

Company Registration No. 05838607 (England and Wales)

PHILPOTTS (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

WEDNESDAY



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COMPANIES HOUSE

PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS AND ADVISERS

Directors	R G Tonks	
	K D Caven	
	S J Tonks	
	T J Whitworth	(Appointed 16 January 2013)
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	
Solicitors	Addleshaw Goddard Sovereign House Sovereign Street Leeds LS1 1HQ	

PHILPOTTS (HOLDINGS) LIMITED

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PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report and financial statements for the year ended 30 June 2013

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

Future developments

The group continues to focus on growth, improving profitability and reducing debt.

Directors

The following directors have held office since 1 July 2012

R G Tonks

K D Caven

S J Tonks

T J Whitworth

(Appointed 16 January 2013)

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.

Auditors

The auditors, Stokoe Rodger, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

PHILPOTTS (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

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

28/02/2014

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 2013 set out on pages 5 to 23. 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

Included within tangible fixed assets shown on the group's balance sheet is an amount of £579,000 in relation to a long leasehold property. The group obtained a professional valuation dated 22 January 2014 which valued the property at £375,000. In our opinion the valuation of the property at the year end would not have been substantially different from the figure reported in the valuation report. Accordingly the long leasehold property should be reduced by £204,000 and consolidated profit for the year and group retained earnings should be reduced by the same amount.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 2013 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

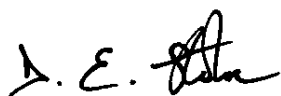
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

28/02/2014

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 2013

		2013	2012
	Notes	£000	£000
Turnover	2	10,014	10,059
Cost of sales		(8,585)	(8,609)
Gross profit		1,429	1,450
Administrative expenses		(1,227)	(1,354)
Operating profit	3	202	96
Interest payable and similar charges	4	(47)	(80)
Profit on ordinary activities before taxation		155	16
Tax on profit on ordinary activities	5	(159)	(83)
Loss on ordinary activities after taxation		(4)	(67)

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 2013

	2013	2012
	£000	£000
Loss for the financial year	(4)	(67)
Prior year adjustment	-	(109)
Total gains and losses recognised since last financial statements	<u>(4)</u>	<u>(176)</u>

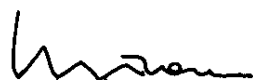
PHILPOTTS (HOLDINGS) LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2013

	Notes	Group 2013 £000	2012 £000	Company 2013 £000	2012 £000
Fixed assets					
Intangible assets	7	1,651	2,109	-	-
Tangible assets	8	3,352	3,124	-	-
Investments	9	-	-	6,477	6,477
		<u>5,003</u>	<u>5,233</u>	<u>6,477</u>	<u>6,477</u>
Current assets					
Stocks	10	111	105	-	-
Debtors	11	775	721	-	-
Cash at bank and in hand		222	170	-	-
		<u>1,108</u>	<u>996</u>	<u>-</u>	<u>-</u>
Creditors amounts falling due within one year	12	<u>(2,153)</u>	<u>(2,010)</u>	<u>(3,020)</u>	<u>(2,787)</u>
Net current liabilities		<u>(1,045)</u>	<u>(1,014)</u>	<u>(3,020)</u>	<u>(2,787)</u>
Total assets less current liabilities		3,958	4,219	3,457	3,690
Creditors: amounts falling due after more than one year	13	(2,400)	(2,634)	(2,400)	(2,634)
Provisions for liabilities	14	<u>(225)</u>	<u>(248)</u>	<u>-</u>	<u>-</u>
		<u>1,333</u>	<u>1,337</u>	<u>1,057</u>	<u>1,056</u>
Capital and reserves					
Called up share capital	17	1,000	1,000	1,000	1,000
Other reserves	18	6	6	-	-
Profit and loss account	18	327	331	57	56
Shareholders' funds	19	<u>1,333</u>	<u>1,337</u>	<u>1,057</u>	<u>1,056</u>

Approved by the Board and authorised for issue on 28/02/2014



R G Tonks
Director

Company Registration No 05838607

PHILPOTTS (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	£000	2013 £000	£000	2012 £000
Net cash inflow from operating activities		1,248		1,212
Returns on investments and servicing of finance				
Interest paid	(47)		(80)	
Net cash outflow for returns on investments and servicing of finance		(47)		(80)
Taxation		(114)		(27)
Capital expenditure				
Payments to acquire intangible assets	(48)		-	
Payments to acquire tangible assets	(753)		(115)	
Receipts from sales of tangible assets	-		3	
Net cash outflow for capital expenditure		(801)		(112)
Net cash inflow before management of liquid resources and financing		286		993
Financing				
New long term bank loan	320		1,000	
Repayment of long term bank loan	(554)		(1,583)	
Net cash outflow from financing		(234)		(583)
Increase in cash in the year		52		410

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

1	Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
		£000	£000
	Operating profit	202	96
	Depreciation of tangible assets	525	502
	Amortisation of intangible assets	506	506
	Loss on disposal of tangible assets	-	12
	(Increase)/decrease in stocks	(6)	3
	(Increase)/decrease in debtors	(54)	110
	Increase/(decrease) in creditors within one year	75	(17)
	Net cash inflow from operating activities	1,248	1,212

2	Analysis of net debt	1 July 2012	Cash flow	Other non-cash changes	30 June 2013
		£000	£000	£000	£000
	Net cash				
	Cash at bank and in hand	170	52	-	222
	Debts falling due within one year	(533)	-	-	(533)
	Debts falling due after one year	(2,634)	234	-	(2,400)
		(3,167)	234	-	(2,933)
	Net debt	(2,997)	286	-	(2,711)

3	Reconciliation of net cash flow to movement in net debt	2013	2012
		£000	£000
	Increase in cash in the year	52	410
	Cash outflow from decrease in debt	234	583
	Movement in net debt in the year	286	993
	Opening net debt	(2,997)	(3,990)
	Closing net debt	(2,711)	(2,997)

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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 2013. 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 (2012 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	2% & 10% straight line
Fixtures, fittings & equipment	10%-20% straight line
Motor vehicles	20% straight line

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.

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

1 Accounting policies

(continued)

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.

3 Operating profit

	2013 £000	2012 £000
Operating profit is stated after charging		
Amortisation of intangible assets	506	506
Depreciation of tangible assets	525	502
Loss on disposal of tangible assets	-	12
Research and development	-	28
Operating lease rentals		
- Plant and machinery	3	2
Fees payable to the group's auditor for the audit of the group's annual accounts	15	15
Auditor's remuneration for non-audit work	5	-

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

4	Interest payable	2013 £000	2012 £000
	On bank loans and overdrafts	1	-
	On other loans wholly repayable within five years	46	80
		<u>47</u>	<u>80</u>
5	Taxation	2013 £000	2012 £000
	Domestic current year tax		
	U K corporation tax	165	114
	Adjustment for prior years	17	-
	Total current tax	<u>182</u>	<u>114</u>
	Deferred tax		
	Effects of changes in tax rates and laws	-	(39)
	Deferred tax charge/credit current year	(23)	8
		<u>159</u>	<u>83</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>155</u>	<u>16</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.68% (2012 - 22.76%)	<u>37</u>	<u>4</u>
	Effects of		
	Depreciation add back	124	117
	Capital allowances	(87)	(97)
	Adjustments to previous periods	-	(25)
	Other tax adjustments	108	115
		<u>145</u>	<u>110</u>
	Current tax charge for the year	<u>182</u>	<u>114</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

6 Loss 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 loss for the financial year is made up as follows:

	2013	2012
	£000	£000
Holding company's loss for the financial year	-	-

7 Intangible fixed assets Group

	Goodwill & Development Costs £000
Cost	
At 1 July 2012	5,062
Additions	48
At 30 June 2013	5,110
Amortisation	
At 1 July 2012	2,953
Charge for the year	506
At 30 June 2013	3,459
Net book value	
At 30 June 2013	1,651
At 30 June 2012	2,109

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

8 Tangible fixed assets

Group

	Land and buildings Leasehold £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 July 2012	4,362	2,385	36	6,783
Additions	646	92	15	753
At 30 June 2013	5,008	2,477	51	7,536
Depreciation				
At 1 July 2012	2,383	1,261	15	3,659
Charge for the year	319	196	10	525
At 30 June 2013	2,702	1,457	25	4,184
Net book value				
At 30 June 2013	2,306	1,020	26	3,352
At 30 June 2012	2,033	1,070	21	3,124

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2013

9 Fixed asset investments

Company	Shares in group undertakings £000
Cost	
At 1 July 2012 & at 30 June 2013	6,477
Net book value	
At 30 June 2013	6,477
At 30 June 2012	6,477

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	Class	Shares held %
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

10 Stocks

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Raw materials and consumables	106	100	-	-
Display stock	5	5	-	-
	<u>111</u>	<u>105</u>	<u>-</u>	<u>-</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

11 Debtors

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	331	282	-	-
Other debtors	48	80	-	-
Prepayments and accrued income	396	359	-	-
	<u>775</u>	<u>721</u>	<u>-</u>	<u>-</u>

12 Creditors amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans and overdrafts	533	533	533	533
Trade creditors	1,032	972	-	-
Amounts owed to group undertakings	-	-	2,486	2,253
Corporation tax	182	114	-	-
Taxes and social security costs	100	73	-	-
Other creditors	54	51	1	1
Accruals and deferred income	252	267	-	-
	<u>2,153</u>	<u>2,010</u>	<u>3,020</u>	<u>2,787</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

13 Creditors amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans	2,400	2,634	2,400	2,634
Analysis of loans				
Wholly repayable within five years	2,933	3,167	2,933	3,167
Included in current liabilities	(533)	(533)	(533)	(533)
	2,400	2,634	2,400	2,634
Loan maturity analysis				
In more than one year but not more than two years	-	534	-	534
In more than two years but not more than five years	2,400	2,100	2,400	2,100

The bank loans above include £533,000 (2012 £1,067,000) secured over the assets of the company and its subsidiary undertaking by an omnibus guarantee

Also included above is a loan of £2,400,000 (2012 £2,100,000) secured by a personal guarantee from RG Tonks

14 Provisions for liabilities

Group	Deferred taxation £000
Balance at 1 July 2012	248
Profit and loss account	(23)
Balance at 30 June 2013	225

The deferred tax liability is made up as follows.

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Accelerated capital allowances	225	248	-	-

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

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 (2012 - £1,000) were payable to the fund at the year end and are included in creditors.

	2013	2012
	£000	£000
Contributions payable by the group for the year	<u>17</u>	<u>17</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

16 Share-based payment transactions

During the year ended 30 June 2013, 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

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2013	2013 £000	2012	2012 £000
At 1 July 2012	4,389	1.00	5,619	1.00
Forfeited	(850)	1.00	(1,230)	1.00
Outstanding at 30 June 2012	3,539	1.00	4,389	1.00

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

16 Share-based payment transactions

(continued)

The options outstanding at 30 June 2013 have an exercise price of £1, and a remaining contractual life of 4.25 years

	2013 £000	2012 £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

	2013 £000	2012 £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 2013

18 Statement of movements on reserves

Group

	Other reserves (see below) £000	Profit and loss account £000
Balance at 1 July 2012	6	331
Loss for the year	-	(4)
Balance at 30 June 2013	<u>6</u>	<u>327</u>

Other reserves

Capital redemption reserve

Balance at 1 July 2012 & at 30 June 2013

<u>6</u>

Company

	Profit and loss account £000
Balance at 1 July 2012	56
Profit for the year	1
Balance at 30 June 2013	<u>57</u>

19 Reconciliation of movements in shareholders' funds

Group

	2013 £000	2012 £000
Loss for the financial year	(4)	(67)
Purchase of own shares	-	1
Opening shareholders' funds	<u>1,337</u>	<u>1,403</u>
Closing shareholders' funds	<u>1,333</u>	<u>1,337</u>

Company

	2013 £000	2012 £000
Profit for the financial year	1	13
Opening shareholders' funds	<u>1,056</u>	<u>1,043</u>
Closing shareholders' funds	<u>1,057</u>	<u>1,056</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2013

20 Financial commitments

At 30 June 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013 £000	2012 £000	2013 £000	2012 £000
Expiry date				
Within one year	45	127	-	-
Between two and five years	168	270	3	3
In over five years	386	106	-	-
	<u>599</u>	<u>503</u>	<u>3</u>	<u>3</u>

21 Capital commitments

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Contracted for but not provided in the financial statements	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>

22 Directors' remuneration Group

	2013 £000	2012 £000
Remuneration for qualifying services	<u>69</u>	<u>77</u>
	<u>69</u>	<u>77</u>

PHILPOTTS (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

23 Employees

Number of employees

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

	2013 Number	2012 Number
Operational	245	246
Office and management	15	20
	<u>260</u>	<u>266</u>

Employment costs

	2013 £000	2012 £000
Wages and salaries	3,397	3,557
Other pension costs	17	17
Costs of share option scheme	-	1
	<u>3,414</u>	<u>3,575</u>