

# **Great Bear Distribution Limited**

**Annual report and financial statements**

**Registered number 2899719**

**31 December 2017**



**Contents**

**Page**

Strategic report	3
Directors' report	4
Statement of directors' responsibilities in respect of the financial statements	5
Independent auditors' report to the members of Great Bear Distribution Limited	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the financial statements	11

## Strategic report

The directors present their strategic report on the Company for the year ended 31 December 2017.

### Principal activities

The principal activity of the Company is to provide distribution and storage for international blue-chip companies in the UK. The business operates more than 400 commercial vehicles and manages over 6.0 million square feet of warehousing operating from over 30 locations in the UK.

### Business review

During the year, the trade and assets of the ambient sites of Culina Ambient Limited and Culina Logistics Limited were acquired in order to bring all of the ambient operations under the control of the Company (see note 18).

The key financial measures for the Company are revenue growth, operating profit growth and profit before tax growth. These have increased as follows; revenue has increased by 24.3% to £191,235,216 (2016: £153,813,063), pre-exceptional operating profit has increased by 16.0% to £15,100,015 (2016: £13,016,292) and pre-exceptional profit before tax has increased by 13.1% to £14,153,301 (2016: £12,513,352).

The Company has considerable financial resources together with long-term contracts with the majority of its customers and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully, and therefore consider it appropriate to adopt a going concern basis of accounting in preparing the annual financial statements.

### Key Performance Indicators

The directors monitor the performance of the business both financially and operationally with a comprehensive suite of Key Performance Indicators (KPI) which cover all areas of the business and are shared with staff and customers as appropriate.

Financial: Sales, operating profit, trade receivable and trade payable ageing  
Headcount: Permanent and agency  
Transport: Transport cost per pallet and miles per gallon  
Warehouse: Picking rates (cases per hour) and loading rates (pallets per hour)

### Future developments

The Company has developed long standing relationships with its customers through consistently delivering exceptional levels of service, which has resulted in a consistent track record of controlled organic growth, with a healthy pipeline of new business enquiries, the Company is anticipating that this growth will continue.

### Principal risks and uncertainties

The Company's operational risks include environmental, health and safety and IT/power failures. Environmental and social effects are always considered. The Company replaces trucks after an average of 3 years, which ensures compliance with the latest European Regulation Standards and compares the efficiency of alternatives. Regular vehicle maintenance limits emissions and driver training results in optimal fuel economy and safer driving. Documented procedures and risk assessments manage the health and safety risks. Disaster recovery procedures exist which would be implemented in the event of power and IT outages.

The Company's commercial risks include reduced margins as a result of pressure from market influences.

On behalf of the board

T van Mourik  
Director

Stellar House  
Barbour Square  
High Street  
Tattenhall  
Chester  
CH3 9RF

25<sup>th</sup> September 2018

## Directors' report

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

### Dividend

Dividends paid during the year comprise a final dividend of £10,000,000 (2016: £11,025,000).

### Directors and directors' interests

The directors who held office during the year and up to the date of signing the finance statements, except as noted, were as follows:

L J Ward

P J Yarwood

T Van Mourik

N S Jury

C L Price

A W Isbister (appointed 01 February 2018)

M Church (resigned 31 March 2017)

### Employee involvement

The Company maintains a policy of providing employees with information on matters of concern aimed at achieving a common awareness of the financial and economic factors affecting the performance of the Company. Biannual briefings provide a forum for communications so that views can be taken into account in making decisions which are likely to affect the interests of employees

### Employment of disabled persons

Health and safety matters are given special attention by the directors and it is their policy, wherever reasonable and practicable within existing legislation, to treat all persons, including disabled persons, in the same way in matters related to employment, training, career development and promotion.

### Political and charitable contributions

The Company made no political contributions during the year. Donations to UK charities amounted to £5,679 (2016: £15,035).

### Disclosure in the strategic report

Information in regards to future developments is disclosed in the strategic report.

### Disclosure of information to the auditors

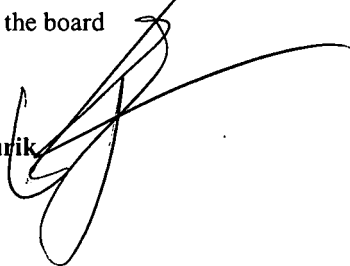
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make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

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be appointed will be proposed at the Annual General Meeting.

On behalf of the board

T van Mourik  
Director



Stellar House  
Barbour Square  
High Street  
Tattenhall  
Chester  
CH3 9RF

25<sup>th</sup> September 2018

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

# **Independent auditors' report to the members of Great Bear Distribution Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Great Bear Distribution Limited's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Independent auditors' report to the members of Great Bear Distribution Limited (continued)**

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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 either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

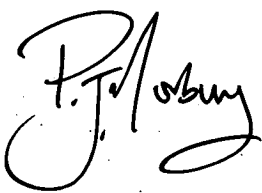
#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



**Paul Norbury (Senior Statutory Auditor)**

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

26 September 2018

# Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>		<b>191,235,216</b>	<b>153,813,063</b>
Cost of sales		<b>(148,980,782)</b>	<b>(115,941,221)</b>
Cost of sales – exceptional	2	-	<b>(412,000)</b>
<b>Total cost of sales</b>		<b>(148,980,782)</b>	<b>(116,353,221)</b>
<b>Gross profit</b>		<b>42,254,434</b>	<b>37,459,842</b>
Administrative expenses		<b>(27,154,419)</b>	<b>(24,855,550)</b>
Administrative expenses - exceptional	2	-	<b>(3,298,188)</b>
<b>Total administrative expenses</b>		<b>(27,154,419)</b>	<b>(28,153,738)</b>
<b>Operating profit before amortisation</b>		<b>15,164,397</b>	<b>9,332,437</b>
Amortisation		<b>(64,382)</b>	<b>(26,333)</b>
<b>Operating profit</b>	2	<b>15,100,015</b>	<b>9,306,104</b>
Other interest receivable and similar income	5	<b>2,552</b>	<b>40,139</b>
Interest payable and similar expenses	6	<b>(949,266)</b>	<b>(543,079)</b>
<b>Profit before taxation</b>		<b>14,153,301</b>	<b>8,803,164</b>
Tax on profit	7	<b>(2,996,434)</b>	<b>(2,110,255)</b>
<b>Profit for the financial year</b>		<b>11,156,867</b>	<b>6,692,909</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>11,156,867</b>	<b>6,692,909</b>

All activity derived from continuing activities.

The notes from pages 11 to 23 form part of the financial statements.



## Statement of Financial Position

at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Intangible assets	9		1,214,947		158,413
Tangible assets	10		95,355,017		58,765,869
			<u>96,569,964</u>		<u>58,924,282</u>
<b>Current assets</b>					
Stocks	11	663,973		494,306	
Debtors (including £1,273,092 (2016: £1,125,025) due after more than one year)	12	64,382,389		39,778,785	
Cash at bank and in hand		<u>304,733</u>		<u>3,626,602</u>	
		65,351,095		43,899,693	
Creditors: amounts falling due within one year	13	(59,209,545)		(39,720,680)	
<b>Net current assets</b>			<u>6,141,550</u>		<u>4,179,013</u>
<b>Total assets less current liabilities</b>			<u>102,711,514</u>		<u>63,103,295</u>
Creditors: amounts falling due after more than one year	14	(87,066,889)		(48,434,902)	
Provisions for liabilities	15	(813,813)		(994,448)	
<b>Net assets</b>			<u><u>14,830,812</u></u>		<u><u>13,673,945</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		93,348		93,348
Share premium account			170,000		170,000
Other reserves			6,667		6,667
Profit and loss account			14,560,797		13,403,930
<b>Total shareholders' funds</b>			<u><u>14,830,812</u></u>		<u><u>13,673,945</u></u>

The notes from pages 11 to 23 form part of the financial statements.

The financial statements on pages 8 to 23 were approved by the board of directors on 25<sup>th</sup> September 2018 and were signed on its behalf by:

T van Mourik  
Director

## Statement of Changes in Equity for the year ended 31 December 2017

	Profit and loss account	Called up share capital	Share premium account	Other reserve	Total shareholders' funds
	£	£	£	£	£
Balance at 1 January 2016	17,736,021	93,348	170,000	6,667	18,006,036
<b>Total comprehensive income for the year</b>					
Profit for the financial year	6,692,909	-	-	-	6,692,909
Total comprehensive income for the year	6,692,909	-	-	-	6,692,909
<b>Transactions with owners, recorded directly in equity</b>					
Dividends	(11,025,000)	-	-	-	(11,025,000)
Total distributions to owners	(11,025,000)	-	-	-	(11,025,000)
<b>Balance at 31 December 2016 and 1 January 2017</b>	<b>13,403,930</b>	<b>93,348</b>	<b>170,000</b>	<b>6,667</b>	<b>13,673,945</b>
<b>Total comprehensive income for the year</b>					
Profit for the financial year	11,156,867	-	-	-	11,156,867
Total comprehensive income for the year	11,156,867	-	-	-	11,156,867
<b>Transactions with owners, recorded directly in equity</b>					
Dividends	(10,000,000)	-	-	-	(10,000,000)
Total distributions to owners	(10,000,000)	-	-	-	(10,000,000)
<b>Balance at 31 December 2017</b>	<b>14,560,797</b>	<b>93,348</b>	<b>170,000</b>	<b>6,667</b>	<b>14,830,812</b>

## Notes to the financial statements

### 1 Accounting policies

Great Bear Distribution Limited (the “Company”) is a company incorporated and domiciled in the UK.

#### Basis of preparation

These financial statements are the third financial statements in which the Company has adopted Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2014 the Company underwent transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions with other wholly-owned members of the group. Where required, equivalent disclosures are given in the group financial statements of Unternehmensgruppe Theo Muller S.e.c.s., a partnership registered in Luxembourg. The partnership prepares group financial statements which are publicly available and can be obtained as set out in Note 23.

The financial statements have been prepared under the historical cost convention. A summary of the more important policies are set out below, together with an explanation of where changes have been made to previous policies in the adoption of new standards in the year.

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting year. Although these estimates are based on management’s best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

#### Going concern

The directors have considered the future profitability of the Company and its ability to continue as a going concern and have prepared profit and cash flow forecasts into the future. Based on these projections the Directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

#### Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The financial statements are presented in Sterling (£), which is also the Company’s functional currency.

#### Foreign currency translation

Transactions in foreign currencies are translated to the Company’s functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

#### Cash at bank and in hand

Cash at bank and in hand comprise cash balances and call deposits.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the purchase price on a first in first out basis is used.

#### Trade and other debtors

Trade and other debtors do not carry interest and are stated at amortised cost less impairment losses.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

#### Other intangible assets and amortisation

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licences	- 5-10 years
Computer software	- 5-10 years

#### Fixed assets and depreciation

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

Freehold property	- 30-50 years
Leasehold property	- Life of lease
Plant and machinery	- 5-15 years
Fixtures, fittings, tools and equipment	- 3-15 years
Motor vehicles	- 2-10 years

No depreciation is provided on assets in the course of construction.

#### Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income over the term of the lease.

#### Finance lease payments

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction in the outstanding liability. The finance charge is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

## **Notes to the financial statements (continued)**

### **1 Accounting policies (continued)**

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### **Key assumptions and sources of estimation**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key estimations used in the preparation of these financial statements are (i) the level of accounts receivable recovered in future periods, and (ii) the timing of the unwinding of deferred tax balances.

## Notes to the financial statements (continued)

### 2 Notes to the Statement of Comprehensive Income

	2017 £	2016 £
<b>Profit on ordinary activities before taxation is stated after charging/(crediting):</b>		
Amortisation and other amounts written off intangible assets	64,382	26,333
Depreciation and other amounts written off tangible assets	4,783,529	4,024,382
Hire of plant and machinery - rentals payable under operating leases	7,138,181	5,833,213
Hire of other assets - operating leases	12,684,715	9,779,801
(Profit) / loss on sale of fixed assets	(100,581)	19,834
Exceptional redundancy costs	-	865,188
Exceptional one-off payments to former employees	-	2,845,000

Both the exceptional redundancy costs and one-off payments to former employees are included in the directors remuneration and staff costs disclosed in notes 3 and 4 to the financial statements.

	2017 £	2016 £
<b>Auditors' remuneration:</b>		
Audit of financial statements	65,520	31,000

### 3 Remuneration of directors

	2017 £	2016 £
Directors' emoluments	287,352	2,886,913
Company contributions to defined contribution pension scheme	43,495	149,927
	<u>330,847</u>	<u>3,036,840</u>

The emoluments of the highest paid director (excluding pension contributions) were £153,453 (2016: £1,868,860) and Company pension contributions of £16,531 (2016: £61,532) were made to a defined contribution scheme on his behalf.

Retirement benefits are accruing under a defined contribution scheme for four (2016: seven) directors.

## Notes to the financial statements (continued)

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2017 Number	2016 Number
Administration	556	549
Warehousing and distribution	1,420	1,330
	<u>1,976</u>	<u>1,879</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	54,028,299	51,121,355
Social security costs	4,973,621	4,805,091
Other pension costs (see note 21)	2,860,523	1,393,205
	<u>61,862,443</u>	<u>57,319,651</u>

### 5 Other interest receivable and similar income

	2017 £	2016 £
Bank interest receivable	2,528	36,924
Other	24	3,215
	<u>2,552</u>	<u>40,139</u>

### 6 Interest payable and similar expenses

	2017 £	2016 £
Other interest payable	132,608	37,662
Bank interest payable	13,841	117,247
Finance charges payable in respect of finance leases and hire purchase contracts	11,112	232,599
Loan interest payable	791,705	155,571
	<u>949,266</u>	<u>543,079</u>

## Notes to the financial statements (continued)

### 7 Tax on profit

	2017	2016
	£	£
<b>Analysis of charge in year:</b>		
<b>UK corporation tax:</b>		
Current tax on income for the year	2,760,297	2,102,804
Adjustment in respect of the prior year	(158,862)	(220)
Total current tax	<u>2,601,435</u>	<u>2,102,584</u>
<b>Deferred tax (see note 17):</b>		
Origination / (reversal) of timing differences:		
Current year	541,370	(56,872)
Adjustment in respect of the prior year	4,351	15,362
Effect of tax rate change on opening balance	(150,722)	49,181
Total deferred tax	<u>394,999</u>	<u>7,671</u>
Tax on profit on ordinary activities	<u><u>2,996,434</u></u>	<u><u>2,110,255</u></u>

#### Factors affecting the tax charge for the current year:

The tax charge for the year is higher (2016: higher) than the standard rate of corporation tax in the UK 19.25% (2016: 20.00%). The differences are explained below.

	2017	2016
	£	£
<b>Reconciliation of effective tax rate:</b>		
Profit before taxation	14,153,301	8,803,164
Current tax at 19.25% (2016: 20.00%)	<u>2,724,510</u>	<u>1,760,633</u>
Effects of:		
Expenses not deductible for tax purposes	388,944	285,299
Adjustment in respect of the prior year – current tax	(158,862)	(220)
Adjustment in respect of the prior year – deferred tax	4,351	15,362
Adjust closing deferred tax to average tax rate of (19.25%)	(161,653)	(43,493)
Adjust opening deferred tax to average tax rate of (19.25%)	10,931	92,674
Adjustment in respect of the intercompany transfer of assets	188,213	-
Total tax expense	<u><u>2,996,434</u></u>	<u><u>2,110,255</u></u>

#### Factors that may affect future current and total tax charges

The rate of corporation tax was reduced to 19% from 1 April 2017. A further reduction in the rate, to 17% is set to come into effect from April 2020. Accordingly, the deferred tax assets/liabilities at 31 December 2017 have been calculated at the rate of 17%.



## Notes to the financial statements (continued)

### 8 Dividends

The aggregate amount of dividends comprises:

	2017 £	2016 £
Final dividends paid in the year	<u>10,000,000</u>	<u>11,025,000</u>

### 9 Intangible assets

	Software licences £	Computer software £	Total £
<b>Cost</b>			
Balance at 1 January 2016	131,336	-	131,336
Additions	75,541	-	75,541
Disposals	(370)	-	(370)
Balance at 31 December 2016	<u>206,507</u>	<u>-</u>	<u>206,507</u>
Balance at 1 January 2017	206,507	-	206,507
Additions	215,919	904,626	1,120,545
Transfers	371	-	371
Disposals	-	-	-
Balance at 31 December 2017	<u>422,797</u>	<u>904,626</u>	<u>1,327,423</u>
<b>Amortisation and impairment</b>			
Balance at 1 January 2016	21,807	-	21,807
Amortisation for the year	26,333	-	26,333
Disposals	(46)	-	(46)
Balance at 31 December 2016	<u>48,094</u>	<u>-</u>	<u>48,094</u>
Balance at 1 January 2017	48,094	-	48,094
Amortisation for the year	41,368	23,014	64,382
Disposals	-	-	-
Balance at 31 December 2017	<u>89,462</u>	<u>23,014</u>	<u>112,476</u>
<b>Net book value</b>			
At 1 January 2016	<u>109,529</u>	<u>-</u>	<u>109,529</u>
At 31 December 2016 and 1 January 2017	<u>158,413</u>	<u>-</u>	<u>158,413</u>
At 31 December 2017	<u>333,335</u>	<u>881,612</u>	<u>1,214,947</u>

## Notes to the financial statements (continued)

### 10 Tangible assets

	Freehold property	Leasehold property	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Assets under construction	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2016	11,003,068	7,022,222	22,840,169	9,808,724	3,331,205	-	54,005,388
Additions	19,303,221	-	3,596,709	3,469,604	2,545,806	357,905	29,273,245
Disposals	-	-	(17,011)	(61,552)	(1,269,856)	-	(1,348,419)
At 31 December 2016	<u>30,306,289</u>	<u>7,022,222</u>	<u>26,419,867</u>	<u>13,216,776</u>	<u>4,607,155</u>	<u>357,905</u>	<u>81,930,214</u>
At 1 January 2017	30,306,289	7,022,222	26,419,867	13,216,776	4,607,155	357,905	81,930,214
Additions	247,567	-	5,257,899	7,469,256	6,456,402	23,119,054	42,550,178
Transfers	19,300	-	8,395	321,380	8,459	(357,905)	(371)
Disposals	-	-	(56,943)	(6,760)	(1,624,318)	-	(1,688,021)
At 31 December 2017	<u>30,573,156</u>	<u>7,022,222</u>	<u>31,629,218</u>	<u>21,000,652</u>	<u>9,447,698</u>	<u>23,119,054</u>	<u>122,792,000</u>
<b>Depreciation</b>							
At 1 January 2016	111,201	556,620	12,081,065	4,563,943	2,160,848	-	19,473,677
Charge for year	176,719	150,191	1,989,526	1,041,722	666,224	-	4,024,382
Disposals	-	-	(3,110)	(34,968)	(295,636)	-	(333,714)
At 31 December 2016	<u>287,920</u>	<u>706,811</u>	<u>14,067,481</u>	<u>5,570,697</u>	<u>2,531,436</u>	<u>-</u>	<u>23,164,345</u>
At 1 January 2017	287,920	706,811	14,067,481	5,570,697	2,531,436	-	23,164,345
Charge for year	390,691	148,784	1,748,978	1,511,015	984,061	-	4,783,529
Disposals	-	-	(50,681)	(4,909)	(455,301)	-	(510,891)
At 31 December 2017	<u>678,611</u>	<u>855,595</u>	<u>15,765,778</u>	<u>7,076,803</u>	<u>3,060,196</u>	<u>-</u>	<u>27,436,983</u>
<b>Net book value</b>							
At 1 January 2016	<u>10,891,867</u>	<u>6,465,602</u>	<u>10,759,104</u>	<u>5,244,781</u>	<u>1,170,357</u>	<u>-</u>	<u>34,531,711</u>
At 31 December 2016	<u>30,018,369</u>	<u>6,315,411</u>	<u>12,352,386</u>	<u>7,646,079</u>	<u>2,075,719</u>	<u>357,905</u>	<u>58,765,869</u>
At 31 December 2017	<u>29,894,545</u>	<u>6,166,627</u>	<u>15,863,440</u>	<u>13,923,849</u>	<u>6,387,502</u>	<u>23,119,054</u>	<u>95,355,017</u>

Included in the net book value of motor vehicles at the end of the year is £758,251 (2016: £1,053,768) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £295,516 (2016: £253,666).

## Notes to the financial statements (continued)

### 11 Stocks

	2017	2016
	£	£
Raw materials and consumables	<u>663,973</u>	<u>494,306</u>

### 12 Debtors

	2017	2016
	£	£
Trade debtors	42,213,369	24,044,172
Inter-Group debtors	1,054,030	243,785
Other debtors	1,234,048	451,722
Prepayments and accrued income	12,424,665	5,262,875
Amounts owed by Group undertakings	7,456,277	7,456,277
VAT asset	-	2,319,954
	<u>64,382,389</u>	<u>39,778,785</u>

All debtors fall due within one year except for an amount of £385,371 (2016: £360,046) within other debtors and an amount of £887,721 (2016: £764,979) within prepayments which is receivable after more than one year.

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

	2017	2016
	£	£
Obligations under finance leases and hire purchase contracts (see note 16)	266,724	401,236
Trade creditors	5,046,757	10,929,641
Inter-Group creditors	1,552,622	844,217
Taxation and social security	6,970,756	2,634,382
Accruals and other creditors	29,936,691	16,665,150
Deferred tax liability (see note 17)	1,221,378	826,379
Deferred income	6,321,171	7,419,675
Invoice discounting facility	7,893,446	-
	<u>59,209,545</u>	<u>39,720,680</u>

## Notes to the financial statements (continued)

### 14 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Obligations under finance leases and hire purchase contracts (see note 16)	256,654	523,503
Deferred income	16,410,235	15,551,399
Loans from Group undertaking	70,400,000	32,360,000
	<u>87,066,889</u>	<u>48,434,902</u>

The loans from Group undertaking incur interest in the range of 1.12% to 4.20%, per annum. The loans are unsecured and repayable over a period of between ten and twenty-five years.

### 15 Provisions for liabilities

	Legal £	Other £	Total £
Balance at 1 January 2017	750,000	244,448	994,448
Provisions made during the year	-	63,813	63,813
Amount credited in the year	-	(244,448)	(244,448)
Balance at 31 December 2017	<u>750,000</u>	<u>63,813</u>	<u>813,813</u>

### 16 Other interest-bearing loans and borrowings

#### Finance lease liabilities:

Finance lease liabilities are payable as follows:

	Minimum lease payments 2017 £	Interest 2017 £	Principal 2017 £	Minimum lease payments 2016 £	Interest 2016 £	Principal 2016 £
Less than one year	273,751	7,027	266,724	416,172	14,936	401,236
Between one and five years	259,843	3,189	256,654	536,813	13,310	523,503
At end of year	<u>533,594</u>	<u>10,216</u>	<u>523,378</u>	<u>952,985</u>	<u>28,246</u>	<u>924,739</u>

## Notes to the financial statements (continued)

### 17 Deferred tax

	2017 £	2016 £
At beginning of year (see note 13)	826,379	818,708
Adjustment in respect of the prior year (see note 7)	4,351	15,362
Movement to the profit and loss for the year (see note 7)	541,370	(56,872)
Effect of tax rate change on opening balance (see note 7)	(150,722)	49,181
At end of year (see note 13)	<u>1,221,378</u>	<u>826,379</u>

	2017 £	2016 £
<b>The elements of deferred taxation are as follows:</b>		
Accelerated capital allowances	1,273,763	628,367
Deferred capital gains	233,349	260,802
Provisions	(237,127)	(36,150)
Other short term timing differences	(48,607)	(26,640)
Undiscounted deferred tax liability (see note 13)	<u>1,221,378</u>	<u>826,379</u>

## 18 Acquisition of trade and assets

During the year trade and assets of Culina Ambient Limited were acquired by the Company for £3,629,222 and trade and assets of Culina Logistics Limited were acquired by the Company for £1,624,077. The following assets and liabilities were acquired at fair value, on a no gain, no loss basis:

	Culina Ambient Limited £	Culina Logistics Limited £	Total £
Fixed assets			
Intangible assets	849,732	2	849,734
Tangible assets	8,985,729	1,428,600	10,414,329
	<u>9,835,461</u>	<u>1,428,602</u>	<u>11,264,063</u>
Current assets			
Stocks	132,360	77,538	209,898
Debtors	1,803,629	994,914	2,798,543
Cash at bank and in hand	1,700	23	1,723
	<u>1,937,689</u>	<u>1,072,475</u>	<u>3,010,164</u>
Creditors: amounts falling due within one year	(4,464,644)	(877,000)	(5,341,644)
Net current assets	<u>7,308,506</u>	<u>1,624,077</u>	<u>8,932,583</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	(3,000,000)	-	(3,000,000)
Provisions for liabilities	(679,284)	-	(679,284)
Net assets	<u>3,629,222</u>	<u>1,624,077</u>	<u>5,253,299</u>

## 19 Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid:		
93,348 (2016: 93,348) ordinary shares of £1.00	<u>93,348</u>	<u>93,348</u>

## Notes to the financial statements (continued)

### 20 Commitments

(a) At 31 December 2017, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £4,098,091 (2016: £1,391,418).

(b) Non-cancellable operating lease rentals are payable as follows:

	2017 Land and buildings £	2017 Other £	2016 Land and buildings £	2016 Other £
Within one year	16,847,134	7,922,431	12,923,022	5,955,699
In the second to fifth years inclusive	61,198,446	17,090,145	39,662,183	10,703,410
After more than five years	54,228,526	3,350,876	40,035,261	1,437,358
	<u>132,274,106</u>	<u>28,363,452</u>	<u>92,620,466</u>	<u>18,096,467</u>

The Company leases a number of warehouse facilities, commercial vehicles, trailers and material handling equipment for use in carrying out the main business activity. Leases are negotiated on a commercial basis.

### 21 Employee benefits

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £2,860,523 (2016: £1,393,205). Contributions amounting to £294,653 (2016: £250,976) were payable to the scheme and are included in creditors.

The Group operated a defined contribution pension scheme, which was closed to new entrants in 2016. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £nil (2016: £13,188). There were no prepaid or accrued pension contributions at the end of the year. Contributions amounting to £nil (2016: £nil) were payable to the scheme and were included in creditors.

### 22 Related Parties

As a wholly owned subsidiary of Unternehmensgruppe Theo Muller S.e.c.s, the Company has taken advantage of the exemption available under FRS 101 to disclose transactions with other members of the Group headed by Unternehmensgruppe Theo Muller S.e.c.s..

### 23 Ultimate Parent Company

The ultimate parent undertaking is Unternehmensgruppe Theo Muller S.e.c.s., a partnership registered in Luxembourg. This entity prepares Group financial statements which are publicly available and can be obtained from Unternehmensgruppe Theo Muller S.e.c.s., 2b rue Albert Borschette, L-1246 Luxembourg. The ultimate controlling party is Herr Theo Müller.