

Hall's of Scotland Limited  
Annual report and financial statements  
for the year ended 31 December 2017

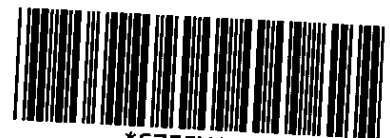
Registered Number SC076842

**COMPANIES HOUSE  
EDINBURGH**

**24 SEP 2018**

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# Hall's of Scotland Limited

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# Hall's of Scotland Limited

## Directors and advisers

### Directors

S M Godfrey (resigned 11<sup>th</sup> June 2018)

W Godfrey

Warren Godfrey

D Miller

A G Hill

D Sutherland

### Company secretary

S M Godfrey (resigned 11<sup>th</sup> June 2018)

### Independent auditors

KPMG LLP

Chartered Accountants and Statutory Auditors

319 St Vincent Street

Glasgow

G2 5AS

### Solicitors

Dentons UK and Middle East LLP

1 George Square

Glasgow

G2 1AL

### Registered office

Kelloholm Industrial Estate

Greystone Ave

Kelloholm

Sanquhar

Dumfriesshire

DG4 6RB

### Registered number

SC076842

### Bankers

Bank of Scotland

1 Castle Terrace

Edinburgh

EH1 2DP

# Hall's of Scotland Limited

## Strategic report for the year ended 31 December 2017

The directors' present their strategic report for the year ended 31 December 2017. The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

### Review of business

The Directors note a significant improvement in the performance of the company in what is still a difficult and competitive market. The statement of changes in equity is on page 9 and shows a profit for the year of £242,000 (2016: loss of £1,036,000) and retained losses at 31 December 2017 of £110,000 (2016: £352,000).

### Principal activities

The principal activities of the company are the manufacture of frozen and cooked meat products.

### Key performance indicators

The directors' focus on monthly detailed review and analysis of EBITDA and other key performance measures for the company compared with budgets. This allows for a full understanding of the development, performance and position of the business. The EBITDA for the year was £1,013,000 (2016: £95,000).

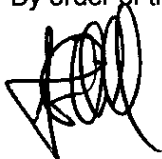
### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to competition from other suppliers, employee retention, product availability and price. These are managed by a strong core team of experienced senior employees and a Board of Directors with close involvement in the day to day operations. Detailed industry knowledge allows the company to be proactive as well as reactive.

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company does not use complex financial instruments. The company monitors closely exchange rates and hedges as it considers appropriate. The company uses and regularly monitors credit limits with its customers. The Directors regularly monitor levels of debt finance and the related finance costs.

By order of the Board



A G Hill

Director

4 September 2018

Kelloholm Industrial Estate  
Greystone Ave  
Kelloholm  
Sanquhar  
Dumfriesshire  
DG4 6RB

# Hall's of Scotland Limited

## Directors' report for the year ended 31 December 2017

The directors present their directors' report and the audited financial statements of the company for the year ended 31 December 2017.

### Future developments

The impact of the Brexit decision and the consequent effect on currency markets and the economy in general, has created even greater uncertainty in the UK food sector within which the company operates. Notwithstanding this, the directors remain confident of generating further growth and an improvement in financial performance.

### Dividends and transfer to reserves

No dividend was paid or proposed (2016: £nil). The profit for the financial year of £242,000 (2016: loss of £1,036,000) will be transferred to reserves.

### Charitable and political donations

The donations made by the company during the year ended 31 December 2017 for charitable purposes were £nil (2016: £nil). No political donations were made (2016: £nil).

### Directors

The directors of the company at 31 December 2017, who have held office during the whole of the year then ended except where stated, are listed on page 1.

### Research and development

The company continues to carry out research and development activities into new product areas.

### Employment of disabled persons

It is the policy of the company that disabled people should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with the necessary rehabilitation and training.

### Employee involvement

It is the policy of the company to consult employees and employee representatives wherever possible to support communication and thereby:

- provide information regarding the company's performance;
- ensure that employees' views are known as part of our decision making process; and
- discuss matters of concern or importance such as employment, personnel development, and welfare.

### Insurance

The company has Directors' and Officers' liability insurance in respect of itself and its directors.

# Hall's of Scotland Limited

## Directors' report for the year ended 31 December 2017 (continued)

### 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 year. 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

### 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/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

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

By order of the Board

A G Hill  
Director

4 September 2018



Kelloholm Industrial Estate  
Greystone Ave  
Kelloholm  
Sanquhar  
Dumfriesshire  
DG4 6RB



KPMG LLP  
319 St Vincent Street  
Glasgow  
G2 5AS  
United Kingdom

## **Independent auditor's report to the members of Hall's of Scotland Limited**

### **Opinion**

We have audited the financial statements of Hall's of Scotland Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss account, balance sheet, statement of change in equity, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

# Hall's of Scotland Limited

## Independent auditor's report to the members of Halls of Scotland Limited (Continued)

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Philip Charles (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Glasgow

4 September 2018



# Hall's of Scotland Limited

## Profit and loss account for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Turnover</b>	5	<b>35,597</b>	25,005
Cost of sales		<b>(28,993)</b>	(19,607)
<b>Gross profit</b>		<b>6,604</b>	5,398
Distribution costs		<b>(722)</b>	(644)
Administrative expenses		<b>(5,534)</b>	(4,645)
Other operating gains		<b>129</b>	60
<b>Operating profit</b>		<b>477</b>	169
Loss on disposal		-	(1,019)
<b>Profit/(loss) before interest and taxation</b>		<b>477</b>	(850)
Interest payable and similar charges	8	<b>(184)</b>	(106)
<b>Profit/(loss) before taxation</b>		<b>293</b>	(956)
Tax on profit/(loss) for the financial year	9	<b>(51)</b>	(80)
<b>Profit/(loss) for the financial year</b>		<b>242</b>	(1,036)

All amounts relate to continuing activities.

There are no amounts relating to other comprehensive income aside from the above result for the year.

Notes on pages 10 to 22 form part of the financial statements.

# Hall's of Scotland Limited

## Balance sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	1,043	1,612
<b>Total fixed assets</b>		<b>1,043</b>	<b>1,612</b>
<b>Current assets</b>			
Inventories	11	2,962	1,961
Trade and other receivables	12	8,939	6,458
Cash at bank and in hand	13	1	-
<b>Total current assets</b>		<b>11,902</b>	<b>8,419</b>
Creditors: amounts falling due within one year	14	(12,892)	(10,163)
<b>Net current liabilities</b>		<b>(990)</b>	<b>(1,744)</b>
<b>Total assets less current liabilities</b>		<b>53</b>	<b>(132)</b>
<b>Non current liabilities</b>			
Deferred revenue	17	(113)	(170)
<b>Net liabilities</b>		<b>(60)</b>	<b>(302)</b>
<b>Capital and reserves</b>			
Called up share capital	18	30	30
Capital redemption reserve		20	20
Profit and loss account		(110)	(352)
<b>Equity Shareholders' funds</b>		<b>(60)</b>	<b>(302)</b>

The notes on pages 10 to 22 are an integral part of these financial statements.

The financial statements on pages 7 to 22 were authorised for issue by the board of directors on 4 September 2018 and were signed on its behalf.



W Godfrey  
Director



A G Hill  
Director

Hall's of Scotland Limited  
Registered Number SC076842

# Hall's of Scotland Limited

## Statement of Changes in Equity 2016

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	30	20	684	734
Loss for the year	-	-	(1,036)	(1,036)
<b>Balance at 31 December 2016</b>	<b>30</b>	<b>20</b>	<b>(352)</b>	<b>(302)</b>

## Statement of Changes in Equity 2017

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	30	20	(352)	(302)
Profit for the year	-	-	242	242
<b>Balance at 31 December 2017</b>	<b>30</b>	<b>20</b>	<b>(110)</b>	<b>(60)</b>

# Hall's of Scotland Limited

## Notes to the financial statements

### 1 General information

Hall's of Scotland Limited ('the Company') supply frozen and cooked meat products to distributors and retailers throughout the UK. Details of the Company's activities during the year are provided in the Strategic Report. The Company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is Kelloholm Industrial Estate, Greystone Avenue, Kelloholm, Sanquhar, Dumfriesshire, DG4 6RB.

### 2 Statement of compliance

The individual financial statements of Hall's of Scotland Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

#### (b) Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The Company is part of a Group Banking facility including its intermediate parent Browns Food Group Limited and fellow subsidiary undertakings. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. The intermediate parent company and fellow subsidiary undertakings have indicated their continuing support for the company for the foreseeable future. On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### (c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the exemption from the requirement to prepare a statement of cash flows.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### (d) Foreign currency

The company's financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling. Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions; monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All resulting differences are dealt with in the profit and loss account in the year in which they arise.

#### (e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue can be measured reliably. Revenue from product sales is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is normally upon delivery of products and customer acceptance, if any. Revenue is stated net of sales taxes (such as VAT) and discounts.

#### (f) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans. The assets of the schemes are held separately in independently administered funds. These pension contributions are charged to the profit and loss account in the year in which they are made.

#### (g) Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable and deductible in a different period. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date. Full provision is made on a non discounted basis for deferred taxation liabilities arising from differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

#### (h) Tangible fixed assets

Plant, equipment and vehicles is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction. Depreciation is calculated using the straight line method over the following estimated useful lives of the assets:

Motor vehicles	-	4 – 5 years
Plant, equipment, fixtures and fittings	-	3 – 10 years

When estimating the useful life of an asset group, the principal factors the Company takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### (i) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first in, first out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

#### (j) Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. Where the Group uses pooling arrangements with a right of set-off, overdrafts and cash are netted and included in the appropriate category depending on the net position of the pool.

#### (k) Financial Instruments

The Company does not normally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

#### (l) Dividends

Dividends to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid.

#### (m) Related party disclosures

The company discloses transactions with related parties which are not wholly owned with the same Group. It does not disclose transactions with members of the same group that are wholly owned.

#### (n) Grants

Government grants in respect of capital expenditure are credited to deferred revenue, a proportion of which is transferred to revenue annually over the expected lives of the assets. Employment grants received by the group are credited against the expenses to which they relate.

#### (o) Research and development

All research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 4 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. The estimates and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities are addressed below.

#### (a) Provisions

The Company records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Company's balance sheet includes provisions for doubtful debts and inventory.

### 5 Turnover

Analysis of turnover by geography:

	2017 £'000	2016 £'000
<b>Geographical segment</b>		
United Kingdom	35,465	24,968
Rest of Europe	132	37
	<b>35,597</b>	<b>25,005</b>

All turnover has been generated from the manufacture of frozen and cooked meat products.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 6 Expenses and auditors' remuneration

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Included in profit/(loss) are the following:		
Depreciation	<b>647</b>	<b>1,004</b>
(Gain)/loss on disposals (2016: loss on property disposal to Holding company)	<b>(1)</b>	<b>1,019</b>
Grant credit	<b>(111)</b>	<b>(59)</b>
Fees payable to the Company's auditors for – Audit of company	<b>13</b>	<b>12</b>
Tax compliance services	<b>4</b>	<b>4</b>

### 7 Staff numbers and costs

The average monthly number of persons (including executive directors) employed by the Group during the year was:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Office and management staff	<b>90</b>	<b>29</b>
Production, distribution and sales staff	<b>188</b>	<b>224</b>
	<b>278</b>	<b>253</b>



# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>4,899</b>	4,196
Social Security costs	<b>340</b>	298
Other pension costs	<b>23</b>	22
Staff costs charged to profit and loss	<b>5,262</b>	4,516
<hr/>		
Directors - aggregate emoluments and benefits	<b>199</b>	200

Disclosed above are the directors' emoluments for two directors who are paid through a fellow group company, Brown Brothers (Manufacturing) Limited which are recharged to Hall's of Scotland Limited. There is no recharge made to Hall's of Scotland Limited in respect of the remaining four directors' emoluments. The amounts paid to these directors are disclosed in the financial statements of Brown Brothers (Manufacturing) Limited.

### 8 Interest payable and similar charges

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Interest expense on inter group working capital requirement	<b>184</b>	106

The interest payable represents a charge by the group based on the level of working capital in the company.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 9 Taxation

Total tax expense recognised in the profit and loss account	2017 £'000	2016 £'000
<b>Current tax:</b>		
- Current tax on income/(loss) for the year	51	87
- Adjustment in respect of prior years	20	(3)
<b>Total current tax</b>	<b>71</b>	<b>84</b>
<b>Deferred tax:</b>		
- Origination and reversal of timing differences	(3)	(20)
- Adjustment in respect of prior years	(17)	3
- Impact of change in tax rate	-	13
<b>Total deferred tax (see note 16)</b>	<b>(20)</b>	<b>(4)</b>
<b>Total tax</b>	<b>51</b>	<b>80</b>

#### (a) Reconciliation of effective tax rate

	2017 £'000	2016 £'000
Profit/(loss) for the year	242	(1,036)
Total tax expense	51	80
Profit/(loss) before taxation	293	(956)
Profit/(loss) multiplied by the standard rate of tax in the UK of 19.25% (2016:20%)	57	(191)
Expenses not deductible for tax purposes	-	266
Fixed asset differences	12	-
Income not taxable	(21)	(12)
Adjustments to tax charge in respect of prior years	3	-
Rate differences	-	17
<b>Total tax expense included in profit/(loss)</b>	<b>51</b>	<b>80</b>

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 9 Taxation (continued)

#### (b) Tax rate changes

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

### 10 Tangible fixed assets

	Motor vehicles £'000	Plant, equipment fixtures & fittings £'000	Total £'000
At 31 December 2016			
Cost	79	25,139	25,218
Accumulated depreciation and impairment	(37)	(23,569)	(23,606)
<b>Net book amount</b>	<b>42</b>	<b>1,570</b>	<b>1,612</b>
Year ended 31 December 2017			
Opening net book amount	42	1,570	1,612
Additions	79	10	89
Depreciation	(32)	(615)	(647)
Disposal	(11)	-	(11)
<b>At 31 December 2017</b>	<b>78</b>	<b>965</b>	<b>1,043</b>
Cost	139	25,149	25,288
Accumulated depreciation and impairment	(61)	(24,184)	(24,245)
<b>Net book amount</b>	<b>78</b>	<b>965</b>	<b>1,043</b>

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 11 Inventories

	2017	2016
	£'000	£'000
Raw materials and consumables	1,561	1,454
Finished goods	1,401	507
	<b>2,962</b>	<b>1,961</b>

### 12 Trade and other receivables

	2017	2016
	£'000	£'000
Trade debtors	5,983	4,247
Amounts owed by group undertakings	2,205	1,756
Other receivables	340	187
Deferred tax asset (note 16)	264	244
Prepayments and accrued income	147	23
Corporation tax recoverable	-	1
	<b>8,939</b>	<b>6,458</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 13 Cash and cash equivalents

	2017	2016
	£'000	£'000
Cash at bank	1	-
<b>Cash at bank and in hand</b>	<b>1</b>	<b>-</b>
<b>Bank borrowings and loans</b>		
Overdraft	5,558	3,297
CID loan	1,716	2,425
<b>Bank borrowings and loans</b>	<b>7,274</b>	<b>5,722</b>

The Group agreed a debt facility with Bank of Scotland plc in August 2015, comprising a 3 year borrowing facility of up to £20.0 million in place until August 2018 and secured over part of the Group's trade receivables. This CID facility bears interest at normal commercial rates.

The Group operates a multi-currency pooling facility and at 31 December 2017 all bank overdrafts are repayable on demand.

The above facilities were increased to £25.0 million in June 2018 and are now in place to 2021.

#### **Fair value of financial instruments**

The fair values of cash and bank borrowings at 31 December 2017 all materially equate to book value.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 14 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Bank loans and overdrafts (see note 13)	7,274	5,722
Trade creditors	3,214	1,630
Amounts owed to group undertakings	1,813	2,161
Taxation and social security	76	59
Accruals and deferred revenue	515	591
	12,892	10,163

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

There are no trade and other payables falling due after more than one year.

### 15 Post employment benefits

The company operates a defined contribution scheme for employees and contributions are made to the personal pension schemes of staff members within the company. These contributions are charged to the profit and loss account in the year in which they are made.

In the year to 31 December 2017, the company contributed £23,168 (2016: £21,732) to those schemes. There were no contributions outstanding at the year end.

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 16 Deferred tax asset

Deferred taxation comprises:

	2017	2016
	£'000	£'000
Accelerated capital allowances	259	244
Short term timing differences	5	-
<b>Deferred tax asset (note 12)</b>	<b>264</b>	<b>244</b>

	2017	2016
	£'000	£'000
Opening deferred tax balance	244	240
Credited to the profit and loss account (see note 9)	20	4
<b>Closing deferred tax balance</b>	<b>264</b>	<b>244</b>

### 17 Deferred revenue

#### Grants

	2017	2016
	£'000	£'000
At 1 January 2017	272	308
Grant received within the year	63	23
Released to profit and loss account in the year	(111)	(59)
<b>At 31 December 2017</b>	<b>224</b>	<b>272</b>
<b>Less:</b>		
Included within accruals and deferred revenue (note 14)	(111)	(102)
<b>Non current deferred revenue</b>	<b>113</b>	<b>170</b>

# Hall's of Scotland Limited

## Notes to the financial statements (continued)

### 18 Called up share capital and other reserves

#### Ordinary shares of £1 each

	Number 000's	£'000
<b>Allotted and fully paid</b>		
At 1 January 2017 and at 31 December 2017	30	30

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

	Capital redemption reserve £'000	Total £'000
At 1 January 2017 and 31 December 2017	20	20

### 19 Related party transactions

The company is exempt from disclosing related parties transactions as they are with other companies that are wholly owned within the Group.

### 20 Controlling party

Browns Food Group is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017. Subsequent to the year end, as part of a group reorganisation, BFG Holdings Limited became the ultimate parent company. Prior to that it was GF1 Investments Limited. There is no individual controlling party in BFG Holdings Limited however a significant portion of the shares are held by the Godfrey family. The consolidated financial statements of Browns Food Group are available from Browns Food Group, Kelloholm Industrial Estate, Kirkconnel, Dumfriesshire, DG4 6RB.

### 21 Subsequent events

There were no subsequent events post the balance sheet date and prior to the date of signing these accounts that would have a material impact on the results reported or the financial position of the company.