

# James Fleming & Company Limited

Registered number: SC131587

## Annual Report

For the year ended 31 December 2018

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**JAMES FLEMING & COMPANY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D R Amos E P Hoekstra M J De Ruiter
<b>Company secretary</b>	D R Amos
<b>Registered number</b>	SC131587
<b>Registered office</b>	Glasgow BS&A Department, BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
<b>Independent auditor</b>	Mazars LLP Chartered Accountants and Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

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**JAMES FLEMING & COMPANY LIMITED**

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## JAMES FLEMING & COMPANY LIMITED

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Introduction**

The directors present their Strategic report for James Fleming & Company Limited for the year ended 31 December 2018.

#### **Principal activities and business review**

The company's principal activity during the year was that of the manufacture of sugar based food products for sale to the bakery, wholesale and confectionery industries.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company include amongst others:

- Possible fluctuations in the price and availability of raw materials, which are mitigated by contracts with suppliers;
- Foreign currency exposure to the Euro.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in commodity prices, exchange rate, liquidity and credit. The company seeks to limit the adverse effects on its financial performance by monitoring the impact of these and addressing them accordingly.

James Fleming's view is that a Hard Brexit is a possibility and therefore have taken the following steps:

1. Reviewed supply chain to ensure that suppliers have taken necessary steps to manage possible interruptions to the supply chain.
2. Increased stock levels of key raw materials, with the aim to holding 12 weeks stock by 29 March.
3. Installed freezer unit to store key ingredients at Flemings site, rather than using third party storage.
4. Consulted with customers, some of whom have increased orders to build their own stocks.

James Flemings is also part of the Zeelandia Brexit preparation group ensuring regular bi weekly review meetings with international functional colleagues to ensure that all possible preparations are being made.

#### **Financial key performance indicators**

The company generated revenue of £15,835,830 in the year to 31 December 2018 (2017 - £13,895,283). The gross profit margin of 18.4% is in line with the prior year.

At 31 December 2018, the company had capital and reserves of £7,071,794 (2017 - £6,473,909).

#### **Outlook and future developments**

The company will continually look for growth opportunities and remain flexible and innovative to meet future consumer demands. The current trading environment remains, to say the least, difficult and focus must firmly be on operational efficiencies, tight cost control, cash management and customer service.

This report was approved by the board on 20/3/19 and signed on its behalf.



D R Amos  
Director

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**JAMES FLEMING & COMPANY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £597,885 (2017 - £460,595).

No dividends were declared and paid in the current or prior year.

**Directors**

The directors who served during the year were:

D R Amos  
E P Hoekstra  
M J De Ruiter

F Millman served as a director during the year until her resignation on 1 March 2018. E P Hoekstra and M J De Ruiter were appointed as directors during the year on 16 March 2018.

**Strategic report**

The company has chosen, in accordance with section 414C(11) Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of principal risks and uncertainties, financial risk management, financial key performance indicators and outlook and future developments.

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**JAMES FLEMING & COMPANY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Research and development activities**

The company carries out research and development activities in relation to its principal activity noted above.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Post balance sheet events**

There are no post balance sheet events to report.

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20/3/19 and signed on its behalf.



D R Amos  
Director

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## **JAMES FLEMING & COMPANY LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FLEMING & COMPANY LIMITED**

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#### **Opinion**

We have audited the financial statements of James Fleming & Company Limited (the 'company') for the year ended 31 December 2018 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The impact of uncertainties due to Britain exiting the European Union on our audit**

The directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

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## **JAMES FLEMING & COMPANY LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FLEMING & COMPANY LIMITED**

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.



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**JAMES FLEMING & COMPANY LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FLEMING & COMPANY LIMITED**

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**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

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.



Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: 28 March 2019

**JAMES FLEMING & COMPANY LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	15,835,830	13,895,283
Cost of sales		(12,917,019)	(11,376,510)
<b>Gross profit</b>		<b>2,918,811</b>	<b>2,518,773</b>
Distribution costs		(1,143,086)	(1,133,497)
Administrative expenses		(1,172,325)	(830,307)
<b>Operating profit</b>	5	<b>603,400</b>	<b>554,969</b>
Interest receivable and similar income	9	2,254	377
<b>Profit before tax</b>		<b>605,654</b>	<b>555,346</b>
Tax on profit	10	(7,769)	(94,751)
<b>Profit for the financial year</b>		<b>597,885</b>	<b>460,595</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Profit for the financial year	597,885	460,595
<b>Total comprehensive income for the year</b>	<b>597,885</b>	<b>460,595</b>

The notes on pages 10 to 24 form part of these financial statements.

**JAMES FLEMING & COMPANY LIMITED**  
**REGISTERED NUMBER: SC131587**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	11	2,580,703	2,614,737
Investments	12	100,000	100,000
		<u>2,680,703</u>	<u>2,714,737</u>
<b>Current assets</b>			
Stocks	13	1,388,214	1,388,778
Debtors: amounts falling due within one year	14	2,487,919	2,185,060
Cash and cash equivalents	15	2,206,461	1,924,866
		<u>6,082,594</u>	<u>5,498,704</u>
Creditors: amounts falling due within one year	16	(1,626,605)	(1,699,475)
<b>Net current assets</b>		<u>4,455,989</u>	<u>3,799,229</u>
<b>Total assets less current liabilities</b>		<u>7,136,692</u>	<u>6,513,966</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	(64,898)	(40,057)
		<u>(64,898)</u>	<u>(40,057)</u>
<b>Net assets</b>		<u><u>7,071,794</u></u>	<u><u>6,473,909</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	3,500,000	3,500,000
Profit and loss account	19	3,571,794	2,973,909
		<u><u>7,071,794</u></u>	<u><u>6,473,909</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

20/3/19



D R Amos  
Director

The notes on pages 10 to 24 form part of these financial statements.

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**JAMES FLEMING & COMPANY LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2018	3,500,000	2,973,909	6,473,909
Profit for the year	-	597,885	597,885
<b>At 31 December 2018</b>	<b>3,500,000</b>	<b>3,571,794</b>	<b>7,071,794</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	3,500,000	2,513,314	6,013,314
Profit for the year	-	460,595	460,595
<b>At 31 December 2017</b>	<b>3,500,000</b>	<b>2,973,909</b>	<b>6,473,909</b>

The notes on pages 10 to 24 form part of these financial statements.

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## **JAMES FLEMING & COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1. General information**

James Fleming & Company Limited is a private company, limited by shares and registered in Scotland. The registered office is Glasgow BS&A Department, BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX. The company's principal place of business is located at Lockett Road, South Lancashire Industrial Estate, Ashton-in-Makerfield, Wigan, Lancashire, WN4 8DE.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The company is itself a subsidiary undertaking and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);

the requirements of Section 7 Statement of Cash Flows;

the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);

the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;

the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and

the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of Koninklijke Zeelandia Groep BV as at 31 December 2018 and these financial statements may be obtained from the Chamber of Commerce, Kanaalweg 3, 4337 PA Middelburg, The Netherlands.

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared on a going concern basis.

**2.4 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP and amounts are rounded to the nearest £.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.6 Operating leases: lessee**

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible fixed assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

**2.8 Interest Income**

Interest income is recognised in the Income statement using the effective interest method.

**2.9 Pensions**

The company makes payments to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund in respect of the year.

**2.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Land is not depreciated. Assets under the course of construction will be depreciated once they come into use.

Depreciation is provided on the following basis:

Buildings	- 2%
Plant and equipment	- 10 - 20%

**2.12 Valuation of investments**

*Investments in subsidiaries are measured at cost less accumulated impairment.*

**2.13 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Income Statement.

**2.14 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.16 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.17 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account for estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The calculation of accruals contains an inherent level of subjectivity. Management considers that the current level of accruals represents management's best estimate of the likely exposure.

**4. Turnover**

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	14,654,754	13,041,306
Rest of Europe	1,181,076	853,977
	<u>15,835,830</u>	<u>13,895,283</u>

The whole of the turnover in the current year and prior period is attributable to the sale of sugar based food products to the bakery, wholesale and confectionery industries.

**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Research and development charged as an expense	45,956	21,159
Exchange differences	1,398	122,626
Operating lease rentals	118,084	109,593
Depreciation	<u>175,627</u>	<u>179,270</u>

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**6. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's financial statements	17,000	23,000
All other services	1,525	1,500

**7. Employees**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,778,675	1,798,915
Social security costs	151,626	148,331
Cost of defined contribution pension scheme	116,277	97,041
	2,046,578	2,044,287

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Manufacturing	64	69
Selling	2	1
Administration	6	8
	72	78

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**8. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	66,152	94,172
Company contributions to defined contribution pension scheme	483	10,737
	<u>66,635</u>	<u>104,909</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2018 £	2017 £
Bank interest receivable	<u>2,254</u>	<u>377</u>

**10. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	18,679	97,444
Adjustments in respect of previous periods	(35,751)	-
<b>Total current tax</b>	<u>(17,072)</u>	<u>97,444</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	15,552	(2,693)
Adjustments in respect of prior periods	9,289	-
<b>Total deferred tax</b>	<u>24,841</u>	<u>(2,693)</u>
<b>Taxation on profit on ordinary activities</b>	<u>7,769</u>	<u>94,751</u>

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	605,654	555,346
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	115,074	105,516
<b>Effects of:</b>		
Expenses not deductible for tax purposes	29	581
Fixed asset timing differences	9,846	13,033
Other timing differences	(1,830)	(3,385)
Adjustments to tax charge in respect of prior periods	(26,462)	-
Group relief	(88,888)	(22,242)
Profits charged at a higher rate of tax	-	1,248
<b>Total tax charge for the year</b>	<b>7,769</b>	<b>94,751</b>

**Factors that may affect future tax charges**

Aside from the availability of group relief, there are no factors that may affect future tax charges.

**JAMES FLEMING & COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. Tangible fixed assets**

	Land and buildings £	Plant and equipment £	Assets under the course of construction £	Total £
<b>Cost</b>				
At 1 January 2018	2,492,710	3,432,251	56,242	5,981,203
Additions	-	18,313	118,565	136,878
Disposals	-	(1,699,940)	-	(1,699,940)
Transfers between classes	436,536	(311,830)	(124,706)	-
At 31 December 2018	2,929,246	1,438,794	50,101	4,418,141
<b>Depreciation</b>				
At 1 January 2018	630,423	2,736,043	-	3,366,466
Charge for the year	51,817	123,810	-	175,627
Disposals	-	(1,704,655)	-	(1,704,655)
Transfers between classes	436,776	(436,776)	-	-
At 31 December 2018	1,119,016	718,422	-	1,837,438
<b>Net book value</b>				
At 31 December 2018	1,810,230	720,372	50,101	2,580,703
At 31 December 2017	1,862,287	696,208	56,242	2,614,737

Included within land and buildings is freehold land, which is not depreciated, of £338,351 (2017 - £338,351).

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JAMES FLEMING & COMPANY LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**12. Fixed asset investments**

	Investment in subsidiary company £
<b>Cost</b>	
At 1 January 2018	100,000
At 31 December 2018	<u>100,000</u>
<b>Net book value</b>	
At 31 December 2018	<u>100,000</u>
At 31 December 2017	<u>100,000</u>

**Subsidiary company**

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activity
W.T. Mather Limited	Ordinary	100 %	Dormant

W.T. Mather Limited is registered in England and Wales.

**13. Stocks**

	2018 £	2017 £
Raw materials	1,191,217	1,114,780
Finished goods and goods for resale	196,997	273,998
	<u>1,388,214</u>	<u>1,388,778</u>

The cost of stocks recognised as an expense in cost of sales is £10,575,395 (2017 - £9,001,450).

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**14. Debtors**

	2018 £	2017 £
Trade debtors	2,349,527	2,049,743
Other debtors	138,392	135,317
	<u>2,487,919</u>	<u>2,185,060</u>

**15. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<u>2,206,461</u>	<u>1,924,866</u>

**16. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	822,100	1,083,239
Amounts owed to group undertakings (note 23)	107,106	117,501
Corporation tax	1,467	67,419
Other taxation and social security	50,339	56,158
Accruals and deferred income	645,593	375,158
	<u>1,626,605</u>	<u>1,699,475</u>



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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**17. Deferred taxation**

	<b>2018 £</b>
At beginning of year	(40,057)
Movement in the year	(24,841)
<b>At end of year</b>	<b>(64,898)</b>

The deferred tax liability, which is calculated based on a tax rate of 17% (2017 - 17%), is made up as follows:

	<b>2018 £</b>	<b>2017 £</b>
Accelerated capital allowances	(66,212)	(42,513)
Short term timing differences	1,314	2,456
	<b>(64,898)</b>	<b>(40,057)</b>

A deferred tax asset has not been recognised in respect of timing differences relating to capital losses carried forward. Capital losses can only be offset against future chargeable gains of the company and accordingly, the potential deferred tax asset of £18,469 (2017 - £18,469), calculated based on a tax rate of 17% (2017 - 17%), on the losses is not recognised.

**18. Share capital**

	<b>2018 £</b>	<b>2017 £</b>
<b>Allotted, called up and fully paid</b>		
3,500,000 (2017 - 3,500,000) Ordinary shares of £1 each	<b>3,500,000</b>	<b>3,500,000</b>

**19. Reserves**

**Profit & loss account**

This reserve includes all current and prior period retained profits and losses net of dividends paid.

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## JAMES FLEMING & COMPANY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 20. Contingent liabilities

On 24 December 2018, the company's immediate parent undertaking entered into a secured loan agreement with Lloyds Bank plc for a loan in the principal amount of £2,110,500 at a variable annual interest rate of 1.95% plus base rate. The obligation is secured by all of the assets of the immediate parent undertaking and is guaranteed jointly and severally by James Fleming & Company Limited and its subsidiary undertaking, W.T. Mather Limited.

#### 21. Pension commitments

The company makes payments to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund in respect of the year.

The total pension charge in the year amounted to £116,277 (2017 - £97,041). Contributions totalling £16,923 (2017 - £11,548) were payable to the defined contribution pension scheme fund at the reporting date and are included in accruals and deferred income.

#### 22. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	86,351	65,995
Later than 1 year and not later than 5 years	228,338	27,740
	<u>314,689</u>	<u>93,735</u>

#### 23. Related party transactions

The company has taken advantage of the exemption relating to the disclosure of related party transactions with other group undertakings conferred by FRS 102 on the grounds that it and the other companies are wholly owned subsidiaries of Koninklijke Zeelandia Groep BV, the company's ultimate parent undertaking during the year.

#### 24. Post balance sheet events

There are no post balance sheet events to report.

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**JAMES FLEMING & COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**25. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Zeelandia Holdings (UK) Limited, a company registered in England and Wales.

The company's ultimate parent undertaking and controlling party is Koninklijke Zeelandia Groep BV, a company incorporated in The Netherlands.

The financial statements for Koninklijke Zeelandia Groep BV can be obtained from the Chamber of Commerce, Kanaalweg 3, 4337 PA Middelburg, The Netherlands. The largest and smallest group in which the results of the company are consolidated is that headed by Koninklijke Zeelandia Groep BV.