

Company Registration No. 01194446 (England and Wales)

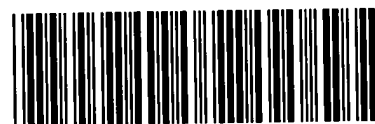
HUNT'S FOODSERVICE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



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HUNT'S FOODSERVICE LTD

COMPANY INFORMATION

Directors

Mrs S E Hunt
C F Poffley
V G Williams
B J Poffley
M D Norris
R C Hunt
M J Douch
T I J Hunt

Secretary M D Norris

Company number 01194446

Registered office

Ludbourne Road
SHERBORNE
Dorset
DT9 3NJ

Auditor

Old Mill Audit LLP
Maltravers House
Petters Way
YEOVIL
Somerset
BA20 1SH

HUNT'S FOODSERVICE LTD

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HUNT'S FOODSERVICE LTD
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

The company has continued to be financially successful this year despite experiencing some hardening trading conditions. Due to the poor summer weather sales this year have seen a slowdown in the rate of growth, increasing 4.6% to £76.53m (2017 £73.19 m + 10.9%), as sales of ice cream and the trade of our seasonal coastal businesses were understandably affected. Gross profit margins dropped slightly to 28.1%, whilst like for like trading profits have increased to £2.23m (2017 £1.78m). The directors have continued with an aggressive policy on the amortisation of goodwill and this year's accounts include a charge of £0.5m. EBITDA earnings have increased to 4.71% (2017 4.57% adjusted for the exceptional gain of £2.4m).

The purchase of an additional site will allow the business to continue to expand. The directors have also continued to invest in technology understanding that this helps the management run an increasingly large team. It also allows the operation to monitor performance and reduce carbon emissions. There has been a reduction in paper waste due to the introduction of computerised POD technology.

Accreditation from the British Retail Consortium (BRC) has been achieved at all sites, which gives our customers confidence that the business has in place all necessary controls to ensure goods are kept and delivered to the standard which maintains the integrity of the product.

Regular contact with fellow members of Caterforce and suppliers ensures the business is aware of the market trends and can therefore react to changes, so we can offer our customers the latest products and innovation in the market. The marketing department within the business has helped to keep our customers informed of the changes and to raise the profile of the business.

Continued support from the bank has allowed the business to again take advantage of bulk buying opportunities, whilst strict monitoring of trade debtors continues although the year has seen an increase in the bad debt charge.

The hotels have had a steady year and investment in the bar and conference room should improve the performance of the Wessex.

Since the year end investment at head office continues in all areas from personnel to infrastructure. New offices are being built to accommodate the expanding management team. A new store is being planned and store refurbishment is underway.

The Directors continue to be very positive about the future of the business.

HUNT'S FOODSERVICE LTD
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties

Credit Risk

The group has policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly. The directors do not consider that any customer represents a major risk to the business.

Liquidity Risk

The group actively maintains debt finance that is designed to ensure it has sufficient available funds for operations and planned activity.

Interest Rate Cash Flow Risk

The group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include cash balances which earn interest at fixed rates. The group's overdraft facilities are maintained at a fixed rate.

Other key external risks to the group include the possibility of a future decline in the economy (leading to a decline in activity) and increased competitive pressures.

The key internal risk, over which there is a high degree of internal control, include the risks of margins, overheads, quality of service and non-compliance with health and safety and other regulations. The directors and management team have controls in place which are regularly reviewed for their effectiveness.

Key performance indicators

Targets for the key performance indicators of turnover, gross margin and overheads are shared by the directors with the management team.

Actual results are compared to budget on a regular basis so that variances can be addressed at the earliest opportunity. This includes activity monitoring, monthly reviews of margins and overheads. Other priorities include focusing on the quality of the provision of the service and staff development.

On behalf of the board



M D Norris

Director

Date: 12th Nov 2018

HUNT'S FOODSERVICE LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

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

Principal activities

The principal activity of the company continued to be that of wholesale storage and distribution of frozen foods, ice cream, chilled, ambient and health foods, and the operation of hotels.

Directors

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

Mrs S E Hunt
C F Poffley
V G Williams
B J Poffley
M D Norris
R C Hunt
M J Douch
T I J Hunt

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £125,000. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditor, Old Mill Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Future developments, Liquidity risk, Interest rate risk, Foreign currency risk and Credit risk.

HUNT'S FOODSERVICE LTD
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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



M D Norris

Director

Date:

12th Nov 2018

HUNT'S FOODSERVICE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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.

HUNT'S FOODSERVICE LTD
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUNT'S FOODSERVICE LTD

Opinion

We have audited the financial statements of Hunt's Foodservice Ltd (the 'company') for the year ended 31 March 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

HUNT'S FOODSERVICE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HUNT'S FOODSERVICE LTD

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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Jolyon Stonehouse (Senior Statutory Auditor)
for and on behalf of Old Mill Audit LLP
Statutory Auditor

23 November 2018

Maltravers House
Petters Way
YEOVIL
Somerset
BA20 1SH

HUNT'S FOODSERVICE LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	76,530,968	73,197,286
Cost of sales		(55,020,949)	(52,475,812)
Gross profit		21,510,019	20,721,474
Administrative expenses		(19,901,761)	(19,890,936)
Other operating income		24,916	50,074
Profit on disposal of surplus assets		-	2,379,918
Operating profit	4	1,633,174	3,260,530
Interest receivable and similar income	8	(4,167)	48,283
Interest payable and similar expenses	9	(32,731)	(87,077)
Profit before taxation		1,596,276	3,221,736
Tax on profit	10	(12,103)	(739,177)
Profit for the financial year		1,584,173	2,482,559

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

HUNT'S FOODSERVICE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Profit for the year	1,584,173	2,482,559
Other comprehensive income		
Actuarial gain/(loss) on defined benefit pension schemes	200,000	(264,000)
Tax relating to other comprehensive income	(45,878)	45,878
Other comprehensive income for the year	154,122	(218,122)
Total comprehensive income for the year	1,738,295	2,264,437

HUNT'S FOODSERVICE LTD

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	12		350,000		496,862
Tangible assets	13		11,183,156		10,753,065
Investment properties	14		500,000		-
Investments	15		300		300
			<u>12,033,456</u>		<u>11,250,227</u>
Current assets					
Stocks	18	8,317,015		7,625,137	
Debtors	19	8,134,274		8,260,585	
Cash at bank and in hand		14,968		27,793	
		<u>16,466,257</u>		<u>15,913,515</u>	
Creditors: amounts falling due within one year	20	(9,604,853)		(8,837,997)	
Net current assets			<u>6,861,404</u>		<u>7,075,518</u>
Total assets less current liabilities			<u>18,894,860</u>		<u>18,325,745</u>
Creditors: amounts falling due after more than one year	21		(464,243)		(930,715)
Provisions for liabilities	24		(343,178)		(920,886)
Net assets			<u><u>18,087,439</u></u>		<u><u>16,474,144</u></u>
Capital and reserves					
Called up share capital	27		10,000		10,000
Capital redemption reserve	28		527,000		527,000
Profit and loss reserves			17,550,439		15,937,144
Total equity			<u><u>18,087,439</u></u>		<u><u>16,474,144</u></u>

The financial statements were approved by the board of directors and authorised for issue on 12th Nov 2018 and are signed on its behalf by:



M D Norris
Director

Company Registration No. 01194446

HUNT'S FOODSERVICE LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2016		10,000	527,000	13,772,707	14,309,707
Year ended 31 March 2017:					
Profit for the year		-	-	2,482,559	2,482,559
Other comprehensive income:					
Actuarial gains on defined benefit plans		-	-	(264,000)	(264,000)
Tax relating to other comprehensive income		-	-	45,878	45,878
Total comprehensive income for the year		-	-	2,264,437	2,264,437
Dividends	11	-	-	(100,000)	(100,000)
Balance at 31 March 2017		10,000	527,000	15,937,144	16,474,144
Year ended 31 March 2018:					
Profit for the year		-	-	1,584,173	1,584,173
Other comprehensive income:					
Actuarial gains on defined benefit plans		-	-	200,000	200,000
Tax relating to other comprehensive income		-	-	(45,878)	(45,878)
Total comprehensive income for the year		-	-	1,738,295	1,738,295
Dividends	11	-	-	(125,000)	(125,000)
Balance at 31 March 2018		10,000	527,000	17,550,439	18,087,439

HUNT'S FOODSERVICE LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	34	3,117,230		3,364,231	
Interest paid		(32,731)		(87,077)	
Income taxes paid		(474,030)		(127,573)	
Net cash inflow from operating activities		2,610,469		3,149,581	
Investing activities					
Purchase of intangible assets		(350,000)		-	
Purchase of tangible fixed assets		(2,140,506)		(1,744,076)	
Proceeds on disposal of tangible fixed assets		200,505		3,614,834	
Purchase of investment property		(500,000)		-	
Interest received		833		7,283	
Net cash (used in)/generated from investing activities		(2,789,168)		1,878,041	
Financing activities					
Payment of finance leases obligations		(496,757)		(496,856)	
Dividends paid		(125,000)		(100,000)	
Net cash used in financing activities		(621,757)		(596,856)	
Net (decrease)/increase in cash and cash equivalents		(800,456)		4,430,766	
Cash and cash equivalents at beginning of year		(821,544)		(5,252,310)	
Cash and cash equivalents at end of year		(1,622,000)		(821,544)	
Relating to:					
Cash at bank and in hand		14,968		27,793	
Bank overdrafts included in creditors payable within one year		(1,636,968)		(849,337)	

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Hunt's Foodservice Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Ludbourne Road, SHERBORNE, Dorset, DT9 3NJ.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. 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 is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.5 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:

Freehold land and buildings	Equal instalments over 40 years to their estimated residual values of 20% of cost
Plant and equipment	10% to 20% of annual reducing balances or equal instalments over 10, 5 or 3 years
Motor vehicles	20% - 25% reducing balance

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.

Assets under the course of construction are not depreciated until construction is completed and they are brought into use. At this point they are transferred to the appropriate category of fixed assets and depreciated at the relevant rate.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.8 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.

1.9 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.

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.

1.10 Cash at bank and in hand

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.

1.11 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.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.12 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.

1.13 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.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

1.14 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.16 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.

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.

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.

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

In determining the estimated useful life the company considers the expected usage (capacity or physical output) of the asset, expected physical wear and tear of the asset and expected technical advancements in the industry that could lead to obsolescence of the asset. Each year the company reviews the above to establish if there is any change in expected useful life of tangible assets.

Calculation of residual values of tangible assets

Estimated residual value of tangible assets is reviewed annually with consideration given to any changes in market prices and improvements in technology that would alter demand for such tangible assets.

Valuation of investment property

Investment property purchased in the year is included in the financial statements at fair value, based on the market value for the properties at the balance sheet date. An independent valuer was not used during the year, however the directors have sufficient knowledge and experience to apply judgement in determining a valuation. At 31 March 2018, the value of the investment property was £500,000.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Wholesale	74,885,639	71,600,985
Hotel	1,645,329	1,596,301
	<u>76,530,968</u>	<u>73,197,286</u>

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	975,708	896,249
Depreciation of tangible fixed assets held under finance leases	504,993	619,382
Loss/(profit) on disposal of tangible fixed assets	29,209	(5,781)
Amortisation of intangible assets	496,862	921,123
Cost of stocks recognised as an expense	55,020,949	52,475,812
Operating lease charges	<u>51,049</u>	<u>68,059</u>

In the prior year, the Company disposed of surplus freehold properties resulting in a net gain of £2.4m which was recognised in Profit and Loss in that year.

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>25,000</u>	<u>20,000</u>
For other services		
Taxation compliance services	5,500	5,000
All other non-audit services	<u>6,300</u>	<u>-</u>
	<u>11,800</u>	<u>5,000</u>

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Employees

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

	2018 Number	2017 Number
Production, building and storage	130	119
Sales and distribution	181	203
Hotel staff	73	61
Administration and management	52	55
	<u>436</u>	<u>438</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	8,965,988	8,987,948
Social security costs	761,325	754,847
Pension costs	426,672	316,566
	<u>10,153,985</u>	<u>10,059,361</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>437,688</u>	<u>378,513</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	187,315	154,253
Accrued pension at the end of the year	<u>38,589</u>	<u>33,966</u>

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	833	7,283
Interest on the net defined benefit asset	(5,000)	41,000
Total income	(4,167)	48,283

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	833	7,283
--	-----	-------

9 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	52,062
Interest on finance leases and hire purchase contracts	32,731	35,015
	32,731	87,077

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	486,457	359,768
Adjustments in respect of prior periods	9,262	(17,827)
Total current tax	495,719	341,941
Deferred tax		
Origination and reversal of timing differences	(483,616)	419,598
Adjustment in respect of prior periods	-	(22,362)
Total deferred tax	(483,616)	397,236
Total tax charge	12,103	739,177

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

10 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £	2017 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	45,878	(45,878)

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

	2018 £	2017 £
Profit before taxation	1,596,276	3,221,736
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	303,292	644,347
Tax effect of expenses that are not deductible in determining taxable profit	2,015	168,438
Tax effect of income not taxable in determining taxable profit	-	20,798
Unutilised tax losses carried forward	(24,157)	-
Permanent capital allowances in excess of depreciation	33,543	(85,194)
Depreciation on assets not qualifying for tax allowances	28,655	-
Amortisation on assets not qualifying for tax allowances	94,404	-
Other permanent differences	38,981	-
Under/(over) provided in prior years	9,262	(17,827)
Deferred tax adjustments in respect of prior years	(428,014)	(37,263)
Tax credited to the statement of comprehensive income	(45,878)	45,878
Taxation charge for the year	12,103	739,177

11 Dividends

	2018 £	2017 £
Interim paid	125,000	100,000

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2017	6,577,726
Additions - separately acquired	350,000
	<hr/>
At 31 March 2018	6,927,726
	<hr/>
Amortisation and impairment	
At 1 April 2017	6,080,864
Amortisation charged for the year	496,862
	<hr/>
At 31 March 2018	6,577,726
	<hr/>
Carrying amount	
At 31 March 2018	350,000
	<hr/> <hr/>
At 31 March 2017	496,862
	<hr/> <hr/>

13 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2017	6,067,220	378,368	6,342,954	6,127,792	18,916,334
Additions	707,481	331,222	1,063,803	38,000	2,140,506
Disposals	(313,278)	-	-	(99,197)	(412,475)
Transfers	650,110	(650,110)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	7,111,533	59,480	7,406,757	6,066,595	20,644,365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 1 April 2017	1,295,108	-	4,148,074	2,720,087	8,163,269
Depreciation charged in the year	150,296	-	645,925	684,480	1,480,701
Eliminated in respect of disposals	(97,550)	-	-	(85,211)	(182,761)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,347,854	-	4,793,999	3,319,356	9,461,209
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount					
At 31 March 2018	5,763,679	59,480	2,612,758	2,747,239	11,183,156
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2017	4,772,112	378,368	2,194,880	3,407,705	10,753,065
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 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.

	2018 £	2017 £
Motor vehicles	2,019,973	2,524,966
Depreciation charge for the year in respect of leased assets	504,993	619,382

14 Investment property

2018
£

Fair value

At 1 April 2017

Additions through external acquisition

At 31 March 2018

500,000
500,000

Investment property comprises £500,000. The fair value of the investment property has been arrived at on the basis of the purchase completed during the year. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

15 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	16	200	200
Unlisted investments		100	100
		300	300

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 April 2017 & 31 March 2018	200	100	300
Carrying amount			
At 31 March 2018	200	100	300
At 31 March 2017	200	100	300

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Caterforce Limited		Wholesale	Ordinary	12.50
Cornish Farmhouse Frozen Foods Limited		Dormant	Ordinary	100.00
Hunts Foodservice (Bristol) Limited		Dormant	Ordinary and deferred	100.00
Hunts Foodservice (Winchester) Limited		Dormant	Ordinary	100.00
Lostwithiel Property Company Limited		Dormant	Ordinary	100.00
Purlieu Properties (Sherborne) Limited		Dormant	Ordinary	100.00
Queenswood Natural Foods Limited		Dormant	Ordinary	100.00
R G Frozen Food Distributors Limited		Dormant	Ordinary	100.00
Sunnyside Distribution Limited		Dormant	Ordinary	100.00

The above subsidiary companies are not consolidated on the basis of them being dormant and not material. The above subsidiary companies have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	7,701,647	7,519,996
Equity instruments measured at cost less impairment	100	100
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	9,541,289	9,291,455
	<u> </u>	<u> </u>

18 Stocks

	2018	2017
	£	£
Raw materials and consumables	118,212	120,532
Finished goods and goods for resale	8,198,803	7,504,605
	<u> </u>	<u> </u>
	8,317,015	7,625,137
	<u> </u>	<u> </u>

19 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	6,776,186	6,694,261
Other debtors	1,074,499	1,348,862
Prepayments and accrued income	256,559	217,462
	<u> </u>	<u> </u>
	8,107,244	8,260,585
Deferred tax asset (note 25)	27,030	-
	<u> </u>	<u> </u>
	8,134,274	8,260,585
	<u> </u>	<u> </u>

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

20 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	22	1,636,968	849,337
Obligations under finance leases	23	468,755	499,040
Trade creditors		5,872,273	6,093,369
Amounts due to group undertakings		206,370	206,370
Corporation tax		288,748	267,059
Other taxation and social security		239,059	210,198
Other creditors		454,533	517,914
Accruals and deferred income		438,147	194,710
		<u>9,604,853</u>	<u>8,837,997</u>

Hire purchase creditors are secured over the assets to which they relate.

21 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	23	<u>464,243</u>	<u>930,715</u>

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear financial charges at rates ranging from 1.2% to 2.1% per annum.

22 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	<u>1,636,968</u>	<u>849,337</u>
Payable within one year	<u>1,636,968</u>	<u>849,337</u>

The bank overdraft is secured by fixed and floating charges over all assets of the company.

Bank overdrafts are reviewed every 6 months, subject to review at various dates during 18/19 and are repayable on demand. The average interest rate on bank overdrafts was 2.5% (2017: 2.25%) based on base rate plus 2%.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

23 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	468,755	499,040
In two to five years	464,243	930,715
	<u>932,998</u>	<u>1,429,755</u>

24 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	25	343,178	753,886
Retirement benefit obligations	26	-	167,000
		<u>343,178</u>	<u>920,886</u>

25 Deferred taxation

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

	Liabilities 2018	Liabilities 2017	Assets 2018	Assets 2017
Balances:	£	£	£	£
Accelerated capital allowances	216,239	461,338	-	-
Tax losses	-	-	24,157	-
Unrealised chargeable gains	126,939	329,726	-	-
Other timing differences	-	(37,178)	2,873	-
	<u>343,178</u>	<u>753,886</u>	<u>27,030</u>	<u>-</u>
Movements in the year:				2018
				£
Liability at 1 April 2017				753,886
Credit to profit or loss				(437,738)
Liability at 31 March 2018				<u>316,148</u>

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

25 Deferred taxation

(Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period. Deferred tax on unrealised chargeable gains is not expected to reverse in the short term as the company continues to expand.

26 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	338,765	234,331

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.

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. Under the scheme the employees are entitled to retirement benefits based on qualifying years of service. The amount payable is a percentage of the final salary on attainment of a retirement age of 65. No other post retirement benefits are provided.

The most recent Actuary report received is dated 31 March 2018.

	2018	2017
	%	%
Key assumptions		
Discount rate	2.6	2.6
Expected rate of increase of pensions in payment	3.3	3.4
Expected rate of salary increases	4.4	4.2
Post-retirement mortality	1.25	1

	2018	2017
	Years	Years
Mortality assumptions		
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.7	22.9
- Females	24.9	25.3
Retiring in 20 years		
- Males	24.1	24.2
- Females	26.4	26.7

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

26 Retirement benefit schemes

(Continued)

	2018	2017
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	315,000	224,000
Net interest on defined benefit liability/(asset)	5,000	(41,000)
Total costs	320,000	183,000

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2018	2017
	£	£
Present value of defined benefit obligations	7,447,000	7,608,000
Fair value of plan assets	(7,947,000)	(7,441,000)
(Surplus)/deficit in scheme	(500,000)	167,000
Restriction on scheme assets	500,000	-
Total liability recognised	-	167,000

	2018
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2017	7,608,000
Current service cost	315,000
Benefits paid	(484,000)
Contributions from scheme members	47,000
Actuarial gains and losses	(235,000)
Interest cost	196,000
At 31 March 2018	7,447,000

The defined benefit obligations arise from plans which are wholly or partly funded.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

26 Retirement benefit schemes

(Continued)

	2018
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2017	7,441,000
Interest income	191,000
Return on plan assets (excluding amounts included in net interest)	465,000
Benefits paid	(484,000)
Contributions by the employer	293,000
Contributions by scheme members	47,000
Other	(6,000)
At 31 March 2018	7,947,000

	2018	2017
	£	£
<i>Fair value of plan assets at the reporting period end</i>		
Unitised With-Profits policy	7,946,710	7,440,711
Net current assets held in trustees' bank account	290	289
	<u>7,947,000</u>	<u>7,441,000</u>

27 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The company's ordinary shares, on a vote resolution based on a show of hands at a general meeting, "every shareholder present in person has one vote".

28 Capital redemption reserve

The company's capital reserve relates to a historical loan from the owners that was written off by them without the issuing of additional shares.

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

29 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:

	2018 £	2017 £
Within one year	656,892	394,363
Between two and five years	1,224,088	729,192
In over five years	-	14,616
	<u>1,880,980</u>	<u>1,138,171</u>

30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	<u>1,700,000</u>	<u>151,352</u>

The company had capital commitments relating to land and buildings in 2018. In the prior year they had commitments relating to new offices with the acquisition of new machinery and vehicles.

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>525,595</u>	<u>502,287</u>

Transactions with related parties

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

	Sale of goods	
	2018 £	2017 £
Other related parties	<u>149,970</u>	<u>99,938</u>

HUNT'S FOODSERVICE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

32 Directors' transactions

Dividends totalling £125,000 (2017 - £100,000) were paid in the year in respect of shares held by the company's directors.

33 Controlling party

The company is controlled by Mrs S E Hunt who owns 100% of the issued share capital of the company.

34 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,584,173	2,482,559
Adjustments for:		
Taxation charged	12,103	739,177
Finance costs	32,731	87,077
Investment income	4,167	(48,283)
Loss/(gain) on disposal of tangible fixed assets	29,209	(2,338,953)
Amortisation and impairment of intangible assets	496,862	921,123
Depreciation and impairment of tangible fixed assets	1,480,701	1,515,631
Pension scheme non-cash movement	28,000	(101,878)
Movements in working capital:		
(Increase) in stocks	(691,878)	(596,829)
Decrease in debtors	153,341	539,968
(Decrease)/increase in creditors	(12,179)	164,639
Cash generated from operations	3,117,230	3,364,231