

SOUTH EASTERN PRODUCE LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 30 JUNE 2017

BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	<u>1,152,884</u>	<u>764,916</u>
		1,152,884	764,916
Current assets			
Debtors: amounts falling due within one year	6	837,161	848,988
Cash at bank and in hand	7	<u>65,068</u>	<u>321,737</u>
		902,229	1,170,725
Creditors: amounts falling due within one year	8	<u>(1,035,920)</u>	<u>(1,299,490)</u>
Net current liabilities		<u>(133,691)</u>	<u>(128,765)</u>
Total assets less current liabilities		1,019,193	636,151
Creditors: amounts falling due after more than one year	9	<u>(421,155)</u>	<u>(249,364)</u>
Net assets		<u>598,038</u>	<u>386,787</u>
Capital and reserves			
Called up share capital		11	11
Profit and loss account		<u>598,027</u>	<u>386,776</u>
		<u>598,038</u>	<u>386,787</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
Mr Robert Brown
Director

Date: 16 January 2018

The notes on pages 3 to 10 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2015	11	424,398	424,409
Comprehensive income for the year			
Loss for the year	-	(37,622)	(37,622)
At 1 July 2016	11	386,776	386,787
Comprehensive income for the year			
Profit for the year	-	211,251	211,251
At 30 June 2017	11	598,027	598,038

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. General information

South Eastern Produce Limited is a limited company incorporated in England and Wales, registration

number 05496521. The address of its principal place of business is Potton Road, Biggleswade, Bedfordshire, SG18 0ER.

The principal activity of the company is packing, grading, transporting and marketing produce supplied by members of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover is the total amount derived from the provision of goods and services, arising in the United Kingdom, which fell within the company's ordinary activities after deduction of Value Added Tax.

The turnover and profit/(loss) are entirely attributable to the company's main activity of packing, grading, transporting, and marketing the produce supplied by members of the company.

As disclosed in The Directors' Report on page 1, the value of produce throughput marketed by this company is not recognised as turnover in these financial statements although is disclosed for completeness.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-
	10% to 25% per annum on a straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying accounting policies

There are no critical judgements (apart from those involving estimates) that have had a significant effect on amounts recognised in the financial statements.

b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant potential impact upon the carrying values of assets and liabilities within the next financial year are as follows:

i) Useful economic lives of tangible fixed assets

The useful economic lives used by the Company in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate. The net book value of tangible fixed assets as at 30 June 2017 and the depreciation charged in the period are detailed further in the notes.

4. Employees

The average monthly number of employees, including directors, during the year was 4 (2016 - 4).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 July 2016	2,497,272
Additions	698,075
At 30 June 2017	<u>3,195,347</u>
Depreciation	
At 1 July 2016	1,732,356
Charge for the year on owned assets	310,107
At 30 June 2017	<u>2,042,463</u>
Net book value	
At 30 June 2017	<u>1,152,884</u>
At 30 June 2016	<u>764,916</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

6. Debtors

	2017 £	2016 £
Trade debtors	817,319	848,788
Other debtors	-	200
VAT repayable	19,842	-
	<u>837,161</u>	<u>848,988</u>

7. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	65,068	321,737
	<u>65,068</u>	<u>321,737</u>

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	901,138	969,434
Other taxation and social security	2,122	35,589
Obligations under finance lease and hire purchase contracts	43,256	-
Deferred financial assistance	89,404	294,467
	<u>1,035,920</u>	<u>1,299,490</u>

	2017 £	2016 £
Other taxation and social security		
PAYE/NI	2,122	4,982
VAT	-	30,607
	<u>2,122</u>	<u>35,589</u>

Secured loans

Net obligations under finance leases and hire purchase contracts are secured against the assets concerned.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

9. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	36,975	-
Deferred financial assistance	384,180	249,364
	<u>421,155</u>	<u>249,364</u>

Secured loans

Net obligations under finance leases and hire purchase contracts are secured against the assets concerned.

10. Financial assistance

	2017 £	2016 £
Capital financial assistance:		
Deferred financial assistance income brought forward	377,774	367,985
Financial assistance received during the year in respect of previous periods	-	-
Financial assistance received during the year in respect of current year	320,624	104,096
Financial assistance released to the Profit and Loss Account	(140,504)	(94,307)
Financial assistance funding available	-	-
	<u>557,894</u>	<u>377,774</u>

Included within notes 9 and 10 are deferred capital financial assistance creditors totaling £557,894 (2016: £377,774). Capital financial assistance is regarded as deferred income and is recognised over the useful economic life of the asset to which it pertains.

Revenue financial assistance:

	2017 £	2016 £
Released to the Profit and Loss Account in the period	81,475	79,535
	<u>81,475</u>	<u>79,535</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	46,476	-
Between 1-2 years	38,728	-
	<u>85,204</u>	<u>-</u>

12. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £2,076 (2016: £1,829). There were no contributions outstanding at the Balance Sheet date (2016: £nil).

13. Related party transactions

Owing to the nature of the business, all members of the producer organisation are directors of the company and related parties.

Charges made to related parties during the period for administration, operating fund levy and recharges total £2,804,604 (2016: £2,670,316).

Amounts due to the company at the year end from related parties is £291,251 (2016: £209,515).

Amounts due by the company at the year end to related parties is £655,231 (2016: £694,280).

Included within trade debtors is £nil (2016: £9,495) of operational fund levy payments due by related parties (accrued income).

During the year £402,099 (2016: £183,631) of financial assistance was paid to related parties.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

15. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2017 was unqualified.

The audit report was signed on 16 January 2018 by Andrew Moyser FCCA ACA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.