross margin fell as a result of more aggressive discounting and promotional activity. There were 52 stores trading at the year end date with 5 closed during the period. Competition is strong in the sector, particularly from multiple and discount operators.

Despite the strategic actions taken, the ongoing business performance continued to generate substantial losses. The decision was therefore taken, post year-end, to close the trading operations of the business. RNB Stores Limited sold 31 stores to Conviviality Retail Plc. A further 12 stores were subsequently sold to various parties during the summer months. The remaining estates of 9 stores ceased trading on 22nd August 2014.

*Key performance measures*

| | 2013 | 2012 |
|---|---|---|
| Turnover | £30.6m | £26.1m |
| Gross margin % | 11.66% | 15.5% |
| Operating margin % | (13.12%) | (3.3%) |

*Principal risks and uncertainties*

During the second half of 2014, the main retail operation of the business was closed down and therefore the future working capital requirement is expected to be low. The most significant risk to the company going forward is the recoverability of the remaining net assets.

The company manages its liquidity risk by ensuring that appropriate funding is in place to ensure the company can meet its liabilities as they fall due for the foreseeable future. The Company's funding loans are provided by the ultimate parent company Bibby Line Group.

By order of the board

**D Willson-Rymer**
*Director*

105 Duke St
Liverpool
L1 5JQ

25 September 2014

# Directors' report

**Results and dividends**

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

**Directors**

The directors who served during the period and up to the date of signing the financial statements are outlined in Company Information Section, of the report.

No director had any interests in, or rights to subscribe for, shares or debentures in the Company during the financial period.

The directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

**Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as is possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees was madethrough the group newsletters and briefings, until such time the employees transferred to another group or left the business.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Going concern**

Subsequent to the year-end, the decision was made to dispose of a material number of stores and to cease trading. The financial statements have not been prepared on a going concern basis.

On 16 May 2014 RNB Stores Limited sold 26 stores to Conviviality Retail Plc. The consideration for the stores was £1.7m, of which £1.5m was received in cash and £0.2m was deferred until successful assignment of leases from Costcutter Supermarkets Group Ltd. The sale included 7 freehold properties and fixtures and fittings for all 26 stores. Since that date a further 17 stores have been sold to various parties (including 5 further stores to Conviviality Retail Plc) for a total cash consideration of £0.4m. The remaining estate of 8 stores ceased trading on 22 August 2014.

Further details are contained in note 1 to the financial statements.

## Directors' report (continued)

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office.

By order of the board

**D Willson-Rymer**
*Director*

105 Duke St
Liverpool
L1 5JQ

25 September 2014

## Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

# Independent auditor's report to the members of RNB Stores Limited

We have audited the financial statements of RNB Stores Limited for the 52 weeks ended 28 December 2013 set out on pages ~~11~~ 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website atwww.frc.org.uk/auditscopeukprivate..

**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 28 December 2013 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of matter - non-going concern basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note.

**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 period for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of RNB Stores Limited *(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.

Chris Hearld

**Chris Hearld (Senior Statutory Auditor)**

For and on behalf of **KPMG LLP, Statutory Auditor**

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

26 September 2014

## Profit and loss account
***For the 52 weeks ended 28 December 2013***

| | *Note* | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|---|
| **Turnover** | | **30,623,717** | 26,142,522 |
| Cost of sales (*includes exceptional credit £nil (2012: £1,043,637 related to negative goodwill release)*) | | **(27,051,605)** | (22,078,767) |
| **Gross profit** | | **3,572,112** | 4,063,755 |
| Administrative expenses | | **(7,858,360)** | (4,988,105) |
| Other operating income | *2* | **267,989** | 52,077 |
| **Operating loss** | *3* | **(4,018,259)** | (872,273) |
| Interest payable and similar charges | *5* | **(304,789)** | (225,261) |
| **Loss on ordinary activities before taxation** | | **(4,323,048)** | (1,097,534) |
| Tax on loss on ordinary activities | *6* | **493,136** | 206,666 |
| **Loss for the financial period** | *16* | **(3,829,912)** | (890,868) |

All activities relate to continued operations. However the accounts have been prepared under the break up basis, please see note 1 for more details.

The company has no recognised gains or losses other than as shown above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the loss on ordinary activities before taxation and the loss sustained for the financial period stated above, and their historical cost equivalents.

The notes on pages 11-21 form part of these financial statements.

# Balance sheet

*As at 28 December 2013*

| | *Note* | **28 December 2013** £ | £ | 29 December 2012 £ | £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | *7* | | - | | - |
| Tangible assets | *8* | | - | | 2,610,286 |
| | | | - | | 2,610,286 |
| **Current assets** | | | | | |
| Intangible assets | *7* | **1** | | - | |
| Tangible assets | *8* | **1,871,158** | | - | |
| Stocks | *9* | **3,552,758** | | 2,798,746 | |
| Debtors | *10* | **1,602,715** | | 1,441,191 | |
| Cash at bank and in hand | | **1,198,964** | | 833,425 | |
| | | | | 5,073,362 | |
| **Creditors:** amounts falling due within one year | *11* | **(7,348,769)** | | (4,602,515) | |
| **Net current assets** | | | **876,827** | | 470,847 |
| **Total assets less current liabilities** | | | **876,827** | | 3,081,133 |
| Creditors: amounts falling due after one year | *12* | | **(4,972,000)** | | (3,972,000) |
| **Provisions for liabilities and charges** | *13* | | **(625,606)** | | - |
| **Net liabilities** | | | **(4,720,779)** | | (890,867) |
| **Capital and reserves** | | | | | |
| Called up share capital | *14* | | **1** | | 1 |
| Profit and loss account | *15* | | **(4,720,780)** | | (890,868) |
| **Equity shareholders' deficit** | *16* | | **(4,720,779)** | | (890,867) |

The notes on pages 11-21 form part of these financial statements.

These financial statements were approved by the board of directors on 25 September 2014 and were signed on its behalf by:

**D Willson-Rymer**
*Director*

# Notes

*(forming part of the financial statements)*

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

*Basis of preparation*

In previous years, the financial statements have been prepared on a going concern basis. However, on 23 August 2014 the directors took the decision to cease trading following the sale of 31stores to Conviviality Retail Plc. As they do not intend to acquire a replacement trade the directors have not prepared the financial statements on a going concern basis. For further details, see the Going concern section below.

As the Company is a wholly owned subsidiary of Bibby Line Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

*Accounting reference date*

The accounting period of the Group ends on the Saturday falling between 26 December and 3 January each year.

*Going concern*

The financial statements have not been prepared on the going concern basis. Since the balance sheet date the company has sold or closed all its stores.

In previous years, the financial statements have been prepared on a going concern basis. However, on the 16th May 2014, the directors took the decision to sell 26stores to Conviviality Retail Plc. The business subsequently sold a further 5 stores to Conviviality and 12 stores to various other parties. The remaining estate of 9 stores ceased trading on 22nd August 2014. As a result of this the directors have not prepared the financial statements on a going concern basis. This has led to the reclassification of all non-current assets and liabilities as current assets and liabilities, and has resulted in closure costs and associated provisions of £1,339,899.

The company's ultimate parent company, Bibby Line Group Limited, have agreed to defer the cash settlement of interest costs for a period of at least twelve months from the balance sheet date.. The loan due date has not changed and is still classed as Creditors: amounts falling due after one year.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

*Cash flow statement*

The company is a wholly owned subsidiary of a group headed by Bibby Line Group, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption under the terms of Financial Reporting Standard No 1 (revised) from preparing a cash flow statement.

*Turnover*

Turnover comprises the amount receivable from retail customers but excludes value added tax and trade discounts. Turnover is recognised on transfer of goods to customers.

The directors consider that they have one business segment.

*Negative goodwill*

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

*Tangible fixed assets*

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|---|---|---|
| Freehold property | - | 2% straight line |
| Leasehold property | - | Straight line over the life of the lease |
| Fixtures and fittings | - | 10%-15% straight line |
| Motor vehicles | - | 25% reducing balance |
| Computer equipment | - | 20-33% straight line |

*Stocks*

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on invoiced value on a first in first out basis.

*Operating lease agreements*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

*Deferred taxation*

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

The effective deferred tax rate in the year was 20% (29 December 2012: 23%).

## 2 Other operating income

| | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|
| Commission receivable | **55,385** | 45,656 |
| Advertising income | **211,052** | - |
| Other operating income | **1,552** | 6,421 |
| | **267,989** | 52,077 |

## 3 Notes to the profit and loss account

| | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|
| *Loss on ordinary activities before taxation is stated after charging:* | | |
| Amortisation | **1,806** | - |
| Depreciation of tangible fixed assets | **112,434** | 66,555 |
| Impairment of tangible fixed assets | **659,155** | - |
| Impairment of intangible fixed assets | **18,744** | - |
| Auditors' remuneration: audit services | **14,420** | 17,000 |
| Exceptional credit related to negative goodwill release | - | (1,043,637) |
| Operating lease rentals: | | |
| Land and buildings | **625,400** | 620,154 |

In the prior period, the land and building operating lease rental includes £617,778 that was paid direct to the administrator for onward submission to the landlords until the lease novations became effective in December 2012.

All operating lease commitments are held by a fellow group undertaking of the ultimate parent company, Costcutter Supermarkets Group Limited. These costs are recharged on a cost basis and settled by RNB Stores Limited.

# Notes *(continued)*

## 4 Staff numbers and costs

The average number of persons employed by the company (excluding executive directors) during the period, analysed by category, was as follows:

| | Number of employees | |
|---|---|---|
| | **52 weeks ended 28 December 2013** | 40 weeks ended 29 December 2012 |
| Administrative staff | **15** | 17 |
| Retail staff | **311** | 358 |
| | **326** | 375 |

The aggregate payroll costs of these persons were as follows:

| | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|
| Wages and salaries | **3,552,190** | 2,812,548 |
| Social security costs | **156,769** | 116,968 |
| | **3,708,959** | 2,929,516 |

The directors did not receive any emoluments for qualifying services through this company as all costs are borne by other group companies.

## 5 Interest payable and similar charges

| | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|
| Inter-company loan interest | **304,789** | 225,261 |

# Notes *(continued)*

## 6 Taxation

| | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|
| *UK corporation tax.* | | |
| Current tax on income for the period – group relief paid for | **(467,059)** | (206,666) |
| Adjustments in respect of the prior periods | **2,217** | - |
| Total current tax credit | **(464,842)** | (206,666) |
| *Deferred tax* | | |
| Origination and reversal of timing differences | **(23,178)** | - |
| Effects of change in corporation rate | **-** | - |
| Adjustment in respect of prior periods | **(5,116)** | - |
| Total deferred tax credit (note 13) | **(28,294)** | - |
| Tax credit on loss on ordinary activities | **(493,136)** | (206,666) |

*Factors affecting the tax credit for the current period*

The current tax credit for the period is lower (2012: lower) than the standard rate of corporation tax in the UK 23.25% (2012: 24.00%). The differences are explained below:

| | **52 weeks ended 28 December 2013 £** | 40 weeks ended 29 December 2012 £ |
|---|---|---|
| *Current tax reconciliation* | | |
| Loss on ordinary activities before tax | **(4,323,048)** | (1,097,534) |
| Current tax at 23.25% (2012: 24.00% ) | **(1,005,109)** | (263,408) |
| Effects of: | | |
| Expenses not deductible for tax purposes | **342,010** | 56,862 |
| Accelerated capital allowances and other timing differences | **23,178** | - |
| Non taxable income | **-** | (120) |
| Adjustment in respect of prior periods | **2,217** | - |
| Deferred tax provided at rate different to corporation tax rate | **3,766** | - |
| Tax losses carried forward | **169,096** | - |
| Total current tax credit | **(464,842)** | (206,666) |

## Notes *(continued)*

### 7 Intangible fixed assets

| | Brands and Trademarks £ |
|---|---|
| ***Cost*** | |
| At beginning of period | - |
| Additions | 20,551 |
| At end of period | 20,551 |
| ***Depreciation*** | |
| At beginning of period | - |
| Charge for period | 1,806 |
| Impairment charge | 18,744 |
| At end of period | 20,550 |
| ***Net book value*** | |
| **At end of period** | **1** |
| At beginning of period | - |

### 8 Tangible fixed assets

| | Freehold property £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---|---|---|---|---|
| ***Cost*** | | | | |
| At beginning of period | 2,322,559 | 354,282 | - | 2,676,841 |
| Additions | - | 29,443 | 61,890 | 91,333 |
| At end of period | 2,322,559 | 383,725 | 61,890 | 2,768,174 |
| ***Depreciation*** | | | | |
| At beginning of period | 35,239 | 31,316 | - | 66,555 |
| Charge for period | 46,451 | 38,849 | 27,134 | 112,434 |
| Impairment charge | 466,218 | 217,053 | 34,756 | 718,027 |
| At end of period | 547,908 | 287,218 | 61,890 | 897,016 |
| ***Net book value*** | | | | |
| **At end of period** | **1,774,651** | **96,507** | **-** | **1,871,158** |
| At beginning of period | 2,287,320 | 322,966 | - | 2,610,286 |

# Notes *(continued)*

## 9 Stocks

| | 28 December 2013 £ | 29 December 2012 £ |
|---|---|---|
| Goods held for resale | **3,552,758** | 2,798,746 |

## 10 Debtors

| | 28 December 2013 £ | 29 December 2012 £ |
|---|---|---|
| Trade debtors | **329,881** | 549,408 |
| Other debtors | **-** | 81,780 |
| Amounts owed by wholly owned subsidiaries of the parent group | **706,474** | 395,541 |
| Other tax and social security | **158,174** | 31,517 |
| Prepayments | **408,186** | 382,945 |
| | **-** | - |
| | **1,602,715** | 1,441,191 |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 11 Creditors: amounts falling due within one year

| | 28 December 2013 £ | 29 December 2012 £ |
|---|---|---|
| Trade creditors | **2,433,734** | 2,221,480 |
| Other creditors | **32,049** | 24,667 |
| Amounts owed to wholly owned subsidiaries of the parent group | **3,681,861** | 1,702,819 |
| Accruals | **1,201,125** | 653,549 |
| | **7,348,769** | 4,602,515 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Notes *(continued)*

### 12 Creditors: amounts falling due after one year

| | **28 December 2013 £** | 29 December 2012 £ |
|---|---|---|
| Loan from Bibby Retail Services Limited | **4,972,000** | 3,972,000 |

Interest on the loan is payable quarterly in arrears at 7.5% per annum. The loan is scheduled for full repayment on 29 March 2017.

Bibby Line Group Limited have agreed to waive the cash settlement of loan interest for at least the next 12 months from the date of approval of these financial statements.

### 13 Provision for liabilities and charges

| | **Deferred taxation £** | **Onerous lease provision £** | **Total £** |
|---|---|---|---|
| At the beginning of the period | - | - | - |
| Profit and loss account | (28,294) | 653,900 | 625,606 |
| **At the end of the period** | **(28,294)** | **653,900** | **625,606** |

| | **28 December 2013 £** | 29 December 2012 £ |
|---|---|---|
| Difference between accumulated depreciation and amortisation and capital allowances | (28,294) | - |
| Other timing differences | - | - |
| Tax Losses | - | - |
| Undiscounted provision | (28,294) | - |
| Discount | - | - |
| Discounted provision | (28,294) | - |
| Deferred tax asset | (28,294) | - |
| Deferred tax liability | - | - |
| | (28,294) | - |

# Notes *(continued)*

## 13 Provision for liabilities and charges

RNB has entered in a number of sub-lease contracts with Costcutter Supermarkets Group Limited. Where the costs of meeting the obligations under these contracts exceeds the profitability of the store an onerous lease (£150,900) has been recognised. A further onerous lease provision (£503,000) has been provided in respect of the stores no longer trading at the time the financial statement were prepared. The provision is calculated based on the rental payable up to the earliest break clause in the contract.

## 14 Called up share capital

| | **28 December 2013** | 29 December 2012 |
|---|---|---|
| | **£** | £ |
| *Allotted and fully paid* | | |
| 1 Ordinary shares of £1 each | **1** | 1 |

## 15 Reserves

| | **Profit and loss account** |
|---|---|
| | **£** |
| At beginning of period | (890,868) |
| Profit for the period | (3,829,912) |
| At end of period | (4,720,780) |

## 16 Reconciliation of movements in shareholders' deficit

| | **28 December 2013** | 29 December 2012 |
|---|---|---|
| | **£** | £ |
| At beginning of period | **(890,867)** | - |
| Subscription of ordinary share capital | - | 1 |
| Loss for the period | **(3,829,912)** | (890,868) |
| **At end of period** | **(4,720,780)** | (890,867) |

# Notes *(continued)*

## 17 Financial commitments

At 28 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

| | **28 December 2013** | 29 December 2012 |
|---|---|---|
| | **£** | £ |
| Operating leases which expire: | | |
| Within one year | **7,500** | 50,485 |
| Between two and five years | **118,000** | 59,785 |
| In more than five years | **499,900** | 509,884 |
| | **625,400** | 620,154 |

## 18 Related party transactions

RNB Stores Limited sold goods to Costcutter Supermarkets Group Limited, a subsidiary of Bibby Line Group Limited, amounting to £451,656 (40 weeks ended 29 December 2012: £1,020,583). There were amounts outstanding at the year end of £34,966 (29 December 2012: £395,541). RNB Stores Limited also sold tax losses to Costcutter Supermarkets Group Limited amounting to £551,002 (29 December 2012: £206,666).

There were amounts outstanding to RNB Stores Limited for group tax relief at the year end amounting to £725,586.

RNB Stores Limited bought goods from Costcutter Supermarkets Group Limited, a subsidiary of Bibby Line Group Limited, amounting to £7,979,686 (40 weeks ended 29 December 2012 £4,155,897). There were amounts outstanding at the year end of £801,689 (29 December 2012: £247,887).

Also during the period Costcutter Supermarkets Group Limited paid for goods and services to the value of £1,300,482 (40 weeks ended 29 December 2012: £788,607) on behalf of RNB Stores Ltd. There were amounts outstanding at the year end of £1,637,601 (29 December 2012: £772,556).

RNB Stores Limited bought goods from Costcutter International (a subsidiary of Costcutter Supermakets Group Limited) amounting to £1,433,757 (40 weeks ended 29 December 2012: £1,643,609). There were amounts outstanding at the year end of £822,558 (29 December 2012: £648,906).

RNB Stores Limited bought goods from PDQ Limited (a subsidiary of Costcutter Supermakets Group Limited), amounting to £67,699 (40 weeks ended 29 December 2012 £47,756). There were amounts outstanding at the year end of £Nil (29 December 2012: £33,470).

# Notes *(continued)*

## 19 Post Balance Sheet Events

On 16 May 2014 RNB Stores Limited sold 26 stores to Conviviality Retail Plc. The consideration for the stores was £1.7m, of which £1.5m was received in cash and £0.2m was deferred until successful assignment of leases from Costcutter Supermarkets Group Ltd. The sale included 7 freehold properties and fixtures and fittings for all 26 stores.

Since that date a further 17 stores have been sold. Conviviality purchased a further 5 stores and 12 stores were sold tovarious parties for a total cash consideration of £0.4m.

The remaining estate of 9 stores ceased trading on 22 August 2014.

## 20 Ultimate parent undertaking

The immediate parent company is Bibby Retail Services Limited, a company registered in England and Wales.

The ultimate parent company and controlling party is Bibby Line Group Limited, which is the parent of the largest group to prepare consolidated financial statements, and copies are available from the company's registered office at 105 Duke Street, Liverpool L1 5JQ.