

Company Registration No. 05838607 (England and Wales)

PHILPOTTS (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

WEDNESDAY



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31/10/2012
COMPANIES HOUSE

PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS AND ADVISERS

Directors	R G Tonks K D Caven S J Tonks	(Appointed 17 October 2011)
Secretary	S J Tonks	
Company number	05838607	
Registered office	Unit 9 Pioneer Court Morton Palms Darlington DL1 4WD	
Registered auditors	Stokoe Rodger 15 Bankside The Watermark Gateshead Tyne & Wear NE11 9SY	

PHILPOTTS (HOLDINGS) LIMITED

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PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and financial statements for the year ended 30 June 2012

Principal activities and review of the business

The principal activity of the company continued to be that of a holding company. The principal activity of the subsidiary company during the period was that of purveyor of quality breakfast and lunch time food.

The breakfast and lunchtime food market remained challenging, however the director's and senior management continued to take steps to develop sales and control costs.

Any further downturn in the economy or additional bureaucratic regulation could constrain future growth and any increase in costs outside of the company's control may impact on profitability.

Given the straightforward nature of the business, the company director's are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

Future developments

The group opened a new 'Philpotts Express' shop in July 2012 and will wait to see how this performs before opening any similar shops. The group continues to focus on growth, improving profitability and reducing debt.

Directors

The following directors have held office since 1 July 2011

R G Tonks

K D Caven

S J Tonks

(Appointed 17 October 2011)

Employee involvement

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

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

There is an employee share scheme at present to further encourage the involvement of employees in the group's performance.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

Auditors

Stokoe Rodger are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

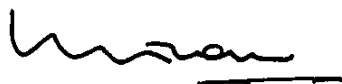
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



R G Tonks

Director
30/10/12

PHILPOTTS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PHILPOTTS (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Philpotts (Holdings) Limited for the year ended 30 June 2012 set out on pages 5 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PHILPOTTS (HOLDINGS) LIMITED

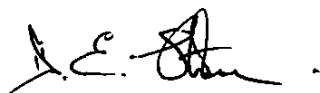
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PHILPOTTS (HOLDINGS) LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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 Stokoe FCA (Senior Statutory Auditor)
for and on behalf of Stokoe Rodger

30/10/12

Chartered Accountants
Statutory Auditor

15 Bankside
The Watermark
Gateshead
Tyne & Wear
NE11 9SY

PHILPOTTS (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
	Notes	£000	as restated £000
Turnover	2	10,059	9,967
Cost of sales		(8,609)	(8,677)
Gross profit		1,450	1,290
Administrative expenses		(1,354)	(1,444)
Other operating income		-	5
Operating profit/(loss)	3	96	(149)
Cost of fundamental reorganisation		-	(99)
Profit/(loss) on ordinary activities before interest		96	(248)
Other interest receivable and similar income		-	9
Interest payable and similar charges	4	(80)	(72)
Profit/(loss) on ordinary activities before taxation		16	(311)
Tax on profit/(loss) on ordinary activities	5	(83)	(67)
Loss on ordinary activities after taxation		(67)	(378)

The profit and loss account has been prepared on the basis that all operations are continuing operations

PHILPOTTS (HOLDINGS) LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
		as restated
	£000	£000
Loss for the financial year	(67)	(378)
Prior year adjustment	(109)	-
Total gains and losses recognised since last financial statements	(176)	(378)

PHILPOTTS (HOLDINGS) LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2012

		Group 2012	2011 as restated	Company 2012	2011
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	7	2,109	2,615	-	-
Tangible assets	8	3,124	3,525	-	-
Investments	9	-	-	6,477	6,476
		<u>5,233</u>	<u>6,140</u>	<u>6,477</u>	<u>6,476</u>
Current assets					
Stocks	10	105	108	-	-
Debtors	11	721	831	-	-
Cash at bank and in hand		170	16	-	-
		<u>996</u>	<u>955</u>	<u>-</u>	<u>-</u>
Creditors, amounts falling due within one year	12	<u>(2,010)</u>	<u>(2,296)</u>	<u>(2,787)</u>	<u>(2,317)</u>
Net current liabilities		<u>(1,014)</u>	<u>(1,341)</u>	<u>(2,787)</u>	<u>(2,317)</u>
Total assets less current liabilities		<u>4,219</u>	<u>4,799</u>	<u>3,690</u>	<u>4,159</u>
Creditors: amounts falling due after more than one year	13	<u>(2,634)</u>	<u>(3,117)</u>	<u>(2,634)</u>	<u>(3,117)</u>
Provisions for liabilities	14	<u>(248)</u>	<u>(279)</u>	<u>-</u>	<u>-</u>
		<u>1,337</u>	<u>1,403</u>	<u>1,056</u>	<u>1,042</u>
Capital and reserves					
Called up share capital	17	1,000	1,000	1,000	1,000
Other reserves	18	6	5	-	-
Profit and loss account	18	331	398	56	42
Shareholders' funds	19	<u>1,337</u>	<u>1,403</u>	<u>1,056</u>	<u>1,042</u>

PHILPOTTS (HOLDINGS) LIMITED

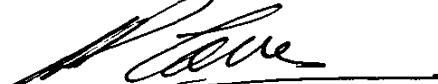
BALANCE SHEETS (CONTINUED)

AS AT 30 JUNE 2012

Approved by the Board and authorised for issue on 30/10/12



R G Tonks
Director



K D Caven
Director

Company Registration No 5838607

PHILPOTTS (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	£000	2012 £000	£000	2011 £000
Net cash inflow from operating activities		1,212		565
Returns on investments and servicing of finance				
Interest received	-		9	
Interest paid	(80)		(72)	
Net cash outflow for returns on investments and servicing of finance		(80)		(63)
Taxation		(27)		(170)
Capital expenditure				
Payments to acquire tangible assets	(115)		(526)	
Receipts from sales of tangible assets	3		2	
Net cash outflow for capital expenditure		(112)		(524)
Net cash inflow before management of liquid resources and financing		993		(192)
Financing				
New long term bank loan	1,000		1,650	
Repayment of long term bank loan	(1,583)		(1,720)	
Repayment of other long term loans	-		(67)	
Net cash outflow from financing		(582)		(137)
Increase/(decrease) in cash in the year		410		(329)

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2012	2011
		£000	£000
	Operating profit/(loss)	96	(149)
	Depreciation of tangible assets	502	473
	Amortisation of intangible assets	506	506
	(Loss)/profit on disposal of tangible assets	12	(2)
	Cost of fundamental reorganisation	-	(99)
	Decrease/(increase) in stocks	3	(6)
	Decrease/(increase) in debtors	110	(46)
	Decrease in creditors within one year	(17)	(112)
	Net cash inflow from operating activities	1,212	565

2	Analysis of net debt	1 July 2011	Cash flow	Other non-cash changes	30 June 2012
		£000	£000	£000	£000
	Net cash				
	Cash at bank and in hand	16	154	-	170
	Bank overdrafts	(256)	256	-	-
		(240)	410	-	170
	Debts falling due within one year	(633)	100	-	(533)
	Debts falling due after one year	(3,117)	483	-	(2,634)
		(3,750)	583	-	(3,167)
	Net debt	(3,990)	993	-	(2,997)

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

3	Reconciliation of net cash flow to movement in net debt	2012	2011
		£000	£000
	Increase/(decrease) in cash in the year	410	(329)
	Cash outflow from decrease in debt	583	137
	Movement in net debt in the year	993	(192)
	Opening net debt	(3,990)	(3,798)
	Closing net debt	(2,997)	(3,990)

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The directors, having regard to the nature, size and complexity of the business, have assessed the financial risks affecting the company and its operations for the 12 months from the approval of the financial statements and consider it appropriate to prepare the financial statements on a going concern basis

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2012. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The subsidiary's financial statements have been prepared on a 52 week basis (2011 52 weeks) ending on the Friday nearest to 30 June.

1.4 Turnover

Turnover represents amounts receivable for goods net of VAT and is derived entirely in the UK.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	10% straight line
Fixtures, fittings & equipment	10%-20% straight line
Motor vehicles	20% straight line

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

1 Accounting policies

(continued)

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Lease incentives are recognised in the profit and loss account as an integral part of the total lease expense over the period to the first break point in the lease.

1.9 Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

1.10 Stock

Stock is valued at the lower of cost and net realisable value.

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Share-based payments

The group has issued share options to certain employees to acquire shares of the parent company. These must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black-Scholes option-pricing model and spread over the period during which the employees become unconditionally entitled to the options. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

As the company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share-based payments as equity-settled.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

3	Operating profit/(loss)	2012	2011
		£000	£000
	Operating profit/(loss) is stated after charging		
	Amortisation of intangible assets	506	506
	Depreciation of tangible assets	502	473
	Loss on disposal of tangible assets	12	-
	Loss on foreign exchange transactions	4	4
	Research and development	28	-
	Operating lease rentals		
	- Plant and machinery	2	11
	- Other assets	-	20
	Fees payable to the group's auditor for the audit of the group's annual accounts	15	12
	and after crediting		
	Profit on disposal of tangible assets	-	(2)
		<u> </u>	<u> </u>
4	Interest payable	2012	2011
		£000	£000
	On bank loans and overdrafts	-	3
	On other loans wholly repayable within five years	80	68
	On overdue tax	-	1
		<u> </u>	<u> </u>
		80	72
		<u> </u>	<u> </u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

5	Taxation	2012 £000	2011 £000
	Domestic current year tax		
	U K corporation tax	114	27
	Total current tax	114	27
	Deferred tax		
	Effects of changes in tax rates and laws	(39)	(12)
	Deferred tax charge/credit current year	8	52
		83	67
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	16	(311)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.76% (2011 - 20.75%)	4	(65)
	Effects of		
	Depreciation add back	117	98
	Capital allowances	(97)	(111)
	Adjustments to previous periods	(25)	-
	Other tax adjustments	115	105
		110	92
	Current tax charge for the year	114	27

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2012 £000	2011 £000
Holding company's profit for the financial year	13	37

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

7 Intangible fixed assets Group

	Goodwill £000
Cost	
At 1 July 2011 & at 30 June 2012	5,062
Amortisation	
At 1 July 2011	2,447
Charge for the year	506
At 30 June 2012	2,953
Net book value	
At 30 June 2012	2,109
At 30 June 2011	2,615

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

8 Tangible fixed assets

Group

	Land and buildings Leasehold £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 July 2011	4,432	2,336	36	6,804
Additions	52	63	-	115
Disposals	(40)	(96)	-	(136)
At 30 June 2012	4,444	2,303	36	6,783
Depreciation				
At 1 July 2011	2,139	1,132	8	3,279
On disposals	(38)	(83)	-	(121)
Charge for the year	310	184	7	501
At 30 June 2012	2,411	1,233	15	3,659
Net book value				
At 30 June 2012	2,033	1,070	21	3,124
At 30 June 2011	2,293	1,204	28	3,525

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

9 Fixed asset investments

Company

	Shares in group undertakings £000
Cost	
At 1 July 2011	6,476
Additions	1
At 30 June 2012	6,477
Net book value	
At 30 June 2012	6,477
At 30 June 2011	6,476

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Philpotts Limited	UK	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Philpotts Limited	Purveyor of quality breakfast and lunch time food

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

10 Stocks

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Raw materials and consumables	100	103	-	-
Display stock	5	5	-	-
	<u>105</u>	<u>108</u>	<u>-</u>	<u>-</u>

11 Debtors

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Trade debtors	282	354	-	-
Other debtors	80	90	-	-
Prepayments and accrued income	359	387	-	-
	<u>721</u>	<u>831</u>	<u>-</u>	<u>-</u>

12 Creditors : amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank loans and overdrafts	533	889	533	633
Trade creditors	972	856	-	-
Amounts owed to group undertakings	-	-	2,253	1,675
Corporation tax	114	27	-	-
Taxes and social security costs	73	102	-	-
Other creditors	51	52	1	1
Accruals and deferred income	267	370	-	8
	<u>2,010</u>	<u>2,296</u>	<u>2,787</u>	<u>2,317</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank loans	2,634	3,117	2,634	3,117
Analysis of loans				
Wholly repayable within five years	3,167	3,750	3,167	3,750
Included in current liabilities	(533)	(633)	(533)	(633)
	2,634	3,117	2,634	3,117
Loan maturity analysis				
In more than one year but not more than two years	534	1,483	534	1,483
In more than two years but not more than five years	2,100	1,634	2,100	1,634

14 Provisions for liabilities

Group	Deferred taxation £000
Balance at 1 July 2011	279
Profit and loss account	(31)
Balance at 30 June 2012	248

The deferred tax liability is made up as follows.

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Accelerated capital allowances	248	279	-	-

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

15 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution 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. Contributions totalling £1,000 (2011 - £1,000) were payable to the fund at the year end and are included in creditors.

	2012 £000	2011 £000
Contributions payable by the group for the year	17	21

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

16 Share-based payment transactions

During the year ended 30 June 2012, the group had one share-based payment arrangement, which is described below

Type of arrangement

Date of grant	1 July 2007
Number granted	50,000
Contractual life	10 years
Vesting conditions	

The estimated fair value of each share option granted in the general employee share plan is 187p

The estimated fair value was calculated by applying a Black-Scholes option pricing model

The model inputs were

share price at grant date of 264 10p
exercise price of 100p
expected volatility of 87 per cent,
no expected dividends,
contractual life of 5 years, and
a risk-free interest rate of 5.50 per cent

The expected volatility is based on the historic volatility (calculated based on weighted average remaining life of the share options) of the FTSE Food and Drink index

Share options are granted under service conditions. Such conditions are not taken into account in the grant date fair value measurement of the services received

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

16 Share-based payment transactions

(continued)

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2012	2012	2011	2011
		£000		£000
At 1 July 2011	4,389	1 00	5,619	1 00
Forfeited	-	1 00	(1,230)	1 00
Outstanding at 30 June 2011	4,389	1 00	4,389	1 00

The options outstanding at 30 June 2012 have an exercise price of £1, and a remaining contractual life of 5.25 years

	2012	2011
	£000	£000
Expense arising from share-based payment transactions	1	-

The company has recognised an equivalent increase in its cost of investment in the subsidiary undertaking

17 Share capital

	2012	2011
	£000	£000
Allotted, called up and fully paid		
1,000 Ordinary shares of each	1,000	1,000

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

18 Statement of movements on reserves

Group

	Other reserves (see below) £000	Profit and loss account £000
Balance at 1 July 2011	5	507
Prior year adjustment	-	(109)
Balance at 1 July 2011 as restated	5	398
Loss for the year	-	(67)
Movement during the year	1	-
Balance at 30 June 2012	6	331

Other reserves

Capital redemption reserve

Balance at 1 July 2011	5
Capital redemption reserve movement	1

Balance at 30 June 2012

6

Company

	Profit and loss account £000
Balance at 1 July 2011	42
Profit for the year	13
Transfer from revaluation reserve to profit and loss account	1
Balance at 30 June 2012	56

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

19 Reconciliation of movements in shareholders' funds	2012	2011
Group	£000	£000
Loss for the financial year	(67)	(378)
Purchase of own shares	1	-
Opening shareholders' funds	1,403	1,781
Closing shareholders' funds	1,337	1,403

Opening shareholders' funds were originally £1,512,000 before deducting prior year adjustments of £109,000

The prior year adjustment relates to liabilities over a six year period identified by the directors

	2012	2011
Company	£000	£000
Profit for the financial year	14	37
Opening shareholders' funds	1,042	1,005
Closing shareholders' funds	1,056	1,042

20 Contingent liabilities

Company

Bank loans and overdrafts of £1,067,000 (2011 £2,650,000) are secured by an omnibus guarantee and unlimited debenture which both include this company and its subsidiary

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

21 Financial commitments

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£000	£000	£000	£000
Expiry date				
Within one year	127	92	-	-
Between two and five years	270	478	3	-
In over five years	106	29	-	-
	<u>503</u>	<u>599</u>	<u>3</u>	<u>-</u>

22 Capital commitments

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Contracted for but not provided in the financial statements	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>

23 Directors' remuneration Group

	2012	2011
	£000	£000
Remuneration for qualifying services	77	134
Company pension contributions to defined contribution schemes	-	7
Compensation for loss of office	-	126
	<u>77</u>	<u>267</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Operational	246	248
Office and management	20	22
	<u>266</u>	<u>270</u>

Employment costs

	2012 £000	2011 £000
Wages and salaries	3,557	3,757
Other pension costs	17	21
Costs of share option scheme	1	-
	<u>3,575</u>	<u>3,778</u>