Registered Number 3467913

towersthompson
Holdings Ltd



TOWERS THOMPSON HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS 2011

GROUP FINANCIAL HIGHLIGHTS

	2011 £'000	2010 £'000
Turnover – continuing operations	150,779	136,129
Earnings before Interest, Tax, Depreciation And Amortisation –continuing operations	756	429
Net Cash (outflow)/Inflow from Operating Activities	(2,158)	1,994
Net Assets	8,894	10,084
Capital Expenditure	456	452

CHIEF EXECUTIVE'S STATEMENT

Business Review and Principal Activities

The Directors present their report together with the audited financial statements for the year ended 31st December 2011

The Group is a leading International Food Company specialising in the import, export and distribution of chilled, frozen and cooked meats and poultry as well as frozen fish and seafood.

Business Review

In the 2nd half of 2008 the market stalled and has effectively remained depressed ever since, with the vast majority of meat and poultry companies who are reliant on the UK generally underperforming.

Throughout 2011 many families faced the biggest squeeze on household budgets since the 1920's as inflation rose and tax increases continued to bite These increases were compounded by significant increases in food, energy, insurance and utility bills and government austerity measures This unwelcome combination of rising costs understandably depressed consumer spending.

UK Trading

Our trading businesses dealing in meat and poultry achieved a similar level of turnover to the previous year, although gross margin was nearly 5% lower

This result reflected the rising raw material prices worldwide and the reluctance of consumers to accept price increases in these difficult economic times Our customers were particularly hard hit which in turn affected the results of our UK trading businesses

Whilst the results of our UK businesses were significantly affected by the economy Rassau GmbH, our Hamburg based seafood import and distribution business, assisted by the strong German economy, delivered another outstanding performance. Rassau generated an operating profit of £856,000 (2010· £526,000)

Towers Thompson Seafood, our UK fish and seafood business in Grimsby which we set up in April 2010 found demand subdued and whilst they secured some top manufacturing accounts in England, France and Germany they failed to cover their overheads

Looking to the future analysts forecast an increase in the demand for seafood products right up to 2030 Aquaculture growth will not be able to meet the increasing demand which will have to be met by way of imports The price of fish and seafood remains very competitively priced compared to the price of other proteins and we expect to see a combination of an increase in demand allied to further increases in the price of imported fish and seafood This will help to ensure that our seafood division enjoys another strong year of growth.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

Far East Export Division and C.R.Barron Exports

Once again our Export division performed well last year

Fortunately this business is not directly linked to the European economy and continues to have excellent prospects

Wholesale Depots

We are continuing to add value to our depot operations and are now able to offer our retail and catering customers our "own production" of Towers Thompson branded vacuum packed Fresh beef, pork, lamb and poultry This is in addition to our premium brands of "Kingdom" extra matured English beef and "Kingdom" premium poultry In the second half of 2011 we commenced production of "Kingdom" beefburgers and pork and beef sausages at our Mexborough, South Yorkshire site.

Overall the business enjoyed a good Christmas trading period despite increased feed costs resulting in higher poultry prices

The management remains focused on delivering improvements in gross margin, particularly in processing where we have expanded steadily in recent years.

Australia and New Zealand

A strategic decision was made during the year to cease trading in the Australian and New Zealand export businesses. The strength of the Australian and New Zealand dollars, the oversupply of lamb and the high local interest rates meant that these businesses could not offer a reasonable rate of return in the foreseeable future.

These businesses are being wound down and all trading activities will have ceased by the end of this current year. The trading activity that took place in previous years has been shown as discontinued in this annual report

The directors would like to thank our directors and staff for working through a difficult period during the closure process.

Outlook for 2012

The UK economy will continue to experience one of the slowest pick-ups in consumer spending of any post recession period. Family budgets will remain stretched as the cost of living continues to rise The obvious constraints on the European consumers' disposable incomes will continue to hold back demand Exceptionally high unemployment throughout the European Union is probably more worrying than weak consumer confidence and spending

The outlook for the Meat and Poultry Industry remains uncertain given the uncertain economic outlook. However, there seems to be a very quiet and reserved consensus that things are gradually improving

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

Developing countries' appetite for meat is forecast to grow by two-thirds between now and 2050 In China alone, meat consumption has surged by 20% year-on-year which will continue to benefit our export companies focus on this growth market.

Given the continued demand for low cost protein from China we will further strengthen our export companies by opening our first US export office on 1st May 2012.

Apart from this one area of expansion we will continue with our policy of restructuring our business in order to increase efficiencies and drive down running costs throughout the Group

We have first class people in place to run our companies in good times and bad and this has enabled us to implement the numerous changes necessitated by these challenging times

Our balance sheet and competitive position in the market remains strong which will stand us in good stead in the face of the continuing economic crisis and will allow us to take advantage of opportunities to rebuild our profitability and further diversify in the future.



Alan Thompson
Chief Executive

7 September 2012

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal Activities

The principal activity of the group is the import, export and wholesale distribution of food, particularly meat, poultry, seafood and vegetable products

Review of Business and Future Developments

Full details of the group's activities are contained in the Chief Executive's statement

Results and Dividend

The results for the year are set out in the profit and loss account on page 8. Dividends paid during the year amounted to £Nil (2010· £Nil)

Financial Instruments

Full details of the group's financial instruments are contained in the Chief Executive's statement.

Directors

The directors who served in the year are as follows

A P Thompson

T G Goddard

Political and Charitable Donations

The group made no political contributions during the current or prior year. Donations to UK charities amounted to £2,000 (2010· £2,000).

REPORT OF THE DIRECTORS CONTINUED...

Employment of Disabled Persons

The group's policy and practice is to encourage and where possible assist the employment of disabled people and to retain employees who become disabled.

Employees

It is the group's policy to involve all employees in the decision making process. All members of staff regularly attend departmental meetings at which matters of general interest are discussed The group produces a newsletter on a regular basis to inform employees of news and events The financial performance of the group is displayed on our website www.towers-thompson co.uk.

Disclosure of Information to Auditor

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP with therefore continue in office

By order of the board

P Dolan
Secretary
7 September 2012

Towers Thompson Holdings Ltd
Turnford Place
Great Cambridge Road
Turnford
Broxbourne
Hertfordshire
EN10 6NH

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of their profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

- make judgments and 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, and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS THOMPSON HOLDINGS LTD

We have audited the financial statements of Towers Thompson Holding Limited for the year ended 31 December 2011 set out on pages 9 - 32 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc org.uk/apb/scope/private cfm

Opinion on financial statements

- In our opinion the financial statements
- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,

- have been properly prepared in accordance with UK 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 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.

David J Burridge 7th September 2012

David J Burridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London North Office
58 Clarendon Road
Watford
WD17 1DE
United Kingdom

7 September 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year Ended 31 December 2011 £'000	Year Ended 31 December 2010 £'000
Turnover			
Continuing operations	1, 2	150,779	136,129
Discontinued operations		56,604	68,180
Group turnover		207,383	204,309
Cost of sales		(192,576)	(190,295)
Gross profit		14,807	14,014
Distribution costs		(3,076)	(2,993)
Administrative expenses		(12,128)	(11,750)
Operating loss	4	(397)	(729)
Continuing operations:			
Operating profit/(loss) before goodwill amortisation		311	(99)
Goodwill amortization		(56)	(58)
Operating profit/(loss)		255	(157)
Discontinued operations	23	(652)	(572)
Operating loss		(397)	(729)
Interest and similar items	5	(529)	(507)
Loss on ordinary activities before taxation		(926)	(1,236)
Tax on loss on ordinary activities	6	91	(142)
Loss for the Financial Year		(835)	(1,378)

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical basis.

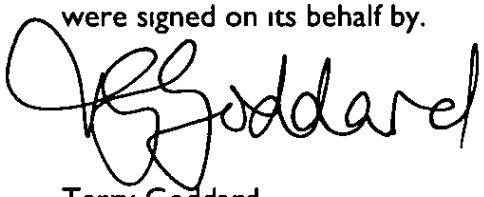
The accompanying notes on pages 15-32 are an integral part of the financial statements

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed Assets					
Intangible assets	9		578		812
Tangible assets	10		2,393		2,441
			2,971		3,253
Current Assets					
Stocks	12	17,159		13,826	
Debtors	13	21,849		21,633	
Investments	14	2		2	
Cash at bank and in hand		991		3,263	
		40,001		38,724	
Creditors: amounts falling due within one year	15	(34,383)		(32,152)	
Net current assets			5,618		6,572
Total assets less current liabilities			8,589		9,825
Creditors: amounts falling due after one year	16		(12)		(64)
Net assets excluding pension asset			8,577		9,761
Pension asset	20		317		323
Net assets including pension asset			8,894		10,084
Capital and Reserves					
Called up share capital	18		140		140
Reserves	19		8,754		9,944
Shareholders' funds			8,894		10,084

The accompanying notes on pages 15-32 are an integral part of the financial statements

These financial statements were approved by the board of directors on 7 September 2012 and were signed on its behalf by.



Terry Goddard
Director

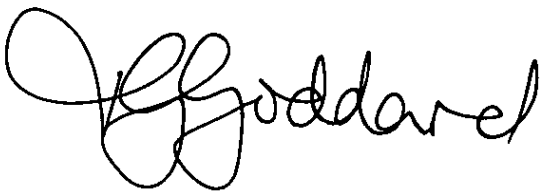
Company Registered Number. 3467913

COMPANY BALANCE SHEET
AT 31 DECEMBER 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed Assets					
Investments	11		7,625		7,625
Current Assets					
Investments	14	2		2	
Cash at bank and in hand		444		444	
		446		446	
Creditors: amounts falling due within one year	15	(7,773)		(7,773)	
Net current liabilities			(7,327)		(7,327)
Total assets less current liabilities			298		298
Net assets			298		298
Capital and Reserves					
Called up share capital	18		140		140
Reserves	19		158		158
Shareholders' funds			298		298

The accompanying notes on pages 15-32 are an integral part of the financial statements.

These financial statements were approved by the board of directors on 7 September 2012 and were signed on its behalf by



Terry Goddard
Director

Company Registered Number: 3467913

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Cash (Outflow)/Inflow from Operating Activities	(a)		(2,158)		1,994
Returns on Investments and Servicing of Finance					
Interest paid		(615)		(549)	
Interest element of finance lease rental payments		(3)		(7)	
Interest received		14		15	
			(604)		(541)
Taxation			(1)		(273)
Capital Expenditure					
Purchase of tangible fixed assets		(456)		(452)	
Sale of tangible fixed assets		39		46	
			(417)		(406)
Cash (outflow)/Inflow before financing			(3,180)		774
Financing					
Capital element of finance lease rental payments			(109)		(108)
(Decrease)/Increase in cash in the year	(b)		(3,289)		666
(a) Reconciliation of operating profit to net cashflow from operating activities					
Operating loss			(397)		(729)
Depreciation			488		573
Amortisation of goodwill			234		58
Profit on sale of tangible fixed assets			(22)		(32)
Increase in Stock			(3,333)		(854)
(Increase)/Decrease in Debtors			(327)		1,560
Increase in Creditors			1,057		648
Exchange movement on net current assets			(142)		770
Net Cash (Outflow)/Inflow from Operating Activities			(2,158)		1,994

CONSOLIDATED CASH FLOW STATEMENT CONTINUED...

	At 1 January 2011 £'000	Cash Flows £'000	Lease Movements £'000	Exchange Difference £'000	At 31 December 2011 £'000
(b) Analysis of Movement in Net Debt					
Cash	3,263	(2,272)			991
Bank Overdraft	(15,264)	(1,017)		(2)	(16,283)
	(12,001)	(3,289)		(2)	(15,292)
Finance Lease due within one year	(105)		57		(48)
Finance Lease due after one year	(64)		52		(12)
	(12,170)	(3,289)	109	(2)	(15,352)

	2011 £'000	2010 £'000
(c) Reconciliation of Cash Flow to Movement in Net Debt		
(Decrease)/increase in cash in the year	(3,289)	666
Add cash inflow from increase in debt	109	108
Change in net funds resulting from cash flows	(3,180)	774
Translation differences	(2)	(724)
Movement in net funds in year	(3,182)	50
Net debt at beginning of year	(12,170)	(12,220)
Net debt at end of year	(15,352)	(12,170)

The accompanying notes on pages 15-32 are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £'000	2010 £'000
Loss attributable to members of the group	(835)	(1,378)
Net exchange differences on retranslation of net investments and related borrowings	(143)	7
Actuarial (loss)/gain recognised in the pension scheme	(454)	273
Deferred tax arising on losses in the pension scheme	91	(73)
Effects of irrecoverable surplus limit	217	(323)
Deferred tax on recoverable surplus limit	(66)	87
Total recognised losses since the last annual report	(1,190)	(1,407)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2011

	The Group 2011 £'000	The Company 2011 £'000	The Group 2010 £'000	The Company 2010 £'000
Loss for the financial year	(835)	-	(1,378)	-
	(835)	-	(1,378)	-
Actuarial (loss)/gain	(363)	-	200	-
Effect of irrecoverable surplus limit	151	-	(236)	-
Translation (loss)/gain	(143)	-	7	-
Net reduction in shareholders funds	(1,190)	-	(1,407)	-
Opening group shareholders' funds	10,084	298	11,491	298
Closing shareholders' funds	8,894	298	10,084	298

The accompanying notes on pages 15-32 are an integral part of the financial statements.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of Preparation
The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011 The acquisitions method of accounting has been adopted

Turnover
Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable. Turnover is recognised upon despatch of the goods or services

Tangible fixed assets and Depreciation
The cost or valuation of tangible fixed assets is written off on a straight line basis over their estimated useful lives Principal rates of depreciation in use by the Company are:-

Freehold Buildings	-	1% - 2%
Leasehold Property	-	Period of Lease
Plant and Equipment	-	15% - 20%
Motor Vehicles	-	20% - 25%

Stocks
Stocks are stated at the lower of cost and net realisable value Cost comprises purchase price including freight, insurance, landing charges and transport

Taxation
The charge for taxation is based on the (loss)/profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Full provision is made for all timing differences except as otherwise required by FRS19. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Lease Purchase and Operating Leases
Assets held under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the life of the lease.

NOTES TO THE ACCOUNTS CONTINUED...

1. ACCOUNTING POLICIES - (Continued)

Pension Costs

The Group operates both a defined contribution scheme and pension schemes providing benefits based on final pensionable pay The assets of the schemes are held separately from those of the Group in independently administered funds The amount charged against profits in respect of the defined contribution scheme represents the contributions payable to the scheme in respect of the accounting period.

In terms of the defined benefit scheme the pension scheme assets are measured using market values The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Goodwill and Negative Goodwill

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable assets and liabilities acquired Where the fair value of purchase consideration differs from the aggregate of these fair values, purchased goodwill arises Goodwill arising on acquisitions is capitalised and amortised over its useful economic life in accordance with FRS10

Negative Goodwill arising on acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Dividends on Shares Presented Within Shareholders' Funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

NOTES TO THE ACCOUNTS CONTINUED...

1. ACCOUNTING POLICIES - (Continued)

Financial Guarantee Contracts

The company has not adopted amendments to FRS26 and FRS12 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2011

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

The company does not expect amendments to have any impact on the financial statement for the period commencing 1 January 2012.

2. ANALYSIS OF TURNOVER

All of the group's turnover is derived from the group's main activity, the wholesaling of meat, poultry and other foodstuffs

Turnover is analysed by geographical market as follows:

	2011 £'000	2010 £'000
United Kingdom	102,089	95,396
Europe	29,165	25,827
Rest of the World	76,129	83,086
	207,383	204,309

NOTES TO THE ACCOUNTS CONTINUED...

3. EMPLOYEES AND DIRECTORS

The average number of employees, including directors, during the year was as follows:

Number of Employees	2011	2010
Management	12	12
Administration	33	35
Production & Distribution	134	108
	179	155

The aggregate payroll costs for these persons were as follows:

	2011 £'000	2010 £'000
Wages and salaries	6,771	6,502
Social security costs	668	668
Other pension costs	186	120
	7,625	7,290

The emoluments of the directors were as follows:

	2011 £'000	2010 £'000
Remuneration paid to executive directors	210	250
Pension contributions	54	48
	264	298

The remuneration paid to the highest paid director, excluding pension contributions, amounted to £123,000 (2010 £134,000) Pension contributions of £27,000 (2010: £27,000) were paid on his behalf during the year. Both directors accrued retirement benefits under a company defined benefit scheme in both the current and the previous year

The highest paid director had an accrued pension at the year-end of £20,000 (2010 £70,000).

NOTES TO THE ACCOUNTS CONTINUED...

4. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2011 £'000	2010 £'000
Auditors' remuneration		
Audit of these financial statements	27	27
Audit of financial statements of subsidiaries pursuant to legislation	93	83
Other services relating to taxation	12	12
Operating lease charges.		
Plant & Machinery	156	81
Property	175	161
Depreciation - owned assets	421	500
- leased assets	67	73
Profit on disposal of fixed assets	(22)	(32)
Amortisation of intangibles	234	58

5. INTEREST

	2011 £'000	2010 £'000
Interest payable and similar charges	543	522
Less investment income	(14)	(15)
	529	507
Investment income	14	15
	14	15
Interest payable and similar charges		
Bank loans and overdrafts	615	549
Lease purchase contracts	3	7
Net income on pension assets and liabilities (note 22)	(75)	(34)
Total interest	543	522

NOTES TO THE ACCOUNTS CONTINUED...

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in year	2011 £'000	2010 £'000
United Kingdom		
Corporation tax at 26.5% (2010 28%)	-	-
Foreign Tax		
Corporation taxes	249	265
Total current tax	249	265
Deferred Tax (see note 13)		
United Kingdom	(324)	(198)
Pension liability	(16)	75
	(340)	(123)
Foreign tax	-	-
Total deferred tax	(340)	(123)
Tax on (loss)/profit on ordinary activities	(91)	142

Factors affecting tax charge for the period

Under the Finance Act 2011, the rate of corporation tax will change from 27% to 26% from 1 April 2012 The change in the rate of corporation tax will affect the tax payable in future periods. The differences are explained below·

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	(926)	(1,236)
Current tax at 26.5% (2010· 28%)	(245)	(346)
Effects of		
Expenses not deductible for tax purposes	-	8
Differences between capital allowances and depreciation	(14)	-
Tax loss carried forward	392	353
Other differences	116	250
Total current tax charge (see above)	249	265

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively

NOTES TO THE ACCOUNTS CONTINUED...

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date). It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

7. DIVIDENDS

	2011 £'000	2010 £'000
The aggregate amounts of dividends comprise	-	-

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is £nil (2010 £nil)

8. PROFIT FOR THE FINANCIAL YEAR

In accordance of the Companies Act 2006 section 408 the company is exempt from the requirements to present its own profit and loss account in these financial statements The profit after taxation for the financial year dealt with in the financial statements of the company was £45,000 (2010. profit £25,000).

9. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £'000
Cost	
At 1 January 2011	1,032
At 31 December 2011	1,032
Amortisation	
At 1 January 2011	220
Impairment losses	178
Charge for period	56
At 31 December 2011	454
Net Book Value At 31 December 2011	578
Net Book Value At 1 January 2011	812

The Directors consider that the remaining goodwill should be amortised over a period of 15 years being the lower of 20 years or its useful economic life

NOTES TO THE ACCOUNTS CONTINUED...

The impairment losses relate to the cessation of the trading operations of Towers Thompson (Australia) Pty Ltd and Towers Thompson (New Zealand) Ltd during 2012

10. TANGIBLE FIXED ASSETS

The Group	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant Equipment & Vehicles £'000	Total £'000
Cost				
At 1 January 2011	658	174	6,104	6,936
Exchange Difference	3	-	(8)	(5)
Additions	-	40	416	456
Disposals	-	-	(600)	(600)
At 31 December 2011	661	214	5,912	6,787
Depreciation				
At 1 January 2011	91	135	4,269	4,495
Exchange Difference	-	-	(6)	(6)
Charge for Year	-	-	488	488
Disposals	-	-	(583)	(583)
At 31 December 2011	91	135	4,168	4,394
Net Book Value				
At 31 December 2011	570	79	1,744	2,393
At 1 January 2011	567	39	1,835	2,441

The net book value of Plant, Equipment and Vehicles includes an amount of £176,000 in respect of assets held under lease purchase contracts (2010· £244,000) Depreciation charged to the profit and loss account on these assets during the year was £67,000 (2010· £73,000) Depreciation is not charged on freehold land, which is stated at historical cost of £120,000 (2010· £120,000)

NOTES TO THE ACCOUNTS CONTINUED...

11. INVESTMENTS

	Shares in Subsidiary Undertakings £'000
The Company	
At 1 January and 31 December 2011	7,625

The principal subsidiary undertakings all of which are wholly owned are as follows.

Operating Subsidiary	Activity	Country	Ordinary Share Capital
Towers & Co Ltd	Meat Wholesaler	England	100%
Towers Thompson A/S *	Meat Wholesaler	Denmark	100%
Towers Thompson (Australia) Pty Ltd *	Meat Wholesaler	Australia	100%
Towers Thompson (New Zealand) Ltd *	Meat Wholesaler	New Zealand	100%
Rassau Seafood GmbH *	Seafood Wholesaler	Germany	100%
Sinoway Foods Industries Limited (HK)*	Food Distribution	Hong Kong	100%

The results of these companies are included within these financial statements
* Indirect holdings through Towers & Co Ltd.

12. STOCKS

	The Group 2011 £'000	The Group 2010 £'000
Finished goods	17,159	13,826

13. DEBTORS

	The Group 2011 £'000	The Group 2010 £'000
Amounts receivable within one year		
Trade debtors	19,252	20,082
Other debtors including VAT	1,110	445
Prepayments and accrued income	340	244
Corporation tax	37	66
	20,739	20,837
Amounts receivable after more than one year		
Deferred tax asset	1,110	796
	21,849	21,633

NOTES TO THE ACCOUNTS CONTINUED...

13. DEBTORS - (Continued)

Deferred taxation

Deferred taxation is fully recognised in the accounts as follows.

	2011 £'000	2010 £'000
Differences between depreciation and capital allowances	(25)	29
Arising in overseas subsidiaries	60	70
Tax losses	1,075	697
Deferred tax asset at 31 December	1,110	796

14. CURRENT ASSET INVESTMENTS

	The Group 2011 £'000	The Company 2011 £'000	The Group 2010 £'000	The Company 2010 £'000
At 31 December				
Cost value of listed investments	2	2	2	2
Market value of listed investments	2	2	2	2

15. CREDITORS DUE WITHIN ONE YEAR

	The Group 2011 £'000	The Company 2011 £'000	The Group 2010 £'000	The Company 2010 £'000
Bank loans and overdrafts	16,283	-	15,264	-
Obligations under finance leases & hire purchase contracts (see note 17)	48	-	105	-
Trade creditors	12,585	-	11,366	-
Amount owed to subsidiary undertakings	-	7,773	-	7,773
Corporation tax	162	-	(50)	-
Other taxes and social security	550	-	296	-
Other creditors	107	-	325	-
Accruals and deferred income	4,648	-	4,846	-
	34,383	7,773	32,152	7,773

The majority of the group's bank overdrafts are secured by a debenture.

NOTES TO THE ACCOUNTS CONTINUED...

16. CREDITORS DUE AFTER ONE YEAR

	The Group 2011 £'000	The Company 2011 £'000	The Group 2010 £'000	The Company 2010 £'000
Obligations under finance leases & hire purchase contracts (see note 17)	12	-	64	-
	12	-	64	-

17. OBLIGATIONS UNDER LEASE PURCHASE CONTRACTS

	Group 2011 £'000	Group 2010 £'000
Amounts payable.		
Within one year	48	105
In two to five years	12	64
	60	169
Lease purchase contracts are analysed as follows:		
Current obligations	48	105
Non current obligations	12	64
	60	169

18. SHARE CAPITAL

	At 1 January and 31 December 2011 £'000
Authorised	
1,500,000 ordinary shares of £0.10 each	150
Allotted, Called Up and Fully Paid	
1,395,000 ordinary shares of £0 10 each	140
Shares classified in shareholders' funds	140

NOTES TO THE ACCOUNTS CONTINUED...

19. RESERVES

	The Group		The Company	
	Profit and Loss Account 2011 £'000	Profit and Loss Account 2010 £'000	Profit and Loss Account 2011 £'000	Profit and Loss Account 2010 £'000
Opening reserves at 1 January	9,934	11,341	148	148
Loss for the year	(835)	(1,378)	-	-
Actuarial (loss)/gain	(363)	200	-	-
Effect of recoverable surplus limit	151	(236)	-	-
Translation (loss)/gain	(143)	7	-	-
Carried forward at 31 December	8,744	9,934	148	148

	The Group		The Company	
	Capital Redemption Reserve 2011 £'000	Capital Redemption Reserve 2010 £'000	Capital Redemption Reserve 2011 £'000	Capital Redemption Reserve 2010 £'000
At 1 January and 31 December	10	9	10	9
Transfer from share capital	-	1	-	1
	10	10	10	10
Reserves	8,754	9,944	158	158

NOTES TO THE ACCOUNTS CONTINUED...

20. PENSION COSTS

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £46,000 (2010· £58,000) reflects the amount of contributions during the calendar year. No contributions (2010: £nil) were payable to the fund at the year-end and included in creditors

Contributions to the group's defined benefits scheme (the John Silver Scheme) are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives with the Company The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method

The John Silver Scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method, when expressed as a percentage of the pensionable payroll, can be expected to increase over time, as the average age of the membership increases

The most recent actuarial valuation for the John Silver Scheme was carried out on 1 November 2009 and assessed on the Continuing Valuation basis The realisable value of the Scheme's assets at that date was £4,508,000 and the actuarial value of those assets represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings

The funding shortfall identified by the actuarial valuation was partially eliminated by special employer contributions of £100,000 and £200,000 paid in December 2009 and December 2010 respectively

Since 1 November 2006 on the advice of the Scheme Actuary the Company has been paying contributions at the standard Company contribution rate of 33 2% of Pensionable Earnings (inclusive of member contributions) Following the 1 November 2009 actuarial valuation, the Company has agreed to pay 28.9% of Pensionable Earnings (net of member contributions) to cover the cost of benefits accruing in the future in addition, the Company has agreed to pay £90,000 p.a. from 2011 to 2017 to make good the funding shortfall which includes an allowance of £25,000 p.a towards the cost of the expenses of administering the Scheme.

The pension contribution made by the company over the year to the John Silver Scheme was £190,000 (2010 £338,000) No contributions were outstanding to the fund at the year-end (2010. £nil)

An actuarial valuation of the scheme was carried out at 31 December 2011 on a set of assumptions consistent with those required under FRS17 by a qualified actuary. The major assumptions used by the actuary were:

NOTES TO THE ACCOUNTS CONTINUED...

20. PENSION COSTS (continued)

	2011	2010
Rate of increase in pensionable salaries	3.5%	3.5%
Rate of increases in pensions in payment (LPI with as minimum of 0% and a maximum of 5%)	2.9%	3 5%
Rate of increases in pensions in payment (LPI with a minimum of 3% and a maximum of 5%)	3 5%	3 7%
Discount rate	4.7%	5 4%
Rate of revaluation of deferred pensions	1 9%	3 5%
Inflation assumption	2 9%	3.5%

In valuing the liabilities of the pension plan at 31 December 2011, mortality assumptions have been made as indicated below If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2011 would have increased by £56,000 (2010 £84,000) before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard achievable mortality tables and include an allowance for future improvements in longevity The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pension age 65 24 3 years (male), 26.4 years (female).
- Future retiree upon reaching 65· 27 8 years (male), 29 9 years (female)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

	2011 £'000	2010 £'000
Fair value of scheme assets	2,781	4,300
Present value of scheme liabilities	(2,279)	(3,534)
Surplus in the scheme	502	766
Effect of irrecoverable surplus	(106)	(323)
Surplus to be recognised	396	443
Related deferred tax asset	(79)	(120)
Net pension asset	317	323

NOTES TO THE ACCOUNTS CONTINUED...

20. PENSION COSTS (continued)

Movements in present value of defined benefit obligation

	2011 £'000	2010 £'000
Scheme liabilities at start of the year	3,534	4,578
Movement in year:		
Current service cost	75	86
Interest cost	186	226
Contributions by scheme participants	30	39
Actuarial loss/(gain)	131	(181)
Benefits paid	(1,677)	(1,214)
Scheme liabilities at end of the year	2,279	3,534

Movement in fair value of plan assets

	2011 £'000	2010 £'000
Fair value of scheme assets at start of year	4,300	4,785
Expected return on scheme assets	261	260
Actuarial (losses)/gains	(323)	92
Contributions by employer	190	338
Contributions by scheme participants	30	39
Benefits paid	(1,677)	(1,214)
Fair value of scheme assets at end of the year	2,781	4,300

The scheme has a small number of pensions in payment relating to previous member retirements, which have been fully secured through an insurance company The value of these insured liabilities has been excluded from the calculation of the present scheme liabilities. Similarly the market value of assets held by the insurance companies in respect of these policies has been excluded from the company's above disclosure

Expenses recognised in the profit and loss account	2011 £'000	2010 £'000
Current service cost	75	86
Interest on pension scheme liabilities	186	226
Expected return on pension scheme assets	(261)	(260)
	-	52

NOTES TO THE ACCOUNTS CONTINUED...

20. PENSION COSTS (continued)

The expense is recognised in the following line items in the profit and loss account:

	2011 £'000	2010 £'000
Administration Expenses	75	86
Other Finance Income	(74)	(34)
	1	52

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is loss £454,000 (2010 gain· £273,000)

	2011 £'000	2010 £'000
Equities	1,803	2,557
Bonds	955	1,694
Cash	23	49
	2,781	4,300
Actual return on plan assets	(62)	352

Long-term rate of return expected at 31 December	2011	2010
Equities	7 00%	7.00%
Bonds	3 75%	4 75%
Cash	3.00%	3.50%

The history of the plan for the current and prior periods is as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Fair value of scheme assets	2,781	4,300	4,785	3,912	4,243
Present value of scheme liabilities	2,279	3,534	4,578	3,341	3,347
Surplus in scheme	502	766	207	571	896
Experience adjustment on scheme assets	(323)	92	391	(1,027)	(38)
Experience adjustment on scheme liabilities	92	360	4	(6)	(25)

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2011 is £82,000 (2010. £181,000).

NOTES TO THE ACCOUNTS CONTINUED...

21. COMMITMENTS

The minimum annual lease payments to which the group and the company were committed under non-cancellable operating leases at 31 December 2011 were as follows:

	Land & Buildings 2011 £'000	Plant Equipment & Vehicles 2011 £'000	Land & Buildings 2010 £'000	Plant Equipment & Vehicles 2010 £'000
The Group and the Company				
Operating leases which expire :				
Within one year	5	-	5	-
In second to fifth year inclusive	143	310	143	310
	148	310	148	310

22. CONTINGENT LIABILITIES

The Company has provided a parent company guarantee to HSBC to support trade finance facilities and overdraft facilities provided by the bank to its subsidiaries in Australia and New Zealand An amount of £3 6 mln (2010: £4.5 mln) was outstanding at 31 December 2011. This amount was reduced to nil by 31 July 2012.

NOTES TO THE ACCOUNTS CONTINUED...

23. ANALYSIS OF CONTINUING AND DISCONTINUED OPERATIONS

	Con-tinuing 2011 £'000	Dis-continued 2011 £'000	Total 2011 £'000	Con-tinuing 2010 £'000	Dis-continued 2010 £'000	Total 2010 £'000
Group turnover	150,779	56,605	207,383	136,129	68,180	204,309
Cost of sales	(137,918)	(54,658)	(192,576)	(123,576)	(66,719)	(190,295)
Gross profit/(loss)	12,861	1,946	14,807	12,553	1,461	14,014
Distribution costs	(2,731)	(345)	(3,076)	(2,626)	(367)	(2,993)
Administrative expenses	(9,875)	(2,253)	(12,128)	(10,084)	(1,666)	(11,750)
Group operating Profit/(loss)	255	(652)	(397)	(157)	(572)	(729)

24. RELATED PARTY DISCLOSURES

The Company is controlled by the Directors.

25. POST BALANCE SHEET EVENT

As disclosed in the Directors Report the decision was taken in 2011 to close the Australian and New Zealand operations in 2012 These businesses have been shown as discontinued in these financial statements The further losses to be incurred in 2012 to complete the closure are estimated at £1 5 mln

26. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP

No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from **Turnford Place, Great Cambridge Road, Turnford, Broxbourne, Hertfordshire, EN10 6NH.**