

Registered Number 3467913

towersthompson
Holdings Ltd



THURSDAY



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COMPANIES HOUSE

TOWERS THOMPSON HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS 2012

GROUP FINANCIAL HIGHLIGHTS

	2012 £'000	2011 £'000
Turnover – continuing operations	129,485	150,779
(Loss)/profit before interest, tax, depreciation and amortisation – continuing operations	(603)	756
Net cash inflow/(outflow) from operating activities	4,635	(2,158)
Net assets	6,015	8,894
Capital expenditure	109	456



CHIEF EXECUTIVE'S STATEMENT

Business review and principal activities

The Group is an International Food Company specialising in the import, export and distribution of Chilled, Frozen and Cooked meat and poultry as well as frozen fish and seafood. The group employs over 160 people in 5 European countries and has offices in China and the USA.

It is important, not only to reconcile the past year's financial performance, but also to review the underlying business strategy and the strategic progress and investment that has been made in 2012 for the future of Towers Thompson, its shareholders, and employees. Whilst a poor year financially, strategically it was a progressive one during which we completed the restructuring of the group which we commenced in the second half of 2008.

Financial performance

The result for the year is a consolidated operating loss of £2.0 million (2011: £0.4 million). Following the closure of the Group's subsidiaries in Australia and New Zealand, net debt reduced from £15.3 million to £10.9 million.

UK trading

In future, our trading businesses will focus primarily on the growing quality end of the markets in which we operate in Europe. Pork sales under our "Belvedere" brand showed exceptional growth from modest beginnings. This part of our business continues to innovate and search for new growth opportunities, providing for an extremely positive outlook for this sector.

Far East Export Division and C.R. Barron Exports

Once again, our Export Divisions performed well last year. Fortunately, these businesses are not directly linked to the European economy and both export businesses continue to have excellent prospects.

Both our export companies are well positioned in China and throughout the year, their sales to Far Eastern markets continued to gain momentum. Previously, low value items dominated sales, but increasingly, high value products are now being added to the product mix, which is allowing us to expand our exports to this fast-growing market.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

Wholesale depots

Markets in which export and distribution businesses operate have been highly competitive both in terms of pricing from competitors and the EU. Environment in general The market where our UK and distribution businesses operate continued to experience competitor pressure although the operational efficiency improvements and significant overhead reductions have to a large extent mitigated against these pressures

Sales of our "Kingdom" Beef and Poultry products continued to gain momentum with the launch of our range of "Kingdom" high quality chilled Steak cuts, Beef Burgers, Pork sausages and Chilled Poultry products

Seafood

Whilst the results of our UK businesses were adversely affected by the weakness of the economy Rassau Seafood, our Hamburg based seafood import and distribution business, assisted by the strong Germany economy, delivered another outstanding performance The year has started strongly for Rassau and they look set to exceed their 2012 results

Towers Thompson Seafood, our UK fish and seafood business in Grimsby came under new management in the last quarter of the year

Looking to the future, analysts forecast an increase in the demand for seafood products right up to 2030 The price of fish and seafood remains competitively priced compared to the price of other proteins We expect to see a combination of an increase in demand allied to further increases in the price of fish and seafood This will help to ensure that our two seafood companies enjoy a strong year of growth in 2013

Australia and New Zealand

In late 2011, the company had taken a strategic decision to cease our Australian and New Zealand export businesses Consequently these businesses were wound down during the first half of 2012 and all trading activity ceased by the end of June The unprofitable trading activity that took place in the first half of the year and the full closure costs including redundancies, stock liquidation, audits and legal costs have all been taken in the current year

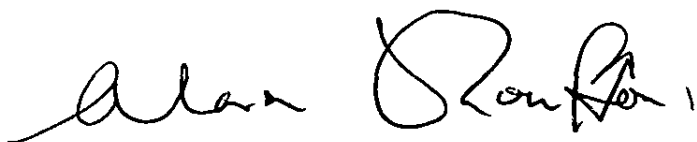
We would like to thank all the directors and staff for working through a difficult period during the closure process

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

Outlook for 2013

As a result of the numerous cost saving initiatives and management changes the first half of 2013 has been very encouraging and there has been a return to profitability for the Group

Challenging times for the company mean challenging times for the directors, management and employees. The progress we have made in recent years in very tough trading conditions has been achieved by the determination, experience and expertise of our management and employees who have displayed a high level of commitment and professionalism throughout the year. I would like to take this opportunity, on behalf of the Board, to personally thank everyone for their dedicated efforts and for their continuing commitment to the Group's ongoing growth and development.

A handwritten signature in black ink, appearing to read 'Alan Thompson', with a stylized flourish at the end.

Alan Thompson
Chief Executive

31 July 2013

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2012

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 9 Dividends paid during the year amounted to £Nil (2011 £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 £1,000 (2011 £2,000)

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

The Group considers that a loyal and highly skilled workforce is essential to the future of its business, and therefore recognises that employees should be kept informed of the progress of their business and to involve all employees in the decision making process

REPORT OF THE DIRECTORS CONTINUED...

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 will therefore continue in office

By order of the board

A handwritten signature in black ink, appearing to read 'P Dolan', written in a cursive style.

P Dolan
Secretary
31 July 2013

Towers Thompson Holdings Limited
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 each of the group and parent company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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



KPMG LLP

London North Office
58 Clarendon Road
Watford WD17 1DE
United Kingdom

**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 2012 set out on pages 9 to 33. 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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TOWERS THOMPSON HOLDINGS LTD (CONTINUED)**

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 2012 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 Burridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

London North Office

58 Clarendon Road

Watford

Herts WD17 1DE

31 July 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year Ended 31 December 2012 £'000	Year Ended 31 December 2011 £'000
Turnover			
Continuing operations	1, 2	129,485	150,779
Discontinued operations		<u>9,885</u>	<u>56,604</u>
Group turnover		139,370	207,383
Cost of sales		<u>(128,091)</u>	<u>(192,576)</u>
Gross profit		11,279	14,807
Distribution costs		(2,759)	(3,076)
Administrative expenses		<u>(10,567)</u>	<u>(12,128)</u>
Operating loss	4	(2,047)	(397)
Continuing operations:	23		
Operating (loss)/profit before goodwill amortisation		(1,038)	311
Goodwill amortisation		<u>(56)</u>	<u>(56)</u>
Operating (loss)/profit		(1,094)	255
Discontinued operations:	23	(953)	(652)
Operating loss		(2,047)	(397)
Interest and similar items	5	<u>(423)</u>	<u>(529)</u>
Loss on ordinary activities before taxation		(2,470)	(926)
Tax on loss on ordinary activities	6	(98)	91
Loss for the financial year		<u>(2,568)</u>	<u>(835)</u>

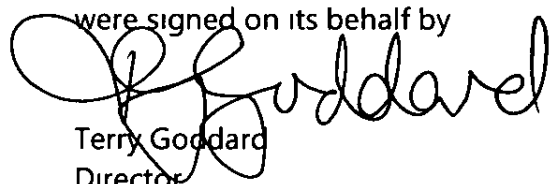
There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical basis.

The accompanying notes on pages 15-33 are an integral part of the financial statements

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	9		511		578
Tangible assets	10		<u>1,456</u>		<u>2,393</u>
			1,967		2,971
Current assets					
Stocks	12	8,381		17,159	
Debtors	13	15,842		21,849	
Investments	14	2		2	
Cash at bank and in hand		<u>880</u>		<u>991</u>	
		25,105		40,001	
Creditors: amounts falling due within one year	15	<u>(21,376)</u>		<u>(34,383)</u>	
Net current assets			<u>3,729</u>		<u>5,618</u>
Total assets less current liabilities			5,696		8,589
Creditors: amounts falling due after one year	16		<u>(12)</u>		<u>(12)</u>
Net assets excluding pension asset			5,684		8,577
Pension asset	20		331		317
Net assets including pension asset			<u>6,015</u>		<u>8,894</u>
Capital and reserves					
Called up share capital	18		140		140
Reserves	19		<u>5,875</u>		<u>8,754</u>
Shareholders' funds			<u>6,015</u>		<u>8,894</u>

The accompanying notes on pages 15-33 are an integral part of the financial statements
These financial statements were approved by the board of directors on 31 July 2013 and
were signed on its behalf by



Terry Goodard
Director

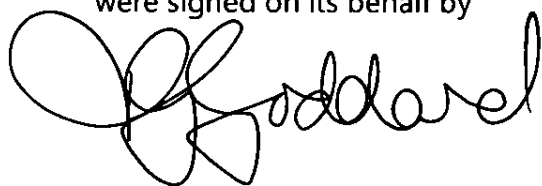
Company Registered Number. 3467913

**COMPANY BALANCE SHEET
AT 31 DECEMBER 2012**

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Investments	11		7,625		7,625
Current assets					
Investments	14	2		2	
Cash at bank and in hand		514		469	
		<u>516</u>		<u>471</u>	
Creditors: amounts falling due within one year	15	<u>(7,725)</u>		<u>(7,727)</u>	
Net current liabilities			<u>(7,209)</u>		<u>(7,256)</u>
Total assets less current liabilities			416		369
Net assets			<u>416</u>		<u>369</u>
Capital and reserves					
Called up share capital	18		140		140
Reserves	19		<u>276</u>		<u>229</u>
Shareholders' funds			<u>416</u>		<u>369</u>

The accompanying notes on pages 15-33 are an integral part of the financial statements

These financial statements were approved by the board of directors on 31 July 2013 and were signed on its behalf by



Terry Goddard
Director

Company Registered Number 3467913

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Cash inflow/(outflow) from operating activities	(a)		4,635		(2,158)
Returns on investments and servicing of finance					
Interest paid		(484)		(615)	
Interest element of finance lease rental payments		-		(3)	
Interest received		<u>1</u>		<u>14</u>	
			(483)		(604)
Taxation			(207)		(1)
Capital expenditure					
Purchase of tangible fixed assets		(109)		(456)	
Sale of tangible fixed assets		<u>606</u>		<u>39</u>	
			497		(417)
Cash inflow/(outflow) before financing			<u>4,442</u>		<u>(3,180)</u>
Financing					
Capital element of finance lease rental payments			(44)		(109)
Increase/(decrease) in cash in the year	(b)		<u>4,398</u>		<u>(3,289)</u>
(a) Reconciliation of operating loss to net cashflow from operating activities					
Operating loss			(2,047)		(397)
Depreciation			475		488
Amortisation of goodwill			56		234
Profit on sale of tangible fixed assets			(77)		(22)
Decrease/(increase) in stock			8,778		(3,333)
Decrease/(increase) in debtors			5,791		(327)
(Decrease)/increase in creditors			(8,483)		1,057
Exchange movement on net current assets			<u>142</u>		<u>(142)</u>
Net cash inflow/(outflow) from operating activities			<u>4,635</u>		<u>(2,158)</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012 CONTINUED...**

	At 1 January 2012 £'000	Cash Flows £'000	Lease Movements £'000	Exchange Difference £'000	At 31 December 2012 £'000
(b) Analysis of movement in net debt					
Cash	991	(111)	-	-	880
Bank overdraft	(16,283)	4,509	-	12	(11,762)
	(15,292)	4,398	-	12	(10,882)
Finance lease due within one year	(48)	-	44	-	(4)
Finance lease due after one year	(12)	-	-	-	(12)
	(15,352)	4,398	44	12	(10,898)

	2012 £'000	2011 £'000
(c) Reconciliation of cash flow to movement in net debt		
Increase/(decrease) in cash in the year	4,398	(3,289)
Add cash inflow from increase in debt	44	109
Change in net funds resulting from cash flows	4,442	(3,180)
Translation differences	12	(2)
Movement in net funds in year	4,454	(3,182)
Net debt at beginning of year	(15,352)	(12,170)
Net debt at end of year	(10,898)	(15,352)

The accompanying notes on pages 15-33 are an integral part of the financial statements

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £'000	2011 £'000
Loss attributable to members of the group	(2,568)	(835)
Net exchange differences on retranslation of net investments and related borrowings	(154)	(143)
Actuarial loss recognised in the pension scheme	(217)	(454)
Deferred tax arising on losses in the pension scheme	44	91
Effects of irrecoverable surplus limit	20	217
Deferred tax on recoverable surplus limit	(4)	(66)
Total recognised losses since the last annual report	<u>(2,879)</u>	<u>(1,190)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	The Group 2012 £'000	The Company 2012 £'000	The Group 2011 £'000	The Company 2011 £'000
Loss for the financial year	(2,568)	-	(835)	-
	<u>(2,568)</u>	<u>-</u>	<u>(835)</u>	<u>-</u>
Actuarial loss	(173)	-	(363)	-
Effect of irrecoverable surplus limit	16	-	151	-
Translation loss	(154)	-	(143)	-
Net reduction in shareholders' funds	<u>(2,879)</u>	<u>-</u>	<u>(1,190)</u>	<u>-</u>
Opening group shareholders' funds	<u>8,894</u>	<u>298</u>	<u>10,084</u>	<u>298</u>
Closing shareholders' funds	<u>6,015</u>	<u>298</u>	<u>8,894</u>	<u>298</u>

The accompanying notes on pages 15-33 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 2012. 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

NOTES TO THE ACCOUNTS CONTINUED...

1. ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE ACCOUNTS CONTINUED...

1. ACCOUNTING POLICIES (continued)

Goodwill and negative goodwill (continued)

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

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 2012

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 2013

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

	2012 £'000	2011 £'000
United Kingdom	80,804	102,089
Europe	23,716	29,165
Rest of the World	34,850	76,129
	<u>139,370</u>	<u>207,383</u>

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	2012	2011
Management	10	12
Administration	27	33
Production & distribution	131	134
	<u>168</u>	<u>179</u>

The aggregate payroll costs for these persons were as follows:

	2012 £'000	2011 £'000
Wages and salaries	6,221	6,771
Social security costs	644	668
Other pension costs	228	186
	<u>7,093</u>	<u>7,625</u>

The emoluments of the directors were as follows

	2012 £'000	2011 £'000
Remuneration paid to executive directors	136	210
Pension contributions	28	54
	<u>164</u>	<u>264</u>

The remuneration paid to the highest paid director, excluding pension contributions, amounted to £99,000 (2011: £123,000). Pension contributions of £28,000 (2011: £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 £21,000 (2011: £20,000).

NOTES TO THE ACCOUNTS CONTINUED...**4. OPERATING LOSS**

Operating loss is stated after charging/(crediting)

	2012 £'000	2011 £'000
Auditors' remuneration		
Audit of these financial statements	30	27
Audit of financial statements of subsidiaries pursuant to legislation	100	93
Other services relating to taxation	-	12
Operating lease charges		
Plant & machinery	253	156
Property	176	175
Depreciation - owned assets	432	421
- leased assets	43	67
Profit on disposal of fixed assets	(77)	(22)
Amortisation of intangibles	56	234

5. INTEREST

	2012 £'000	2011 £'000
Interest payable and similar charges	424	543
Less investment income	(1)	(14)
	<u>423</u>	<u>529</u>
Investment income	<u>1</u>	<u>14</u>
Interest payable and similar charges		
Bank loans and overdrafts	484	615
Lease purchase contracts	-	3
Net income on pension assets and liabilities (note 20)	(60)	(75)
Total interest payable	<u>424</u>	<u>543</u>

NOTES TO THE ACCOUNTS CONTINUED...**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2012 £'000	2011 £'000
Analysis of charge in year		
United Kingdom		
Corporation tax at 24.5% (2011: 26.5%)	-	-
Foreign tax		
Corporation taxes	222	249
Total current tax	<u>222</u>	<u>249</u>
Deferred tax (note 13)		
United Kingdom	(167)	(324)
Pension liability	43	(16)
	<u>(124)</u>	<u>(340)</u>
Foreign tax	-	-
Total deferred tax	<u>(124)</u>	<u>(340)</u>
Tax on loss on ordinary activities	<u>98</u>	<u>(91)</u>

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:

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(2,470)	(926)
Current tax at 24.5% (2011: 26.5%)	(605)	(245)

Effects of

Differences between capital allowances and depreciation	-	(14)
Tax loss carried forward	827	392
Other differences	-	116
Total current tax charge (see above)	<u>222</u>	<u>249</u>

NOTES TO THE ACCOUNTS CONTINUED...

7. DIVIDENDS

	2012 £'000	2011 £'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 (2011 £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 £47,000 (2011 profit £45,000)

9. INTANGIBLE FIXED ASSETS

	Purchased goodwill £'000
Cost	
At 1 January 2012	1,032
At 31 December 2012	1,032
Amortisation	
At 1 January 2012	454
Exchange losses	11
Charge for year	56
At 31 December 2012	521
Net Book Value at 31 December 2012	511
Net Book Value at 1 January 2012	578

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...

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 2012	661	214	5,912	6,787
Exchange difference	-	-	(32)	(32)
Additions	-	-	109	109
Disposals	-	-	(1,534)	(1,534)
At 31 December 2012	<u>661</u>	<u>214</u>	<u>4,455</u>	<u>5,330</u>
Depreciation				
At 1 January 2012	91	135	4,168	4,394
Exchange difference	-	-	(18)	(18)
Charge for year	-	36	439	475
Disposals	-	-	(977)	(977)
At 31 December 2012	<u>91</u>	<u>171</u>	<u>3,612</u>	<u>3,874</u>
Net Book Value				
At 31 December 2012	<u>570</u>	<u>43</u>	<u>843</u>	<u>1,456</u>
At 1 January 2012	<u>570</u>	<u>79</u>	<u>1,744</u>	<u>2,393</u>

The net book value of Plant, Equipment and Vehicles includes an amount of £109,000 in respect of assets held under lease purchase contracts (2011 £176,000) Depreciation charged to the profit and loss account on these assets during the year was £43,000 (2011 £67,000) Depreciation is not charged on freehold land, which is stated at historical cost of £120,000 (2011 £120,000)

NOTES TO THE ACCOUNTS CONTINUED...

11. INVESTMENTS

Shares in
subsidiary
undertakings
£'000

The Company

At 1 January and 31 December 2012

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%
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 , Limited.

12. STOCKS

	The Group 2012 £'000	The Group 2011 £'000
Finished goods	<u>8,381</u>	<u>17,159</u>

13. DEBTORS

	The Group 2012 £'000	The Group 2011 £'000
Amounts receivable within one year		
Trade debtors	13,832	19,252
Other debtors including VAT	447	1,110
Prepayments and accrued income	200	340
Corporation tax	146	37
	<u>14,625</u>	<u>20,739</u>
Amounts receivable after more than one year		
Deferred tax asset	<u>1,217</u>	<u>1,110</u>
	<u>15,842</u>	<u>21,849</u>

NOTES TO THE ACCOUNTS CONTINUED...**13. DEBTORS (continued)****Deferred taxation**

Deferred taxation is fully recognised in the accounts as follows

	2012 £'000	2011 £'000
Differences between depreciation and capital allowances	(44)	(25)
Arising in overseas subsidiaries	-	60
Tax losses	<u>1,261</u>	<u>1,075</u>
Deferred tax asset at 31 December	<u>1,217</u>	<u>1,110</u>

14. CURRENT ASSET INVESTMENTS

	The Group 2012 £'000	The Company 2012 £'000	The Group 2011 £'000	The Company 2011 £'000
At 31 December				
Cost value of listed investments	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Market value of listed investments	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15. CREDITORS DUE WITHIN ONE YEAR

	The Group 2012 £'000	The Company 2012 £'000	The Group 2011 £'000	The Company 2011 £'000
Bank loans and overdrafts	11,762	-	16,283	-
Obligations under finance leases & hire purchase contracts (note 17)	4	-	48	-
Trade creditors	6,821	-	12,585	-
Amount owed to subsidiary undertakings	-	7,724	-	7,724
Corporation tax	2	-	162	-
Other taxes and social security	296	-	550	-
Other creditors	335	-	107	-
Accruals and deferred income	<u>2,156</u>	<u>1</u>	<u>4,648</u>	<u>3</u>
	<u>21,376</u>	<u>7,725</u>	<u>34,383</u>	<u>7,727</u>

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 2012 £'000	The Company 2012 £'000	The Group 2011 £'000	The Company 2011 £'000
Obligations under finance leases & hire purchase contracts (note 17)	12	-	12	-
	<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>

17. OBLIGATIONS UNDER LEASE PURCHASE CONTRACTS

	Group	
	2012 £'000	2011 £'000
Amounts payable		
Within one year	4	48
In two to five years	12	12
	<u>16</u>	<u>60</u>
Lease purchase contracts are analysed as follows		
Current obligations	4	48
Non current obligations	12	12
	<u>16</u>	<u>60</u>

18. SHARE CAPITAL

	At 1 January and 31 December 2012 £'000
Authorised	
1,500,000 ordinary shares of £0 10 each	<u>150</u>
Allotted, Called Up and Fully Paid	
1,395,000 ordinary shares of £0 10 each	<u>140</u>
Shares classified in shareholders' funds	<u>140</u>

NOTES TO THE ACCOUNTS CONTINUED...

19. RESERVES

	The Group		The Company	
	Profit and Loss Account 2012 £'000	Profit and Loss Account 2011 £'000	Profit and Loss Account 2012 £'000	Profit and Loss Account 2011 £'000
Opening reserves at 1 January	8,744	9,934	219	174
(Loss)/profit for the year	(2,568)	(835)	47	45
Actuarial loss	(173)	(363)	-	-
Effect of recoverable surplus limit	16	151	-	-
Translation loss	(154)	(143)	-	-
Carried forward at 31 December	<u>5,865</u>	<u>8,744</u>	<u>266</u>	<u>219</u>

	The Group		The Company	
	Capital Redemption Reserve 2012 £'000	Capital Redemption Reserve 2011 £'000	Capital Redemption Reserve 2012 £'000	Capital Redemption Reserve 2011 £'000
At 1 January and 31 December	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Transfer from share capital	-	-	-	-
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Reserves	<u>5,875</u>	<u>8,754</u>	<u>276</u>	<u>229</u>

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 £35,000 (2011 £46,000) reflects the amount of contributions during the calendar year. No contributions (2011 £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 £201,000 (2011 £190,000). No contributions were outstanding to the fund at the year-end (2011 £nil).

NOTES TO THE ACCOUNTS CONTINUED...**20. PENSION COSTS (continued)**

An actuarial valuation of the scheme was carried out at 31 December 2012 on a set of assumptions consistent with those required under FRS17 by a qualified actuary. The major assumptions used by the actuary were

	2012	2011
Rate of increase in pensionable salaries	3.75%	3.5%
Rate of increases in pensions in payment (LPI with a minimum of 0% and a maximum of 5%)	2.8%	2.9%
Rate of increases in pensions in payment (LPI with a minimum of 3% and a maximum of 5%)	3.5%	3.5%
Discount rate	4.3%	4.7%
Rate of revaluation of deferred pensions	1.8%	1.9%
Inflation assumption	2.8%	2.9%

In valuing the liabilities of the pension plan at 31 December 2012, 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 2012 would have increased by £77,000 (2011: £56,000) 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.

NOTES TO THE ACCOUNTS CONTINUED...**20. PENSION COSTS (continued)**

	2012 £'000	2011 £'000
Fair value of scheme assets	3,136	2,781
Present value of scheme liabilities	(2,637)	(2,279)
Surplus in the scheme	499	502
Effect of irrecoverable surplus	(86)	(106)
Surplus to be recognised	413	396
Related deferred tax asset	(82)	(79)
Net pension asset	331	317

Movements in present value of defined benefit obligation

	2012 £'000	2011 £'000
Scheme liabilities at start of the year	2,279	3,534
Movement in year		
Current service cost	108	75
Interest cost	52	186
Contributions by scheme participants	21	30
Actuarial loss	230	131
Benefits paid	(53)	(1,677)
Scheme liabilities at end of the year	2,637	2,279

Movement in fair value of plan assets

	2012 £'000	2011 £'000
Fair value of scheme assets at start of year	2,781	4,300
Expected return on scheme assets	168	261
Actuarial gains/(losses)	13	(323)
Contributions by employer	206	190
Contributions by scheme participants	21	30
Benefits paid	(53)	(1,677)
Fair value of scheme assets at end of the year	3,136	2,781

NOTES TO THE ACCOUNTS CONTINUED...**20. PENSION COSTS (continued)**

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:

	2012 £'000	2011 £'000
Current service cost	<u>52</u>	<u>75</u>
Interest on pension scheme liabilities	108	186
Expected return on pension scheme assets	<u>(168)</u>	<u>(261)</u>
	<u>(8)</u>	<u>-</u>

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

	2012 £'000	2011 £'000
Administration expenses	52	75
Other finance income	<u>(60)</u>	<u>(75)</u>
	<u>(8)</u>	<u>-</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is loss £217,000 (2011 loss £454,000)

NOTES TO THE ACCOUNTS CONTINUED...

20. PENSION COSTS (continued)

	2012 £'000	2011 £'000
Equities	1,551	1,803
Bonds	1,045	955
Property	463	-
Cash	77	23
	<u>3,136</u>	<u>2,781</u>
Actual return on plan assets	<u>181</u>	<u>(62)</u>

Long-term rate of return expected at 31 December:

	2012	2011
Equities	7.00%	7.00%
Bonds	3.50%	4.75%
Property	6.50%	-
Cash	2.50%	3.00%

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of scheme assets	3,136	2,781	4,300	4,785	3,912
Present value of scheme liabilities	2,637	2,279	3,534	4,578	3,341
Surplus in scheme	499	502	766	207	571
Experience adjustment on scheme assets	13	(323)	92	391	(1,027)
Experience adjustment on scheme liabilities	(52)	92	360	4	(6)

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2012 is £63,000 (2011 £82,000)

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 2012 were as follows

	Land & Buildings 2012 £'000	Plant Equipment & Vehicles 2012 £'000	Land & Buildings 2011 £'000	Plant Equipment & Vehicles 2011 £'000
The Group and the Company				
Operating leases which expire				
Within one year	-	239	5	-
In second to fifth year inclusive	147	409	143	310
	<u>147</u>	<u>648</u>	<u>148</u>	<u>310</u>

22. ANALYSIS OF CONTINUING AND DISCONTINUED OPERATIONS

	Continuing 2012 £'000	Discontinued 2012 £'000	Total 2012 £'000	Continuing 2011 £'000	Discontinued 2011 £'000	Total 2011 £'000
Group turnover	129,485	9,885	139,370	150,779	56,604	207,383
Cost of sales	(118,671)	(9,420)	(128,091)	(137,918)	(54,658)	(192,576)
Gross profit	10,814	465	11,279	12,861	1,946	14,507
Distribution costs	(2,513)	(246)	(2,759)	(2,731)	(345)	(3,076)
Admin expenses	(9,395)	(1,172)	(10,567)	(9,875)	(2,253)	(12,128)
Group operating (loss)/profit	(1,094)	(953)	(2,047)	255	(652)	(397)

NOTES TO THE ACCOUNTS CONTINUED...

23. RELATED PARTY DISCLOSURES

The Company is controlled by the Directors

24. 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.