

BRAEHEAD FOODS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Company Registration No. SC193995 (Scotland)

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COMPANIES HOUSE

BRAEHEAD FOODS LIMITED

COMPANY INFORMATION

Directors	Mr Craig Stevenson Mrs Bridget Stevenson Ms Arlene Bonomi Mr William Agnew (Appointed 1 February 2017)
Secretary	Mrs Margaret Ann Stephen
Company number	SC193995
Registered office	Unit 7 Moorfield North Industrial Park Kilmarnock Ayrshire KA2 0FE
Auditor	William Duncan + Co 30 Miller Road Ayr Ayrshire KA7 2AY
Business address	Unit 7 Moorfield North Industrial Park Kilmarnock Ayrshire KA2 0FE
Bankers	Royal Bank of Scotland 96 John Finnie Street Kilmarnock Ayrshire KA1 1NY
Solicitors	McCluskey Browne 7 Portland Road Kilmarnock Ayrshire KA1 2BT

BRAEHEAD FOODS LIMITED

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BRAEHEAD FOODS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties faced.

The key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, those being turnover, gross margin.

Although sales are up in the year increasing by 12.42% to £16,568,442 (2016 - £14,737,682) margins decreased slightly during the year and as a result the gross profit margin has fallen to 26.79% (2016 - 28.99%).

The company's workforce has been strengthened over the year, and wage costs have increased accordingly.

Principal risks and uncertainties

The company takes all necessary measures to identify and manage risks to the business. The directors identify one of the principal risks as being competition from other suppliers in the food production industry. The company strives to ensure that its products are of consistently high quality and competitively priced, and the directors consider that this, coupled with excellent customer care, keeps the company at the forefront of the market. In terms of operational risk, the company is susceptible to fluctuations in the price of raw materials, and all possible steps are taken to minimise exposure to these risks by building good relationships with suppliers, negotiating prices and carefully monitoring costs.

Development and performance

The directors are satisfied with the company's performance during the year and its financial position at the year end. The company is expected to continue to strengthen its foothold in the marketplace, and the directors remain committed to controlling costs, improving performance and developing the company.

On behalf of the board



Mr Craig Stevenson

Director

19 December 2017

BRAEHEAD FOODS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activities of the company continued to be those of food processing and distribution.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Craig Stevenson

Mrs Bridget Stevenson

Mr Gavin Tennent

(Resigned 6 May 2016)

Ms Arlene Bonomi

Mr William Agnew

(Appointed 1 February 2017)

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £130,000. The directors do not recommend payment of a final dividend.

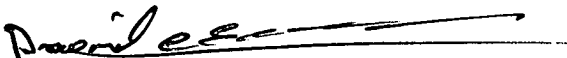
Auditor

The auditor, William Duncan + Co, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr Craig Stevenson

Director

19 December 2017

BRAEHEAD FOODS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRAEHEAD FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAEHEAD FOODS LIMITED

We have audited the financial statements of Braehead Foods Limited for the year ended 31 March 2017 set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

BRAEHEAD FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BRAEHEAD FOODS LIMITED

Matters on which we are required to report by exception

In the 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Robert Fergusson CA (Senior Statutory Auditor)
for and on behalf of William Duncan + Co

 December 2017

**Chartered Accountants
Statutory Auditor**

30 Miller Road
Ayr
Ayrshire
KA7 2AY

BRAEHEAD FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	16,568,442	14,737,682
Cost of sales		(12,130,417)	(10,465,310)
Gross profit		4,438,025	4,272,372
Administrative expenses		(4,730,900)	(3,979,291)
Other operating income		49,247	89,688
Operating (loss)/profit	4	(243,628)	382,769
Interest payable and similar expenses	7	(75,182)	(70,712)
(Loss)/profit before taxation		(318,810)	312,057
Tax on	8	49,691	(72,050)
(Loss)/profit for the financial year		(269,119)	240,007

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

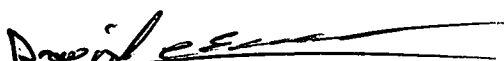
BRAEHEAD FOODS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		2,778,159		2,805,577
Current assets					
Stocks	13	937,186		657,755	
Debtors	14	2,090,320		1,938,010	
Cash at bank and in hand		23,913		111,832	
		<u>3,051,419</u>		<u>2,707,597</u>	
Creditors: amounts falling due within one year	15	<u>(3,466,309)</u>		<u>(2,675,162)</u>	
Net current (liabilities)/assets			<u>(414,890)</u>		<u>32,435</u>
Total assets less current liabilities			2,363,269		2,838,012
Creditors: amounts falling due after more than one year	16		(1,495,153)		(1,569,843)
Provisions for liabilities	19		<u>(127,185)</u>		<u>(128,119)</u>
Net assets			<u>740,931</u>		<u>1,140,050</u>
Capital and reserves					
Called up share capital	23		10,000		10,000
Profit and loss reserves			<u>730,931</u>		<u>1,130,050</u>
Total equity			<u>740,931</u>		<u>1,140,050</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2017 and are signed on its behalf by:


Mr Craig Stevenson
Director

Company Registration No. SC193995

BRAEHEAD FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2015		10,000	1,010,043	1,020,043
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	240,007	240,007
Dividends	9	-	(120,000)	(120,000)
Balance at 31 March 2016		10,000	1,130,050	1,140,050
Year ended 31 March 2017:				
Loss and total comprehensive income for the year		-	(269,119)	(269,119)
Dividends	9	-	(130,000)	(130,000)
Balance at 31 March 2017		10,000	730,931	740,931

BRAEHEAD FOODS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28		(21,558)		487,698
Interest paid			(75,182)		(70,712)
Income taxes paid			(1)		(76,254)
Net cash (outflow)/inflow from operating activities			(96,741)		340,732
Investing activities					
Purchase of tangible fixed assets		(76,179)		(594,267)	
Proceeds on disposal of tangible fixed assets		22,000		13,313	
Net cash used in investing activities			(54,179)		(580,954)
Financing activities					
Proceeds of new bank loans		-		594,259	
Repayment of bank loans		(92,019)		(153,233)	
Payment of finance leases obligations		(175,580)		(111,802)	
Dividends paid		(130,000)		(120,000)	
Net cash (used in)/generated from financing activities			(397,599)		209,224
Net decrease in cash and cash equivalents			(548,519)		(30,998)
Cash and cash equivalents at beginning of year			(518,577)		(487,580)
Cash and cash equivalents at end of year			(1,067,096)		(518,578)
Relating to:					
Cash at bank and in hand			23,913		111,832
Bank overdrafts included in creditors payable within one year			(1,091,009)		(630,410)

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Braehead Foods Limited is a private company limited by shares incorporated in Scotland. The registered office is Unit 7 Moorfield North Industrial Park, Kilmarnock, Ayrshire, KA2 0FE.

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.

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

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

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 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:

Land and buildings Freehold	2% on cost
Plant and machinery	10% straight line / 20% straight line / over 7 years
Fixtures, fittings & equipment	10% straight line / 20% straight line / 4% straight line
Computer equipment	10% straight line / 20% straight line
Motor vehicles	3.5 years straight line

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.

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.5 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.13 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of 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 accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2017	2016
	£	£
Turnover analysed by class of business		
Sales	16,568,442	14,737,682

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

3 Turnover and other revenue		(Continued)	
	2017 £	2016 £	
Other significant revenue			
Grants received	49,247	37,480	
	2017 £	2016 £	
Turnover analysed by geographical market			
United Kingdom	16,514,444	14,730,951	
Rest of the World	53,998	6,731	
	16,568,442	14,737,682	
4 Operating (loss)/profit		2017 £	2016 £
Operating (loss)/profit for the year is stated after charging/(crediting):			
Exchange losses	21,003	9,743	
Government grants	(49,247)	(37,480)	
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,500	
Depreciation of owned tangible fixed assets	188,508	161,123	
Depreciation of tangible fixed assets held under finance leases	103,567	75,473	
(Profit)/loss on disposal of tangible fixed assets	(367)	32,172	
Amortisation of intangible assets	-	1,191	
Cost of stocks recognised as an expense	11,977,319	10,340,881	
Operating lease charges	48,284	50,839	

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £21,003 (2016 - £9,743).

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Employees

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

	2017 Number	2016 Number
Administration	16	15
Production and maintenance	47	41
Warehouse and distribution	59	42
Sales	23	19
Cleaners	4	2
	<u>149</u>	<u>119</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,698,782	2,210,158
Social security costs	225,887	192,202
Pension costs	92,296	80,147
	<u>3,016,965</u>	<u>2,482,507</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	138,806	87,568
Company pension contributions to defined contribution schemes	46,911	51,400
	<u>185,717</u>	<u>138,968</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	53,022	54,948
Interest on finance leases and hire purchase contracts	19,047	15,764
	<u>72,069</u>	<u>70,712</u>
Other finance costs:		
Other interest	3,113	-
	<u>75,182</u>	<u>70,712</u>

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	-	48,758
Adjustments in respect of prior periods	(48,757)	-
Total current tax	<u>(48,757)</u>	<u>48,758</u>
Deferred tax		
Origination and reversal of timing differences	(934)	23,292
Total tax (credit)/charge	<u>(49,691)</u>	<u>72,050</u>

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
(Loss)/profit before taxation	<u>(318,810)</u>	<u>312,057</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	(63,762)	62,411
Tax effect of expenses that are not deductible in determining taxable profit	623	-
Tax effect of income not taxable in determining taxable profit	-	(5,309)
Unutilised tax losses carried forward	4,991	-
Permanent capital allowances in excess of depreciation	-	(15,023)
Depreciation on assets not qualifying for tax allowances	8,457	6,678
Other permanent differences	-	(1,761)
Deferred tax adjustments in respect of prior years	-	25,054
Taxation (credit)/charge for the year	<u>(49,691)</u>	<u>72,050</u>

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

9 Dividends

	2017 £	2016 £
Interim paid	130,000	120,000

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2016 and 31 March 2017	26,500
Amortisation and impairment	
At 1 April 2016 and 31 March 2017	26,500
Carrying amount	
At 31 March 2017	-
At 31 March 2016	-

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11	Tangible fixed assets								
		Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total		
		£	£	£	£	£	£		
Cost									
At 1 April 2016		2,287,143	1,163,164	273,361	76,515	438,561	4,238,744		
Additions		-	100,899	11,238	25,162	148,992	286,291		
Disposals		-	(22,000)	-	-	-	(22,000)		
At 31 March 2017		2,287,143	1,242,063	284,599	101,677	587,553	4,503,035		
Depreciation and impairment									
At 1 April 2016		257,578	786,498	168,570	55,066	165,456	1,433,168		
Depreciation charged in the year		42,287	107,536	26,662	5,823	109,767	292,075		
Eliminated in respect of disposals		-	(367)	-	-	-	(367)		
At 31 March 2017		299,865	893,667	195,232	60,889	275,223	1,724,876		
Carrying amount									
At 31 March 2017		1,987,278	348,396	89,367	40,788	312,330	2,778,159		
At 31 March 2016		2,029,566	376,666	104,791	21,449	273,105	2,805,577		

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £	2016 £
Plant and machinery	170,966	116,128
Motor vehicles	258,054	248,018
	<u>429,020</u>	<u>364,146</u>
Depreciation charge for the year in respect of leased assets	<u>103,567</u>	<u>75,473</u>

Included in cost of land and buildings is freehold land of £172,897 (2016 - £172,897) which is not depreciated.

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>2,043,399</u>	<u>1,867,279</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>4,418,354</u>	<u>1,152,498</u>

13 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>937,186</u>	<u>657,755</u>

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,790,604	1,713,080
Other debtors	271,607	200,246
Prepayments and accrued income	28,109	24,684
	<u>2,090,320</u>	<u>1,938,010</u>

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	1,182,278	719,715
Obligations under finance leases	18	169,506	141,995
Trade creditors		1,667,746	1,346,218
Corporation tax		-	48,758
Other taxation and social security		63,106	54,468
Government grants	21	45,530	38,780
Other creditors		142,393	249,680
Accruals and deferred income		195,750	75,548
		<u>3,466,309</u>	<u>2,675,162</u>

The aggregate amount of creditors falling due within one year for which security has been given amounted to £1,351,784(2016 - £861,710).

Bank borrowings includes £1,091,009 (2016 - £630,410) in respect of advances arising from the company's debt financing arrangement.

16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	891,144	985,127
Obligations under finance leases	18	169,537	162,516
Government grants	21	434,472	422,200
		<u>1,495,153</u>	<u>1,569,843</u>

The aggregate amount of creditors falling due after one year for which security has been given amounted to £1,060,681 (2016 - £1,147,643).

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>171,076</u>	<u>229,689</u>
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BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

17 Loans and overdrafts

	2017 £	2016 £
Bank loans	982,413	1,074,432
Bank overdrafts	1,091,009	630,410
	<u>2,073,422</u>	<u>1,704,842</u>
Payable within one year	1,182,278	719,715
Payable after one year	<u>891,144</u>	<u>985,127</u>

The long-term loans are secured by fixed charges over the freehold property of Braehead Foods Ltd. There is also a bond and floating charges held over Braehead Foods Limited.

18 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	169,506	141,995
In two to five years	169,537	162,516
	<u>339,043</u>	<u>304,511</u>

The HP loans are secured by fixed charges over Braehead Foods Limited.

19 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	20	<u>127,185</u>	<u>128,119</u>

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
ACAs	<u>127,185</u>	<u>128,119</u>

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

20 Deferred taxation

(Continued)

	2017 £
Movements in the year:	
Liability at 1 April 2016	128,119
Credit to profit or loss	(934)
	<u>127,185</u>
Liability at 31 March 2017	<u>127,185</u>

21 Government grants

Deferred income is included in the financial statements as follows:

	2017 £	2016 £
Current liabilities	45,530	38,780
Non-current liabilities	434,472	422,200
	<u>480,002</u>	<u>460,980</u>

22 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	92,296	80,147
	<u>92,296</u>	<u>80,147</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

24 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	5,887	1,645
Between two and five years	17,993	47,325
	<u>23,880</u>	<u>48,970</u>

25 Controlling party

The ultimate controlling party is Mr Craig Stevenson, director, who owns 60% of the share capital.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>137,125</u>	<u>86,212</u>

The key management personnel are seen as being the directors themselves.

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
The Cook Cool Scotland	343,086	341,808	131,954	31,154
Charcuterie Scotland Limited	<u>29,841</u>	<u>29,325</u>	<u>23,653</u>	<u>23,764</u>

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

26 Related party transactions

(Continued)

Aileen Stevenson, shareholder and daughter of the directors, has provided Braehead Foods Limited with an interest free loan of £22,000. There has been no movement on this loan in the year.

	2017 Balance £
Amounts owed by related parties	
The Cook Cool Scotland	179,737
Charcuterie Scotland Limited	2,000
	<u> </u>
	<u> </u>
	2016 Balance £
Amounts owed in previous period	
The Cook Cool Scotland	152,699
Charcuterie Scotland Limited	2,000
	<u> </u>
	<u> </u>

The Cook School Scotland Limited

Included within Trade Debtors is an amount of £21,041 (2016 - £51,612) due from Braehead Cook School. Included within Trade Creditors is an amount of £296,800 (2016: £195,687) due to Braehead Cook School.

Chacuterie Scotland Limited

Included within Trade Debtors is an amount of £2,255 (2016 - £19,274) due from Braehead Cook School. Included within Trade Creditors is an amount of £5,395 (2016: £3,086) due to Braehead Cook School.

27 Directors' transactions

Dividends totalling £104,000 (2016 - £96,000) were paid in the year in respect of shares held by the company's directors.

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

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Directors Loan	-	(214,585)	86,863	(127,722)
		<u> </u>	<u> </u>	<u> </u>
		(214,585)	86,863	(127,722)
		<u> </u>	<u> </u>	<u> </u>

BRAEHEAD FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

28 Cash generated from operations

	2017 £	2016 £
(Loss)/profit for the year after tax	(269,119)	240,007
Adjustments for:		
Taxation (credited)/charged	(49,691)	72,050
Finance costs	75,182	70,712
(Gain)/loss on disposal of tangible fixed assets	(367)	32,172
Amortisation and impairment of intangible assets	-	1,191
Depreciation and impairment of tangible fixed assets	292,075	236,596
Movements in working capital:		
(Increase) in stocks	(279,431)	(198,599)
(Increase) in debtors	(179,545)	(367,118)
Increase in creditors	370,316	362,233
Increase in deferred income	19,022	38,454
Cash (absorbed by)/generated from operations	(21,558)	487,698