

**GRASSROOTS WHOLESALE FOODS
LTD**

**ANNUAL REPORT AND UNAUDITED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 JANUARY 2017

PAGES FOR FILING WITH REGISTRAR

GRASSROOTS WHOLESALE FOODS LTD

COMPANY INFORMATION

Directors	S R Mellin	
	N J Mellin	
	M R Riley	
	A Hirst	(Appointed 18 September 2017)
	M J Jackson	(Appointed 18 September 2017)

Company number	08410569 (England and Wales)
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Registered office	1 Lindred Road Lomeshaye Industrial Estate Nelson Lancashire BB9 5SR
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Business address	1 Lindred Road Lomeshaye Industrial Estate Nelson Lancashire BB9 5SR
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GRASSROOTS WHOLESALE FOODS LTD

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GRASSROOTS WHOLESALE FOODS LTD

BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets			21,861		25,110
Tangible assets	4		3,225,380		482,316
			<u>3,247,241</u>		<u>507,426</u>
Current assets					
Stocks		157,717		84,991	
Debtors	5	929,944		983,623	
Cash at bank and in hand		21,219		108,710	
		<u>1,108,880</u>		<u>1,177,324</u>	
Creditors: amounts falling due within one year	6	<u>(1,872,158)</u>		<u>(1,018,805)</u>	
Net current (liabilities)/assets			<u>(763,278)</u>		<u>158,519</u>
Total assets less current liabilities			2,483,963		665,945
Creditors: amounts falling due after more than one year	7		(1,540,782)		(265,567)
Provisions for liabilities			(19,492)		(63,385)
Deferred income	9		<u>(140,660)</u>		<u>(14,175)</u>
Net assets			<u>783,029</u>		<u>322,818</u>
Capital and reserves					
Called up share capital	10		1,200		150
Share premium account	11		744,302		99,950
Profit and loss reserves			<u>37,527</u>		<u>222,718</u>
Total equity			<u>783,029</u>		<u>322,818</u>

The notes on pages 3 - 9 form an integral part of these financial statements.

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

GRASSROOTS WHOLESALE FOODS LTD

BALANCE SHEET (CONTINUED)

AS AT 31 JANUARY 2017

For the financial year ended 31 January 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 6 December 2017 and are signed on its behalf by:

S R Mellin
Director

Company Registration No. 08410569

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

Company information

Grassroots Wholesale Foods Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1 Lindred Road, Lomeshaye Industrial Estate, Nelson, Lancashire, BB9 5SR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The company early adopted section 1A of FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

During the year ended 31 January 2017, the company sustained a loss before taxation of £229,084. Trading conditions have continued to be difficult in the current financial year. The directors recognise that the competitive market in which the company operates can create uncertainties with regard to the level of demand for its products.

The company meets its working capital requirements through the support of its bankers, directors and other finance providers. The company's invoice discounting facility is due for renewal in June 2018 and negotiations will take place in due course.

The directors have considered the company's profit and cash flow projections for the remainder of the current financial year and for the year ended 31 January 2019. These indicate the company needs the continued support of its directors / shareholders to service its working capital and other loan finance requirements. M R Riley, the majority shareholder in the company, has confirmed his willingness to support the company based on these projections.

For these reasons, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Alterations to leasehold premises	20% straight line basis
Plant and machinery	20% straight line basis
Fixtures, fittings & equipment	20% straight line basis
Website	33% straight line basis
Motor vehicles	20% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

A financial instrument is a contract giving rise to a financial asset (such as trade and other debtors, cash and bank balances) or a financial liability (such as trade and other creditors, bank and other loans, hire purchase and lease creditors) or an equity instrument (such as ordinary or preference shares).

Financial instruments are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

All the company's financial instruments are basic financial instruments and are recognised at amortised cost using the effective interest method.

Amortised cost: the original transaction value, less amounts settled, less any adjustment for impairment.

Effective interest method: where a financial instrument falls due more than 12 months after the balance sheet date and is subject to a rate of interest which is below a market rate, the original transaction value is discounted using a market rate of interest to give the net present value of future cash flows.

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 55 (2016 - 37).

3 Intangible fixed assets

	Goodwill £
Cost	
At 1 February 2016 and 31 January 2017	32,400
Amortisation and impairment	
At 1 February 2016	7,290
Amortisation charged for the year	3,249
At 31 January 2017	10,539
Carrying amount	
At 31 January 2017	21,861
At 31 January 2016	25,110

4 Tangible fixed assets

	Alterations to leasehold premises £	Plant and machinery £	Fixtures, fittings & equipment £	Website £	Motor vehicles £	Total £
Cost						
At 1 February 2016	96,055	351,965	55,069	112,781	24,425	640,295
Additions	1,691,940	1,166,669	159,881	15,631	4,500	3,038,621
Disposals	-	(75,756)	-	-	(6,250)	(82,006)
At 31 January 2017	1,787,995	1,442,878	214,950	128,412	22,675	3,596,910
Depreciation and impairment						
At 1 February 2016	22,952	87,802	19,982	23,649	3,593	157,978
Depreciation charged in the year	26,741	133,478	40,960	40,478	8,082	249,739
Eliminated in respect of disposals	-	(31,536)	-	-	(4,651)	(36,187)
At 31 January 2017	49,693	189,744	60,942	64,127	7,024	371,530
Carrying amount						
At 31 January 2017	1,738,302	1,253,134	154,008	64,285	15,651	3,225,380
At 31 January 2016	73,103	264,163	35,086	89,132	20,832	482,316

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

5 Debtors	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	615,931	957,301
Other debtors	294,753	18,836
Prepayments and accrued income	19,260	7,486
	<u>929,944</u>	<u>983,623</u>

6 Creditors: amounts falling due within one year	2017	2016
	£	£
Bank loans and overdrafts	100,000	-
Obligations under hire purchase contracts	73,677	29,042
Trade creditors	1,444,123	866,754
Corporation tax	1	1
Other taxation and social security	32,850	26,082
Other creditors	11,496	6,808
Accruals and deferred income	210,011	90,118
	<u>1,872,158</u>	<u>1,018,805</u>

The bank loan is secured by a fixed and floating charge over all of the property or undertaking of the company.

The hire purchase creditors are secured on the assets to which they relate.

7 Creditors: amounts falling due after more than one year	2017	2016
	£	£
Bank loans and overdrafts	350,000	-
Obligations under hire purchase contracts	220,860	65,567
Other borrowings	969,922	200,000
	<u>1,540,782</u>	<u>265,567</u>

The bank loan is secured by a fixed and floating charge over all of the property or undertaking of the company.

The hire purchase creditors are secured on the assets to which they relate.

Other borrowings are loans from M R Riley, a director and shareholder of the company, which are unsecured.

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

8 Provisions for liabilities

	2017 £	2016 £
Deferred tax liabilities	19,492	63,385
	<u>19,492</u>	<u>63,385</u>

9 Government grants

During the year, the company received grants towards capital expenditure of £140,000. There are no unfulfilled conditions or other contingencies attaching to the grants, nor have there been any other forms of government assistance from which the company has directly benefitted.

	2017 £	2016 £
At beginning of year	14,175	-
Grant received during the year	140,000	17,117
Amortisation in the year	(16,938)	(2,942)
At end of year	<u>140,660</u>	<u>14,175</u>

10 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
759 A ordinary shares of £1 each	759	45
210 B ordinary shares of £1 each	210	50
210 C ordinary shares of £1 each	210	50
21 D ordinary shares of £1 each	21	5
	<u>1,200</u>	<u>150</u>

On 26 January 2017, the company issued 144 A ordinary, 160 B ordinary, 160 C ordinary and 16 D ordinary £1 shares at par.

On 30 January 2017, the company issued 570 A ordinary £1 shares at a premium of £1,130.44 above the par value.

GRASSROOTS WHOLESALE FOODS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

11 Share premium account

	2017 £	2016 £
At beginning of year	99,950	99,950
Issue of new shares	644,352	-
At end of year	<u>744,302</u>	<u>99,950</u>

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017 £	2016 £
166,667	-

13 Directors' transactions

Interest free loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
S R Mellin - Expenditure	-	-	6,473	(3,564)	2,909
N J Mellin - Expenditure	-	-	7,217	(1,134)	6,083
		<u>-</u>	<u>13,690</u>	<u>(4,698)</u>	<u>8,992</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.