Donald Russell Holdings Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 07880721

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Donald Russell Holdings Limited

Report and financial statements
for the year ended 31 December 2016

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Country of incorporation	United Kingdom
Directors:	G M W Vestey C G Copland H Baumann
Secretary and registered office	N Thornton, 29 Ullswater Crescent, Coulsdon, Surrey CR5 2HR
Company number	07880721
Bankers:	Barclays Bank plc

Donald Russell Holdings Limited

Strategic report
for the year ended 31 December 2016

Business review

Results for 2016

The loss for the year of £2,377,000 (2015 – profit of £23,000) relates mainly to the £1,750,000 impairment of the investment in Donald Russell Limited following its poor performance in 2016. Donald Russell Limited, reported a break even result well behind budget and the £1.3m pre-tax profit reported in 2015. The direct to consumer market was very difficult in 2016 due to uncertainty following the Brexit vote and price cutting by several of the large retailers.

The key objectives in 2017 of the company's direct investment will be one of an improved performance following changes made to the business including a review of the marketing strategy.

Key performance indicators

The company uses a range of financial performance measures to monitor the management of the business effectively; the most significant of these are the key performance indicators (KPI).

The company's principal KPI is the comparison between the carrying value of its investment against the position and performance of this investment.

At 31 December 2016, the company's investment had a carrying value of £15,000,000 (2015 - 16,750,000). This compared to its investments total net assets of £5,558,000 (2015 - £5,449,000), the difference being the goodwill attributed to the business, and recoverable through future performance.

Principal risks and uncertainties are discussed in note 13.

On behalf of the Board



C G Copland

Director

15 May 2018

Donald Russell Holdings Limited

Report of the directors
for the year ended 31 December 2016

Results and dividends

The profit and loss account is set out on page 4 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2015 - £Nil).

Principal activities

Donald Russell Holdings Limited is the intermediate parent company of a company which is engaged in the mail order/online meat business.

Principal risks and uncertainties

The company operates in an environment that has a number of operational and financial risks, details of these risks and how they are managed are detailed in note 13.

Directors

The directors of the company during the year were:

C G Copland
G Vestey
H Baumann

Directors' responsibilities

The directors are responsible for preparing the annual report, the strategic 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), including FRS 101 "Reduced Disclosure Framework" ("FRS101") 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 profit or loss of the company 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 company will continue in business.

Directors' responsibilities *(continued)*

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

On behalf of the Board



C G Copland

Director

15 May 2018

Donald Russell Holdings Limited

Profit and loss account
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Exceptional expenses	2	**(1,750)**	-
Operating loss	3	**(1,750)**	-
Income from group undertakings		-	650
(Loss)/profit on ordinary activities before interest		**(1,750)**	650
Net finance income and expense	4	**(627)**	(627)
(Loss)/profit for the financial year		**(2,377)**	23

All amounts relate to continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

Donald Russell Holdings Limited

Statement of other comprehensive income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
(Loss)/profit for the financial year		**(2,377)**	23
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income		**(2,377)**	23

The notes on pages 8 to 13 form part of these financial statements.

Donald Russell Holdings Limited

Balance sheet
at 31 December 2016

Company number 07880721	Note	31 December 2016 £'000	31 December 2015 £'000
Fixed assets			
Investments	6	**15,000**	16,750
Creditors: amounts falling due within one year	8	**(3,041)**	(839)
Net current liabilities		**(3,041)**	(839)
Creditors: amounts falling due after more than one year	9	**(14,100)**	(15,675)
Total assets less current liabilities		**(2,141)**	236
Capital and reserves			
Called up share capital	10	**100**	100
Share Premium account	11	**900**	900
Retained earnings	11	**(3,141)**	(764)
Shareholders' (deficit)/funds		**(2,141)**	236

For the year ended 31 December 2016 the company was entitled to exemption from audit under section 479A(2)(a) of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 May 2017.

C G Copland
Director

The notes on pages 8 to 13 form part of these financial statements.

Donald Russell Holdings Limited

Statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
31 December 2015	**100**	**900**	**(764)**	**236**
Comprehensive income for the year				
Loss	-	-	(2,377)	(2,377)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(2,377)**	**(2,377)**
31 December 2016	**100**	**900**	**(3,141)**	**(2,377)**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
1 January 2015	**100**	**900**	**(787)**	**213**
Comprehensive income for the year				
Profit	-	-	23	23
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	23	23
31 December 2014	**100**	**900**	**(764)**	**236**

The notes on pages 8 to 13 form part of these financial statements.

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework.* The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments which are fair valued through the profit or loss. The financial statements are presented in Pound Sterling and amounts are rounded to the nearest £'000, unless otherwise stated.

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include a statement of cash flows.

The preparation of financial statements in compliance with FRS 100 and FRS 101 requires the use of certain critical accounting estimates. It also requires company management to exercise judgment in applying the company's accounting policies.

The principal accounting policies are:

Foreign currency

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit and loss.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The company's loans and receivables comprise other receivables and cash at bank in the Balance sheet.

1 Accounting policies *(continued)*

Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The company's accounting policy for short-term monetary liabilities is to initially recognise them at fair value and subsequently carried them at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Dividends

Dividends are recognised when they become legally payable.

Taxation

The charge for taxation is based on the results for the year. The tax charge differs from the expected statutory rate due to deferred tax timing differences because of differences between the treatment of certain items for taxation and accounting purposes.

Valuation of investments

Investments held as fixed assets are stated in the financial statements at the lower of cost and recoverable amount. Any resulting impairment loss is taken to the profit and loss account.

2 Exceptional items

Impairment of investments

Following the disappointing performance of Donald Russell Limited in 2016 and a reduction in the short term future profitability the investment in the company was written down by £1.75m (2015 - £Nil).

3 Operating loss

No director received any remuneration for services to the company in the current financial period. The company had no employees or employment expenses during the current period.

4 Net finance income and expense

Finance expense	**2016 £'000**	**2015 £'000**
Preference share interest	**564**	564
Loan note interest	**63**	63
Total finance expense	**627**	627

5 Taxation on profit/(loss) from ordinary activities

	2016 £'000	2015 £'000
Corporation tax		
Current tax	-	-
Current tax charge for year	-	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £'000	2015 £'000
Profit/(loss) on ordinary activities before tax	**(2,377)**	23
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	**(475)**	5
Effects of:		
Expenses not deductible for taxation purposes	**462**	114
Non-taxable income	**-**	(132)
Group relief surrendered	**13**	13
Current tax charge for year	-	-

6 Investments in subsidiaries

	£'000
Cost and net book value	
At 1 January 2016	16,750
Impairment	(1,750)
At 31 December 2016	**15,000**

7 Additional information on subsidiaries

Principal subsidiaries	Country of incorporation	Class of shares	Percentage of holding
Donald Russell Limited	Great Britain	Ordinary	100

8 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts due to group undertakings	**1,412**	784
Other creditors	**54**	55
Loan Notes	**1,575**	-
	3,041	839

9 Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Amounts due to group undertakings	**14,100**	14,100
Loan Notes	**-**	1,575
	14,100	15,675
The repayment terms of debt falling due after more than one year are as follows:		
More than five years	**14,100**	15,675

The amounts due to group undertakings relate to £14,100,000 of preference shares with a coupon of 4% to its parent company Vestey Holdings Limited. The preference shares have no date for redemption.

The Loan notes have an interest rate of 4% and are now planned to be redeemed in 2017.

10 Share capital

	2016 £'000	2015 £'000
Authorised, allotted, called up and fully paid		
84,000 A ordinary shares of £1 each	**84**	84
16,000 B ordinary shares of £1 each	**16**	16
	100	100
14,100,000 4% preference shares of £1 each*	**14,100**	14,100

* In accordance with FRS 25, the 14,100,000 4% preference shares of £1 each are presented as a liability in the company balance sheet.

11 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

12 Ultimate parent company

The immediate parent company is Vestey Holdings Limited.

The ultimate parent company is Western United Investment Company Limited. Both companies are incorporated in Great Britain.

The smallest group of companies for which group financial statements are prepared and of which the company is a member is the Vestey Holdings Limited group. The largest group of companies for which group financial statements are prepared and of which the company is a member is the Western United Investment Company Limited group.

The financial statements of Western United Investment Company Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate control of Western United Investment Company Limited rests with The Lord Vestey, Mr G M W Vestey and Mr R J H Vestey who, between them, have control of all the issued voting shares of the Company.

13 Financial instruments – Risk Management

The company is exposed through its operations to the following financial risks:

- Fair value or cash flow interest rate risk, and
- Liquidity risk.

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are non-trade payables

(a) Financial instruments by category

Financial liabilities	**2016 £'000**	**2015 £'000**
Non trade payables	**54**	55
Total financial liabilities	**54**	55

(b) Financial instruments not measured at fair value

Financial instruments not measured at fair value are non-trade payables.

Due to their short-term nature, the carrying value of other non-payables approximates their fair value.

General objectives, policies and processes

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's management team.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk

Liquidity risk arises from the company's management of it's group loans, the payment of parent company dividends and the payment of minority interest share purchase obligations. It is a risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim cash flow forecasts are prepared each month as part of the monthly management accounts. The current and forecast cash requirements are reviewed in conjunction with budgeted levels to ensure that sufficient levels of cash are maintained.

Management formally assess the company's 12-month cash flow projections on an annual basis as well as informally reviewing the management accounts on a monthly basis. At the end of the financial year, these projections indicated that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need any support by parent undertakings.