COMPANY REGISTRATION NUMBER: 00917409

Sykes House Farm Limited

Financial Statements

30 June 2017

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COMPANIES HOUSE

<u>LITHGOW PERKINS LLP</u>

Chartered accountant & statutory auditor

Crown Chambers

Princes Street

Harrogate

Sykes House Farm Limited

Financial Statements

Year ended 30 June 2017

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Sykes House Farm Limited

Officers and Professional Advisers

The board of directors	M P Smith R C Smith R L Hirst
Company secretary	M J Smith
Registered office	Crown Chambers Princes Street Harrogate
Auditor	Lithgow Perkins LLP Chartered accountant & statutory auditor Crown Chambers Princes Street Harrogate
Bankers	Yorkshire Bank PLC 10 Austhorpe Road Leeds Lloyds Bank PLC 8 - 11 Cambridge Crescent Harrogate

Sykes House Farm Limited

Strategic Report

Year ended 30 June 2017

The Directors present their strategic report and financial statements for the year ended 30 June 2017.

Review of the business

We aim to present a balanced review of the development and performance of the business during the year, and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

The profit for the year, after taxation, is £590,357 (2016 £624,966). Total ordinary dividends of £500,000 (2016 £500,000) were paid during the year. Shareholders' funds increased by £90,357 due to retained earnings. We feel that the results for the year and the financial position at the year end are satisfactory.

Key performance indicators

We consider the Company's key financial performance indicators during the year were as follows:

	2017	2016	Change
	£'000	£'000	%
Turnover	**11,787**	11,562	+1.9%
Gross profit	**3,384**	3,375	+0.3%
Gross profit %	**28.7%**	29.2%	-1.7%

Future development

In the coming year the company aims to grow sales by volume increases aided by some new products.

The company's principal financial instruments are trade debtors and trade creditors that arise directly from its operations.

The principal risks and uncertainties facing the company are competitive risks. As for many businesses of our size and in our sector the business environment in which we operate continues to be challenging. We are aware that any plans for future development may be subject to unforeseen events outside of our control. However, we will continue to be flexible and respond to market conditions and opportunities as they arise.

This report was approved by the board of directors on 22 November 2017 and signed on behalf of the board by:

M. P. Smith

M P Smith
Director

Registered office:
Crown Chambers
Princes Street
Harrogate

Sykes House Farm Limited

Directors' Report

Year ended 30 June 2017

The directors present their report and the financial statements of the company for the year ended 30 June 2017.

Principal activities

The company is principally engaged as suppliers of fresh meat and frozen foods.

Statutory information

Sykes House Farm Limited is a limited company incorporated and domiciled in England and Wales with the registration number 00917409. The principal place of business is Sykes House Farm, Walton Road, Wetherby.

Directors

The directors who served the company during the year were as follows:

M P Smith
R C Smith
R L Hirst

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 the profit or loss of the company for that period.

Sykes House Farm Limited

Directors' Report *(continued)*

Year ended 30 June 2017

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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 auditor is aware of that information.

The auditor is deemed to have been re–appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 22 November 2017 and signed on behalf of the board by:

M. P. Smith.

M P Smith
Director

Registered office:
Crown Chambers
Princes Street
Harrogate

Independent Auditor's Report to the Members of Sykes House Farm Limited

Year ended 30 June 2017

We have audited the financial statements of Sykes House Farm Limited for the year ended 30 June 2017, on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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

Robert Horner BA FCA (Senior Statutory Auditor)

For and on behalf of
Lithgow Perkins LLP
Chartered accountant & statutory auditor
Crown Chambers
Princes Street
Harrogate

4 January 2018

Sykes House Farm Limited

Statement of Income and Retained Earnings

Year ended 30 June 2017

	Note	2017 £	2016 £
Turnover	4	**11,787,358**	11,561,723
Cost of sales		**8,403,169**	8,186,491
Gross profit		**3,384,189**	3,375,232
Distribution costs		**2,663,456**	2,546,381
Administrative expenses		**65,058**	61,210
Other operating income	5	**1,622**	2,160
Operating profit	6	**657,297**	769,801
Other interest receivable and similar income		**58,762**	12,620
Profit before taxation		**716,059**	782,421
Tax on profit	10	**125,702**	157,455
Profit for the financial year and total comprehensive income		**590,357**	624,966
Dividends paid and payable	11	**(500,000)**	(500,000)
Retained earnings at the start of the year (as previously reported)		**2,111,507**	1,975,886
Prior period adjustments		–	10,655
Retained earnings at the start of the year (restated)		**2,111,507**	1,986,541
Retained earnings at the end of the year		**2,201,864**	2,111,507

All the activities of the company are from continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

Sykes House Farm Limited

Statement of Financial Position

30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	**12**	**760,819**	832,744
Current assets			
Stocks	**13**	**406,326**	379,634
Debtors	**14**	**1,250,253**	1,269,557
Investments	**15**	**579,190**	454,608
Cash at bank and in hand		**883,730**	684,550
		3,119,499	2,788,349
Creditors: amounts falling due within one year	**16**	**1,583,454**	1,398,586
Net current assets		**1,536,045**	1,389,763
Total assets less current liabilities		**2,296,864**	2,222,507
Provisions			
Taxation including deferred tax	**17**	**94,000**	110,000
Net assets		**2,202,864**	2,112,507
Capital and reserves			
Called up share capital	**21**	**1,000**	1,000
Profit and loss account	**22**	**2,201,864**	2,111,507
Members funds		**2,202,864**	2,112,507

These financial statements were approved by the board of directors and authorised for issue on 22 November 2017, and are signed on behalf of the board by:

M. P. Smith.

M P Smith
Director

Company registration number: 00917409

The notes on pages 12 to 22 form part of these financial statements.

Sykes House Farm Limited

Statement of Cash Flows

Year ended 30 June 2017

	2017	2016
	£	£
Cash flows from operating activities		
Profit for the financial year	**590,357**	624,966
Adjustments for:		
Depreciation of tangible assets	**156,980**	165,190
Government grant income	**(1,622)**	(2,160)
Other interest receivable and similar income	**(58,762)**	(12,620)
Loss on disposal of tangible assets	**4,167**	7,366
Tax on profit	**125,702**	157,455
Accrued income	**(5,618)**	(333)
Changes in:		
Stocks	**(26,692)**	(5,218)
Trade and other debtors	**19,304**	(159,108)
Trade and other creditors	**(44,255)**	77,185
Cash generated from operations	**759,561**	852,723
Interest received	**180**	1,667
Tax paid	**(162,202)**	(141,055)
Net cash from operating activities	**597,539**	713,335
Cash flows from investing activities		
Purchase of tangible assets	**(119,890)**	(137,597)
Proceeds from sale of tangible assets	**30,668**	499
Purchases of other investments	**(66,000)**	(66,000)
Net cash used in investing activities	**(155,222)**	(203,098)
Cash flows from financing activities		
Proceeds from borrowings	**95,241**	–
Proceeds from loans from group undertakings	**160,000**	160,000
Government grant income	**1,622**	2,160
Dividends paid	**(500,000)**	(500,000)
Net cash used in financing activities	**(243,137)**	(337,840)

The statement of cash flows
continues on the following page.

The notes on pages 12 to 22 form part of these financial statements.

	Note	2017 £	2016 £
Net increase in cash and cash equivalents		**199,180**	172,397
Cash and cash equivalents at beginning of year		**684,550**	512,153
Cash and cash equivalents at end of year		**883,730**	684,550

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Crown Chambers, Princes Street, Harrogate.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Current asset investments

Current asset investments are listed investments and are measured at fair value.

Revenue recognition

The turnover shown in the profit and loss account is the revenue from the performance of the exchange of transactions from the supply of goods during the year, exclusive of value added tax.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

3. Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	10% straight line
Fixtures and fittings	-	5% - 20% reducing balance
Motor vehicles	-	25% reducing balance
Freehold land	-	not depreciated

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	**11,787,358**	11,561,723

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2017	2016
	£	£
Government grant income	**1,622**	2,160

6. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	**156,980**	165,190
Loss on disposal of tangible assets	**4,167**	7,366
Foreign exchange differences	**(4,482)**	(2,524)

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	**4,850**	4,620

Fees payable to the company's auditor and its associates for other services:

Other non-audit services	**9,109**	9,235

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	**55**	48
Distribution staff	**20**	19
Administrative staff	**15**	14
	90	81

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	**1,711,827**	1,603,563
Social security costs	**131,972**	117,888
Other pension costs	**50,162**	63,323
	1,893,961	1,784,774

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	**24,775**	24,300
Company contributions to defined contribution pension plans	**12,000**	43,019
	36,775	67,319

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	**2**	2

10. Tax on profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	**142,000**	162,500
Adjustments in respect of prior periods	**(298)**	(45)
Total current tax	**141,702**	162,455
Deferred tax:		
Origination and reversal of timing differences	**(16,000)**	(5,000)
Tax on profit	**125,702**	157,455

10. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	**716,059**	782,421
Profit on ordinary activities by rate of tax	**136,051**	154,294
Effect of expenses not deductible for tax purposes	**2,302**	3,571
Effect of capital allowances and depreciation	**(6,908)**	(410)
Effect of revenue exempt from tax	**(11,130)**	–
Effect of changes in the rate of tax	**5,387**	–
Tax on profit	**125,702**	157,455

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017	2016
	£	£
Equity dividends	**500,000**	500,000

12. Tangible assets

	Leasehold property	Fixtures and fittings	Motor vehicles	Freehold land	**Total**
	£	£	£	£	**£**
Cost					
At 1 July 2016	296,691	702,887	566,527	68,669	**1,634,774**
Additions	–	52,367	67,523	–	**119,890**
Disposals	–	(42,917)	(19,300)	–	**(62,217)**
At 30 June 2017	296,691	712,337	614,750	68,669	**1,692,447**
Depreciation					
At 1 July 2016	227,912	261,050	294,399	18,669	**802,030**
Charge for the year	27,600	49,975	79,405	–	**156,980**
Disposals	–	(9,932)	(17,450)	–	**(27,382)**
At 30 June 2017	255,512	301,093	356,354	18,669	**931,628**
Carrying amount					
At 30 June 2017	41,179	411,244	258,396	50,000	**760,819**
At 30 June 2016	68,779	441,837	272,128	50,000	832,744

13. Stocks

	2017	2016
	£	£
Raw materials and consumables	**406,326**	379,634

14. Debtors

	2017	2016
	£	£
Trade debtors	**1,191,764**	1,224,928
Prepayments and accrued income	**35,146**	24,888
Other debtors	**23,343**	19,741
	1,250,253	1,269,557

15. Investments

	2017	2016
	£	£
Other investments	**579,190**	454,608

16. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	**818,756**	861,145
Amounts owed to group undertakings	**452,544**	292,544
Accruals and deferred income	**44,511**	51,751
Corporation tax	**142,000**	162,500
Social security and other taxes	**30,402**	30,646
Director loan accounts	**95,241**	–
	1,583,454	1,398,586

17. Provisions

	Deferred tax (note 18)
	£
At 1 July 2016	**110,000**
Movement in the year	**(16,000)**
At 30 June 2017	**94,000**

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions (note 17)	**94,000**	110,000

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	**94,000**	110,000

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £50,162 (2016: £63,323).

20. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2017	2016
	£	£
Recognised in creditors:		
Deferred government grants due within one year	**7,255**	8,877
Recognised in other operating income:		
Government grants released to profit or loss	**1,622**	2,160

A grant of £37,699 was received in 2010 from The European Agricultural Fund for Rural Development. £32,457 in respect of capital expenditure is amortised over the life of the asset.

21. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary 'A' Shares shares of £1 each	**750**	**750**	750	750
Ordinary 'B' Shares shares of £1 each	**150**	**150**	150	150
Ordinary 'C' Shares shares of £1 each	**100**	**100**	100	100
	1,000	**1,000**	1,000	1,000

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

22. Reserves

Profit and loss account - this reserve records retained earnings and accumulated losses.

23. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Balance brought forward	Advances/ (credits) to the directors	Balance outstanding
2017	£	£	**£**
M P Smith	–	(95,241)	**(95,241)**

	Balance brought forward	Advances/ (credits) to the directors	Balance outstanding
2016	£	£	£
M P Smith	–	–	–

The loan is repayable on demand and interest free.

24. Controlling party

In the opinion of the directors, the ultimate holding company is Live Yorkshire Limited, a company registered in England and Wales.

25. Controlling interest

The company is controlled by the directors of it's ultimate holding company.