



## Belwood Foods Limited

Annual report and financial statements

Registered number: 00694011

31 December 2017

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## Company Information

### Directors

A Barnes  
D Gray  
D Fletcher  
J Oldcorn  
J Pollard

### Registered number

00694011

### Registered office

Level 5  
9 Hatton Street  
London  
NW8 8PL

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

### Bankers

Lloyds Banking Group plc  
25 Gresham Street  
London  
EC2V 7HN

HSBC Bank plc  
8 Canada Water  
London  
E14 5HQ

## Strategic Report

The directors present their Strategic Report for the year ended 31 December 2017.

### Principal activities

The Company's principal activity is animal by-products, waste and meat processing services.

### Business review

Company turnover increased by 11.9% in 2017 to £4,446,000 (2016: £3,974,000).

Increased activity in Ukraine following less political unrest and growth in other markets has driven the increase in turnover. The introduction of higher margin products has driven the increase in gross margin. Profit before interest and tax increased to £960,000 (2016: £736,000) reflecting a lower overhead base as management focus on driving efficiencies. The net asset position has increased to £5,222,000 (2016: £4,495,000) following investment in a new factory this year.

### Performance management

Annual budgets and longer-term financial plans are developed by the directors to target improved business performance. The directors review the performance of the business through comprehensive monthly reviews, comparing actual results against both budget expectations and prior year achievements. All results are challenged to ensure performance is maximised. Particular emphasis is placed on monitoring turnover, operating costs, cash flows and working capital levels. In addition, other key performance indicators monitored by the directors are as follows:

Measure	2017	2016	Performance
<b>Turnover growth:</b> this measure reflects the underlying trend and performance of the business	11.9%	11.8%	Turnover has improved due to increased activity in Ukraine and growth in other markets.
<b>Gross profit margin:</b> this measures gross profit as a percentage of revenue	37.6%	35.0%	Gross margin has improved following the introduction of higher margin products.

### Future outlook

How the economy evolves is highly dependent on the type of EU-exit deal that is achieved in 2019. The UK's decision to exit the European Union could have a downside impact on consumption, affect the availability of low skilled workers from overseas and lead to further political instability in key markets. We will look to improve our productivity and translate risks into opportunities.

### Managing risk

There are a number of potential risks and uncertainties, which could have a material impact on the Company's long-term performance and cause actual results to differ materially from expected and historical results. The risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at an operational level and to operate internal controls that adequately mitigate these risks.

## Strategic Report (continued)

### Managing risk (continued)

The directors have identified the following principal risks and uncertainties that could have the most significant impact on the Company's value generation:

Risk area	Nature of risk and possible repercussions	Mitigation
<b>Operational risk:</b>		
<b>State of the economy</b>	The deterioration of the economies in which the Company operates may adversely impact sales or sales mix and, ultimately, lower profitability and cash flow. The UK's decision to leave the European Union has had some immediate impact on our results as a consequence of the effect on currency markets, but the extent to which our operations and financial performance are affected in the longer term will only become apparent as details emerge of how the exit is to be engineered.	Although the Company cannot directly influence the general economic conditions or consumer spending, it works to understand the market in order to provide products of a quality and a price which is suitable for its customers. The operations of the Company are designed to be flexible enough to move with the market trends to ensure that changes in demand caused by the economy can be overcome.
<b>Competitive environment and customer risk</b>	There is strong competition within the market in which the Company operates. The loss of all or part of the Company's business with one or more of its major customers would adversely impact the Company's results.	The Company manages the risk of operating in a competitive sector by maintaining strong customer relationships. Delivering high levels of service and quality supports this process. The monitoring of key performance indicators at a customer level such as service levels and customer complaints enables the business to ensure it offers strong customer service, quality products, low costs and innovative product development.
<b>Product quality and safety</b>	A breach of food safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.	The site operates food safety systems that are regularly reviewed to ensure they remain effective, including continuing compliance with all regulatory requirements for food hygiene and safety. All food products are made to the highest standards regardless of where they are manufactured and food safety is always prioritised over economic considerations.

## Strategic Report (continued)

## Managing risk (continued)

<b>Workplace health and safety</b>	Many of our operations by their nature have the potential for injuries and accidents to employees, contractors and visitors.	Safety is the number one priority for our businesses with active endorsement and accountability from the managing directors of each business. Our Health and Safety Policy and practices are firmly embedded in each business supporting a strong ethos of workplace safety. The Group's Health & Safety Officer conducts audits to verify implementation and to support continuous improvement. Best practice safety and occupational health training is provided across the businesses.
<b>Price and supply of raw materials</b>	The price and supply of raw materials is largely influenced by the environment in which the product originates. Changes in price would impact the core profitability of the Company's business and any related shortage in supply will impact the business' ability to maintain its service levels to customers.	The Company will aim to pass on increased costs to its customers as far as is reasonable in the circumstances while maintaining its tight control of overhead costs to mitigate the impact on consumers. The Company maintains a high level of expertise in its buying team, enabling it to monitor raw material sources on a global basis and to negotiate forward purchase contracts where appropriate with key suppliers. The team also cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices.
<b>Business continuity</b>	The Company operates from one site, the loss of which, for example as a result of fire, would present significant operational difficulties.	The Company has a business continuity plans in place to manage the impact of such an event should it occur and group insurance programmes to mitigate the financial consequences.
<b>Financial risk:</b>		
<b>Interest rates and currency</b>	Funds to finance working capital and capital investment are arranged at Argent Foods Limited group level. Such borrowings are in the form of bank loans and vary considerably throughout the year. Such borrowings have variable interest rates based upon banks' base rates and interest risks are therefore subject to fluctuations in such rates. The Company is exposed to foreign currency risk on purchases for imported materials.	Interest rate and foreign currency risks are managed using effective hedging policies. The group hedges interest rate exposures on fixed term debt by the use of interest rate swaps on a proportion of fixed term borrowings.

## Strategic Report (continued)

### Managing risk (continued)

<b>Credit</b>	Approximately half of all sales are made on credit terms. The Company is exposed to counter party credit risk when dealing with customers and from certain financing activities. Granting of credit to inappropriate parties or failure to collect debts on a timely basis could leave the Company exposed to losses.	The Company maintains strong relationships with each of its key customers and has established credit control parameters. Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored. Aggregate exposures are monitored at board level and, where appropriate, limits are set for higher risk counterparties. In addition, the Company maintains credit insurance where necessary.
<b>Liquidity</b>	The Company needs access to funding for current business and future growth.	The Company has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities.

### Human Resource:

<b>People</b>	The Company is dependent on continuing to attract, retain, develop and motivate the best people with the right capabilities at all levels in the organisation.	The Company mitigates the risk associated with loss of key personnel through succession planning, strong recruitment processes, effective incentives and retention initiatives, and ongoing training and development.
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## Employees

*Equal opportunities* – the Company is committed to offering equal opportunities to all individuals within the business through recruitment, training and career development. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled while employed by the Company an opportunity for retraining.

*Harassment* – a zero tolerance policy exists towards sexual, physical or mental harassment in the workplace. It is expected that incidents of harassment be reported to the appropriate human resources manager.

*Human rights* – the Company promotes human rights both directly through employment and indirectly in its global supply chains. The Company encourages all stakeholders to follow our principles on the subject and will not knowingly work with any stakeholders that do not. All stakeholders concerned are encouraged to openly communicate any concerns they have.

*Communication* – the Company places considerable value on the involvement of its staff and has continued its policy of communication, consultation and involvement. Information is provided to staff on matters which concern them and staff are consulted to obtain their views on matters which affect their interests.

On behalf of the board



D Fletcher  
Director

13 August 2018

Level 5  
9 Hatton Street  
London  
NW8 8PL

## Directors' Report

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

### Directors

The directors who served throughout the year and up to the date of signing the financial statements were as follows:

A J Barnes  
D J Gray  
D Fletcher  
J Oldcorn (appointed 7 June 2018)  
J Pollard

### Results and dividends

Detailed results for the year are set out in the profit and loss account on page 10. The profit for the financial year amounted to £727,000 (2016: £367,000). The directors do not recommend the payment of a final dividend (2016: £nil).

### Future developments and risk

Future developments and risk management are detailed in the Strategic Report.

### Statement of directors' responsibilities

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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.*

The directors are responsible for the maintenance and integrity of the company's website.



## Directors' Report (continued)

### Group refinancing

On 22 September 2017, the Argent Foods Limited group, of which this entity forms a part of, refinanced its debt facilities as the previous facilities were due to expire. For further details, please see the Argent Foods Limited financial statements.

### Disclosure of information to 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 steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. For these purposes, relevant audit information means information needed by the Company's auditors in connection with preparing their report.

### Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for the coming year.

On behalf of the board



D Fletcher  
Director

13 August 2018

Level 5  
9 Hatton Street  
London  
NW8 8PL

# ***Independent auditors' report to the members of Belwood Foods Limited***

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

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### **Opinion**

In our opinion, Belwood Foods 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

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### **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.

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### **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.

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### **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 Belwood Foods Limited (continued)***

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

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

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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.

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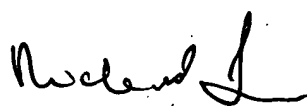
## **Other required reporting**

### **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.



Michael Jones (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
13 August 2018

# Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	2	4,446	3,974
Cost of sales		(2,776)	(2,596)
<b>Gross profit</b>		<b>1,670</b>	<b>1,378</b>
Distribution costs		(194)	(156)
Administrative expenses		(522)	(492)
Other operating income		6	6
<b>Profit before interest and tax</b>	3	<b>960</b>	<b>736</b>
Interest receivable and similar income		1	-
Interest payable and similar expenses		(1)	(1)
<b>Net interest expense</b>	6	<b>-</b>	<b>(1)</b>
<b>Profit before tax</b>		<b>960</b>	<b>735</b>
Tax on profit	7	(240)	(368)
<b>Profit for the financial year</b>		<b>720</b>	<b>367</b>
<b>Other comprehensive income</b>			
Revaluation of property	8	7	-
<b>Other comprehensive income for the financial year</b>		<b>7</b>	<b>-</b>
<b>Total comprehensive income for the financial year</b>		<b>727</b>	<b>367</b>

# Statement of Financial Position

as at 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	2,609	2,014
Investment property	9	170	160
Investments	10	500	500
		<b>3,279</b>	<b>2,674</b>
<b>Current assets</b>			
Inventories	11	361	192
Debtors	12	673	757
Cash at bank and in hand		1,438	1,335
		<b>2,472</b>	<b>2,284</b>
<b>Creditors: amounts falling due within one year</b>	13	(483)	(419)
<b>Net current assets</b>		<b>1,989</b>	<b>1,865</b>
<b>Total assets less current liabilities</b>		<b>5,268</b>	<b>4,539</b>
<b>Provisions for liabilities</b>			
Deferred tax	14	(46)	(44)
<b>Net assets</b>		<b>5,222</b>	<b>4,495</b>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Share premium account		38	38
Retained earnings		5,134	4,407
<b>Total shareholders' funds</b>		<b>5,222</b>	<b>4,495</b>

The financial statements on pages 10 to 23 were approved by the board of directors on 13 August 2018  
were signed on its behalf by:



A J Barnes  
Director

# Statement of Changes in Equity

for the year ended 31 December 2017

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 January 2016	50	38	4,040	4,128
Profit for the financial year	-	-	367	367
<b>Balance at 31 December 2016</b>	<b>50</b>	<b>38</b>	<b>4,407</b>	<b>4,495</b>
Profit for the financial year	-	-	720	720
Other comprehensive income for the financial year	-	-	7	7
<b>Balance at 31 December 2017</b>	<b>50</b>	<b>38</b>	<b>5,134</b>	<b>5,222</b>

# Notes to the financial statements

for the year ended 31 December 2017

## 1. Accounting policies

### General information

Belwood Foods Limited's ("the Company") principal activity is animal by-products, waste and meat processing services. The company is a private company limited by shares and is incorporated in the UK and registered in England, registration number 00694011. The address of its registered office is Level 5, 9 Hatton Street, London NW8 8PL.

### Statement of compliance

The individual financial statements of Belwood Foods Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest thousand unless stated otherwise. They are prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of investment property and freehold property.

The Company is a wholly owned subsidiary of the Argent Foods Limited and is included in its consolidated financial statements, which are publicly available. FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that the Company's results are included in the Group's consolidated statement of cash flows; FRS 102 p1.12(b); and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures, FRS 102 p1.12(c).

The financial statements contain information, about Belwood Foods Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as its subsidiary undertaking is included by full consolidation in the consolidated financial statements of its parent company, Argent Foods Limited, which is registered in England and Wales.

### Summary of significant accounting policies



Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated by this box. They have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the year and preceding year.

### Foreign currencies

The financial statements are presented in Sterling. Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date or forward contract rates where appropriate. Gains and losses arising from foreign currency transactions are included in the profit and loss account.

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 1. Accounting policies (continued)

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The assumption and the estimate that is deemed to have the greatest level of judgement is:

#### Fair value of property

Freehold property is held under the revaluation model. This requires the fair value of each property to be established, and the gain or loss each period to be taken through the profit and loss account if designated an investment property, or through other comprehensive income if designated property, plant and equipment. The fair value has been established by management through use of property experts, where necessary. In the current year the directors' valuation has been used.

### 2. Turnover



Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the Company and the amount of revenue can be measured reliably. Turnover represents the value of goods and services supplied, net of value added tax.

Turnover is attributable to one continuing activity, namely that of meat processing. The analysis of turnover by geographical destination is as follows:

	2017 £'000	2016 £'000
United Kingdom	3,021	2,639
Continental Europe	1,205	1,230
Rest of the world	220	105
	<b>4,446</b>	<b>3,974</b>

### 3. Profit before interest and tax

Profit before interest and tax is stated after charging:

	2017 £'000	2016 £'000
Auditor's remuneration	6	6
Depreciation of property, plant and equipment (note 8)	111	187
Inventory recognised as an expense	1,207	1,210
Loss on disposal of fixed assets	11	-



## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 4. Directors' remuneration

	2017 £'000	2016 £'000
Emoluments	222	199

The number of directors who:

	2017 Number	2016 Number
Are members of a money purchase pension scheme	2	1
Are members of a defined benefit pension scheme	-	1

Remuneration of the highest paid director:

	2017 £'000	2016 £'000
Emoluments	133	108
Company contributions to money purchase scheme	1	1
	<b>134</b>	<b>109</b>

Not all directors are remunerated through this Company. Those that are not remunerated through this Company are remunerated through another group company. No recharge is made as the time spent in relation to this Company is not significant.

### 5. Employment



The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

#### Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Further details on pension arrangements are detailed in note 15.

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

	2017 Number	2016 Number
Administration	6	4
Selling and distribution	1	1
Production and manufacturing	23	20
	<b>30</b>	<b>25</b>

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	718	625
Social security costs	68	59
Other pension costs (note 15)	49	36
	<b>835</b>	<b>720</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 6. Net interest expense



Interest is recognised using the effective interest rate method. Interest receivable and similar income comprises dividends and interest received during the accounting period. Interest payable is recognised over the period of the principal outstanding.

	2017 £'000	2016 £'000
<b>Interest receivable and similar income</b>		
Interest receivable from group undertakings	1	-
	<b>1</b>	<b>-</b>
<b>Interest payable and similar expenses</b>		
Other interest payable	(1)	(1)
	<b>(1)</b>	<b>(1)</b>
<b>Net interest expense</b>	<b>-</b>	<b>(1)</b>

### 7. Tax on profit



Current tax, including UK Corporation Tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at the Statement of Financial Position date that result in an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets and liabilities have been recognised in these financial statements using the future Corporation Tax rates.

The tax charge represents:

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK Corporation Tax at 19.25% (2016: 20.00%)	2	1
Total current tax charge	<b>2</b>	<b>1</b>
<b>Deferred tax:</b>		
Adjustment in respect of prior years	112	243
Origination and timing differences	126	124
Total deferred tax charge (note 14)	<b>238</b>	<b>367</b>
<b>Total tax on profit</b>	<b>240</b>	<b>368</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 7. Tax on profit (continued)

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

	2017 £'000	2016 £'000
Profit before tax	960	735
Profit before tax multiplied by the standard rate of Corporation Tax in the UK at 19.25% (2016: 20.00%)	185	147
Effects of:		
Effect of changes in tax rates	(57)	(22)
Adjustments in respect of prior years	112	243
<b>Tax on profit</b>	<b>240</b>	<b>368</b>

#### *Factors that may affect future tax charges*

Changes to the UK Corporation Tax rates were substantively enacted as part of Finance Bill 2016 (on 26 October 2015) and Finance Bill 2017 (on 7 September 2016). This includes reductions to the rate to 19% from 1 April 2017 and 17% from 1 April 2020.

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 8. Property, plant and equipment



Plant and machinery is carried at cost less accumulated impairment and accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Freehold properties are held under the revaluation model.

The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all plant and machinery other than freehold land by equal annual instalments over their expected useful lives as follows:

Assets under construction	-	not applicable
Freehold properties	-	over 50 years
Plant and machinery	-	over 5 to 10 years

	Freehold properties £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At beginning of year	963	2,308	3,271
Revaluations	7	-	7
Additions	626	84	710
Disposals	-	(79)	(79)
<b>At end of year</b>	<b>1,596</b>	<b>2,313</b>	<b>3,909</b>
<b>Accumulated depreciation</b>			
At beginning of year	-	1,257	1,257
Charge for the year	-	111	111
Charge on disposals	-	(68)	(68)
<b>At end of year</b>	<b>-</b>	<b>1,300</b>	<b>1,300</b>
<b>At 31 December 2017</b>	<b>1,596</b>	<b>1,013</b>	<b>2,609</b>
<b>At 31 December 2016</b>	<b>963</b>	<b>1,051</b>	<b>2,014</b>

The freehold properties were valued by an external independent valuation expert as at 31 December 2017 and held at directors' valuation at 31 December 2016.

Under the cost model, the carrying amount of freehold property at 31 December 2017 would have been £777,000 (2016: £789,000).

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 9. Investment property



Investment properties are revalued annually with the aggregate surplus or deficit being recognised in the profit and loss account. No depreciation is provided in respect of investment properties. The fair value has been established by management through use of property experts where necessary. The assets are reviewed for impairment if there are factors indicating that the carrying value may be impaired.

	2017 £'000	2016 £'000
Fair value at 1 January 2017	160	160
Revaluation	10	-
Fair value at 31 December 2017	170	160

Investment properties were valued by an external independent valuation expert as at 31 December 2017 and held at director's valuation at 31 December 2016.

### 10. Investments



Investments held as fixed assets are stated at cost less any provision for impairment in value.

	Shares in subsidiary undertakings £'000
<b>Cost and net book value</b>	
At 1 January and 31 December	500

During the year the business contributed capital of £1 to a new company, Cool Space Nottingham Limited.

#### Shares in group undertakings

The principal subsidiary companies are:

Company & registered address	Country of incorporation	Principal activity	Class and percentage of shares held
Barker & Hird (PP) Limited <sup>1</sup>	England and Wales	Property management	Ordinary – 100%
Cool Space Nottingham Limited <sup>1</sup>	England and Wales	Property management	Ordinary – 100%

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Registered address:

<sup>1</sup> Level 5, 9 Hatton Street, London, NW8 8PL

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 11. Inventories



Inventories are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. When a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

	2017 £'000	2016 £'000
Finished goods and goods for resale	361	192
	<b>361</b>	<b>192</b>

There is no significant difference between the replacement cost of inventory and carrying amount.

### 12. Debtors



Trade and other receivables are initially recognised at transaction price. If the arrangement constitutes a financing transaction, the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of the reporting period trade and other receivables are assessed for objective evidence of impairment. If the 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 the profit and loss account.

	2017 £'000	2016 £'000
Trade debtors	248	151
Deferred tax recoverable (note 14)	342	578
Amounts owed by group undertakings	50	-
Prepayments and accrued income	33	28
	<b>673</b>	<b>757</b>

Amounts owed by group undertakings are unsecured with interest at a rate of 2.5% and are repayable on demand.

## Notes to the financial statements (continued)

for the year ended 31 December 2017

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



Trade and other creditors that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

	2017 £'000	2016 £'000
Trade creditors	176	133
Corporation Tax	2	1
Other tax and social security	167	149
Other creditors	-	3
Accruals and deferred income	138	133
	<b>483</b>	<b>419</b>

### 14. Deferred tax

The analysis of deferred tax balances for the Company is as follows:

Deferred tax asset	2017 £'000	2016 £'000
Other timing differences	342	578
Deferred tax asset	<b>342</b>	<b>578</b>
Deferred tax asset at 1 January	578	945
Deferred tax charge in profit and loss account (note 7)	(236)	(367)
<b>Deferred tax asset 31 December</b>	<b>342</b>	<b>578</b>
Deferred tax liability	2017 £'000	2016 £'000
Other timing differences	46	44
Deferred tax liability	<b>46</b>	<b>44</b>
Deferred tax liability at 1 January	44	44
Deferred tax charge in profit and loss account (note 7)	2	-
<b>Deferred tax liability at 31 December</b>	<b>46</b>	<b>44</b>

The unrecognised deferred tax asset at the year-end was £562,000 (2016: £562,000) which has arisen as a result of trading losses which have not been recognised on the basis that their future economic benefit is uncertain. In accordance with FRS 102 these assets will be recognised when it is regarded as more likely than not that they will be recovered.

Deferred tax assets have been recognised in these financial statements using the enacted Corporation Tax rates.

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 15. Pension scheme



The Company participates in a group defined benefit pension scheme operated by Argent Foods Limited. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reasonable basis, and therefore, as required by FRS 102, accounts for this scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also participates in defined contribution plans. Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the accounting period.

The Company participates in the Group's defined benefit pension scheme. Further disclosure of the group pension schemes are shown in the consolidated financial statements of the intermediate holding company, Argent Foods Limited. The total pension cost charge for the year amounted to £49,000 (2016: £36,000). The amounts paid in respect of the defined benefit scheme were £43,000 (2016: £35,000) and the amounts paid in respect of defined contribution schemes were £6,000 (2016: £1,000). There were no outstanding contributions at year end (2016: £nil).

### 16. Called up share capital



Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Allotted and fully paid

	2017 £'000	2016 £'000
50,000 Ordinary shares of £1 each (2016: 50,000)	50	50

### 17. Assets pledged, commitments and contingencies

The Company is a participant in a group arrangement under which all assets and surplus cash balances are held as collateral for bank facilities advanced to group members. The facilities are secured under a debenture dated 22 September 2017 over all assets of the Company.

### 18. Related party transactions

#### 18.1 Group transactions

The Company is a wholly owned subsidiary of Argent Foods Limited and is exempt under the terms of FRS 102 from disclosing related party transactions with entities which are part of the Argent Foods Limited group.

#### 18.2 Key management personnel

Only members of the board are considered to be key management personnel. It is the board who have responsibility for planning, directing and controlling the activities of the Group. Directors' remuneration is detailed in note 4.



## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 19. Ultimate and immediate parent undertaking

The Company is ultimately owned and controlled by D J Gray.

The Company is a wholly owned subsidiary of Argent Holdings Limited, a company incorporated in England and Wales, and with registered office at Level 5, 9 Hatton Street, London NW8 8PL.

The largest group into which the results of the Company are consolidated is Fletcher Bay Group Limited. Copies of those consolidated financial statements may be obtained from the registered office.

The smallest group into which the results of the Company are consolidated is Argent Foods Limited. Copies of those consolidated financial statements may be obtained from the registered office.