

**COMMUNITY FOODS  
LIMITED**

**REPORT AND FINANCIAL  
STATEMENTS**

**For the year ended  
26 March 2011  
Company no 1328083**

**COMMUNITY FOODS LIMITED**  
REPORT AND FINANCIAL STATEMENTS

For the year ended 26 MARCH 2011

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Company registration number: 1328083

Registered office: M1 Cross  
Brent Terrace  
London  
NW2 1LT

Directors: John Gibson (Chairman)  
Roger Evans OBE  
Bill Henry  
David Geoffrey Lewis  
David Alan Graham Lewis  
Martin Rome  
Clive Warner

Secretary: John Sherwood

Bankers: Barclays Corporate  
1 Churchill Place  
London  
E14 5HP

Solicitors: Gateley LLP  
One Eleven  
Edmund Street  
Birmingham  
B3 2HJ

Auditor: Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

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The directors present their report together with the audited financial statements for the year ended 26 March 2011.

In the prior year, the company took an exemption to prepare consolidated financial statements on the grounds that this company is itself a subsidiary undertaking and the ultimate holding company prepared consolidated financial statements which are publicly available. In the current year, the company has elected to prepare consolidated accounts. Accordingly comparative information has been restated to reflect the consolidated position.

### **Principal activity**

The principal activity in the period under review continued to be that of merchanting food products for retail and manufacture.

### **Business review**

This year the company has turned around prior year losses by a combination of increased sales, managing margin and improving controls, particularly around stock management. Revenue in Sterling terms increased by 24% (2010: increased by 7.3%). Gross profit margin also improved to 11.2 % (2010: 8.5%) representing a significant improvement on the previous year.

Profits before tax amounted to £0.4m (2010 :Loss £2.4m). This was after exceptional items of £0.4m, mainly incurred due to closure of a non-core division.

In view of the year's results, the directors decided not to pay a dividend for the year (2010: £nil).

### **Policy on the payment of creditors**

It is the company's policy to pay suppliers in accordance with agreed terms and conditions. At 26 March 2011 the company had an average of 27 days (2010: 26 days) purchases outstanding in trade creditors.

### **Directors**

The following directors served on the Board during the year:

D R Evans  
J F Gibson  
W B Henry  
D G Lewis  
D A G Lewis  
M L Rome  
C H Warner

### **Financial risk management objectives and policies**

The company uses various financial instruments to manage working capital which include cash, trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are currency risk, credit risk and liquidity and cash flow risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the prior year.

### **Currency risk**

The company is exposed to translation and transaction foreign exchange risk.

Approximately 42% of the company's purchases of stock are transacted in US dollars. The company enters into forward exchange contracts with its bankers in order to protect the business against adverse currency movements in both £/USD and other currency pairings.

The company's financial liabilities in currencies other than sterling at 26 March 2011 amounted to £2,923,371 (2010: £558,914). Foreign exchange differences on retranslation of these liabilities are taken to the profit and loss account.

### **Credit risk**

The company's principal financial assets are trade debtors.

In order to manage this element of credit risk the management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

### **Liquidity and cash flow risk**

The company seeks to manage liquidity and cash flow risk by arranging sufficient bank borrowing and debt factor facilities, thus ensuring sufficient liquidity is available to meet foreseeable needs. Cash assets are invested safely.

The company's policy throughout the period has been to achieve this objective through management's day to day involvement in business decisions.

**Statement of directors' responsibilities**

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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.

The directors are responsible for keeping adequate accounting records that 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

BY ORDER OF THE BOARD

John Sherwood  
Secretary

16 June 2011

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF COMMUNITY FOODS LIMITED**

We have audited the financial statements of Community Foods Limited for the year ended 26 March 2011 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets and notes 1 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 26 March 2011 and of the group's profit for the period 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF COMMUNITY FOODS 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Hagley  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
London

16 June 2011

Note: The maintenance and integrity of the COMMUNITY FOODS LIMITED website is the responsibility of the directors: the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable law and accounting standards.

In the prior year, the company took an exemption to prepare consolidated financial statements on the grounds that this company is itself a subsidiary undertaking and the ultimate holding company prepared consolidated financial statements which are publicly available. In the current year, the company has elected to prepare consolidated accounts. Accordingly certain comparative information has been restated to reflect the consolidated position.

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 "Cash flow statements" not to prepare a cash flow statement on the grounds that the ultimate parent undertaking prepares a consolidated cash flow statement.

The principal accounting policies of the group have remained unchanged from the prior year and are set out below.

### **Basis of consolidation**

These financial statements consolidate the accounts of the company and its subsidiaries using acquisition accounting.

### **Goodwill**

Consolidation goodwill represents the excess of purchase consideration for an acquired business over the fair value attributed to its constituent net assets. Such goodwill is capitalised in the year of acquisition and amortised over its estimated useful life subject to a maximum period of twenty years. Purchased goodwill is capitalised in the year of acquisition and amortised over its estimated useful life subject to a maximum period of ten years.

Figures for both consolidation goodwill and purchased goodwill are subjected to an impairment review at the end of the first full year following the acquisition and at other times if events or changes in circumstances indicate that the carrying value may not be recoverable.

### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Tangible fixed assets and depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Leasehold improvements	- remaining life of lease
Plant and machinery	- 10% per annum straight line
Motor vehicles	- 25% per annum reducing balance
Computer equipment	- 25% per annum straight line

### **Stocks**

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

### **Hire purchase and similar agreements**

Assets held under hire purchase and lease purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **Foreign currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Any contract for the supply of currency at future dates that subsequently shows a significant adverse position is provided for.

### **Contributions to pension schemes**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account. The company is not otherwise obligated to pay a pension to any employee.

### **Deferred revenue expenditure**

Expenditure is incurred on product and packaging design. To the extent that a project is abandoned, the cost is expensed immediately. To the extent that a project has come on stream or is likely to in the near future, the cost is carried forward and amortised over 3 years. The carrying value is subject to annual review and any impairment in value is written off.

**COMMUNITY FOODS LIMITED**  
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 26 MARCH 2011

	Note	2011 £	2010 £
Turnover	1	66,449,179	53,598,470
Cost of sales		<u>(58,979,409)</u>	<u>(49,038,938)</u>
<b>Gross profit</b>		<b>7,469,770</b>	4,559,532
Operating expenses		<b>(6,559,804)</b>	(6,179,301)
Amortisation and impairment	5	<b>(25,423)</b>	(54,476)
Provisions charged	14	<b>(12,000)</b>	(212,000)
Administrative expenses		<b>(6,597,227)</b>	(6,445,777)
Exceptional costs - restructuring	1	<b>(398,220)</b>	(511,335)
Other operating income		<u>-</u>	<u>48,629</u>
<b>Operating profit/(loss)</b>		<b>474,323</b>	(2,348,951)
Interest payable and similar charges	2	<b>(89,101)</b>	(66,685)
Interest receivable		<u>2</u>	<u>23,697</u>
<b>Profit/(Loss) on ordinary activities before taxation</b>	1	<b>385,224</b>	(2,391,939)
Tax on profit/(loss) on ordinary activities	4	<u>372,491</u>	<u>34,386</u>
<b>Profit/(Loss) for the financial period</b>	16	<u><b>757,715</b></u>	<u><b>(2,357,553)</b></u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

**COMMUNITY FOODS LIMITED**  
BALANCE SHEETS AT 26 MARCH 2011

	Note	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
<b>Fixed assets</b>					
Intangible assets	5	432,186	541,392	-	83,783
Tangible assets	6	772,062	656,692	676,007	528,855
Investments	7	1,245,764	1,245,764	2,329,308	2,329,308
		<u>2,450,012</u>	<u>2,443,848</u>	<u>3,005,315</u>	<u>2,941,946</u>
<b>Current assets</b>					
Stocks	8	11,326,571	9,684,257	10,076,632	9,185,584
Debtors	9	12,255,475	9,476,893	12,978,329	9,882,952
Cash at bank and in hand		117,109	57,873	113,453	6,941
		<u>23,699,155</u>	<u>19,219,023</u>	<u>23,168,414</u>	<u>19,075,477</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(11,949,503)</u>	<u>(8,228,733)</u>	<u>(11,930,708)</u>	<u>(8,537,985)</u>
<b>Net current assets</b>		<u>11,749,652</u>	<u>10,990,290</u>	<u>11,237,706</u>	<u>10,537,492</u>
<b>Total assets less current liabilities</b>		<u>14,199,664</u>	<u>13,434,138</u>	<u>14,243,021</u>	<u>13,479,438</u>
<b>Creditors: amounts falling due after more than one year</b>	11	-	(4,189)	-	(3,380)
<b>Provisions for liabilities and charges</b>	14	(224,000)	(212,000)	(162,000)	(150,000)
<b>Total net assets</b>		<u>13,975,664</u>	<u>13,217,949</u>	<u>14,081,021</u>	<u>13,326,058</u>
<b>Capital and reserves</b>					
Called up share capital	15	71,000	71,000	71,000	71,000
Other reserves	16	59,000	59,000	59,000	59,000
Profit and loss account	16	13,845,664	13,087,949	13,951,021	13,196,058
<b>Shareholders' funds</b>	17	<u>13,975,664</u>	<u>13,217,949</u>	<u>14,081,021</u>	<u>13,326,058</u>

The financial statements were approved by the Board of Directors on 16 June 2011.

**John Gibson - Chairman**

**Clive Warner - Finance Director**

Company registration no: 1328083

The accompanying accounting policies and notes form an integral part of these financial statements.

For the year ended 26 MARCH 2011

**1 Turnover and profit on ordinary activities before taxation**

The turnover and profit on ordinary activities before taxation is attributable to the one principal activity of the group.

	2011	2010
	£	£
An analysis of turnover by geographical location is shown below:		
United Kingdom	59,599,039	47,358,110
Overseas - mainly Europe	6,850,140	6,240,360
	<u>66,449,179</u>	<u>53,598,470</u>

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2011	2010
	£	£
Auditor's remuneration:		
Audit services	34,000	31,713
Non-audit services	52,000	2,000
Depreciation:		
Tangible fixed assets owned	213,184	189,304
Tangible fixed assets held under lease purchase and hire purchase agreements	3,364	5,840
Amortisation of consolidated goodwill	25,423	38,406
Amortisation of trademark	-	10,473
Loss on disposal of fixed assets	11,285	3,702
Profit on disposal of fixed assets	-	(3,522)
Operating lease cost:		
Plant and machinery	14,364	18,290
Property	491,907	522,945

The exceptional costs of £398,220 (2010: £511,335) relate to the closure of a non-core division and reorganisation of the company's trading divisions and personnel.

The parent company has taken advantage of the exemption from presenting its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The group profit and loss account for the period includes a profit of £754,963 (2010: loss £2,255,718) that has been dealt with within the financial statements of the parent company.

**Liability Limitation Agreement with the auditor**

The directors propose that the company enters into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the period ended 26 March 2011. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements. A resolution will be proposed at the Annual General Meeting on 13 July 2011.

For the year ended 26 MARCH 2011

**2 Interest payable and similar charges**

	2011	2010
	£	£
Interest payable on bank borrowing	8,803	6,581
Finance facility interest	77,610	48,694
Finance charges	1,607	10,171
Interest on other loans	1,081	1,239
	<u>89,101</u>	<u>66,685</u>

**3 Directors and employees**

Staff costs during the year were as follows:

	2011	2010
	£	£
Wages and salaries	3,287,513	2,969,139
Social security costs	311,869	271,887
Other pension costs	318,357	563,652
	<u>3,917,739</u>	<u>3,804,678</u>

The average number of employees of the company during the year was as follows:

	2011	2010
	Number	Number
Management and administration	29	32
Sales and handling	123	112
	<u>152</u>	<u>144</u>

Remuneration in respect of directors was as follows:

	2011	2010
	£	£
Emoluments	364,777	232,727
Pension contributions to money purchase pension schemes	32,500	322,709
	<u>397,277</u>	<u>555,436</u>

During the year 4 directors (2010: six) participated in money purchase pension schemes.

The remuneration of the highest paid director (excluding pension contribution) was £145,323 (2010: £43,809).

For the year ended 26 MARCH 2011

**4 Tax on profit on ordinary activities**

(a) The tax credit is based on the profit for the year and represents:

	2011	2010
	£	£
Current tax:		
In respect of the period		
United Kingdom corporation tax payable/(repayable) at 28 % (2010: 28%)	7,155	(15,000)
Adjustments in respect of prior years	<u>(401,939)</u>	-
Total current tax	<u>(394,784)</u>	<u>(15,000)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(8,781)	(19,386)
Adjustments in respect of prior years	<u>31,074</u>	-
	<u>(372,491)</u>	<u>(34,386)</u>

(b) Factors affecting the tax credit for period:

The tax assessed on the result on ordinary activities for the period differs from the standard rate of corporation tax in the United Kingdom of 28% (2010: 28%).

Profit/(loss) on ordinary activities before taxation	385,224	(2,283,784)
Effect of:		
Loss multiplied by the standard rate of corporation tax	107,863	(639,460)
Expenses not deductible for tax purposes	21,347	22,947
Capital allowances for the period in excess of depreciation	30,243	(14,865)
Other timing differences	-	19,355
Adjustments in respect of prior years	(401,939)	-
Group relief not paid for	(7,529)	-
Loss not immediately available for relief	(141,266)	598,023
Other	<u>(3,503)</u>	<u>(1,000)</u>
Current tax credit for period	<u>(394,784)</u>	<u>(15,000)</u>

For the year ended 26 MARCH 2011

**5 Intangible fixed assets – Group**

	<b>Goodwill</b> <b>£</b>	<b>Trademarks</b> <b>£</b>	<b>Total</b> <b>£</b>
Cost at 26 March 2010 and at 26 March 2011	<u>768,128</u>	<u>104,729</u>	<u>872,857</u>
Amortisation			
At 26 March 2010	(310,519)	(20,946)	(331,465)
Charge for the period	(25,423)	(83,783)	(109,206)
At 26 March 2011	<u>(335,942)</u>	<u>(104,729)</u>	<u>(440,671)</u>
Net book value at 26 March 2011	<u>432,186</u>	<u>-</u>	<u>432,186</u>
Net book value at 26 March 2010	<u>457,609</u>	<u>83,783</u>	<u>541,392</u>

The charge for the period under trademarks relates to the closure of a non-core division and is categorised as exceptional costs.

**Intangible fixed assets - Company**

	<b>Trademarks</b> <b>£</b>
Cost at 26 March 2010 and at 26 March 2011	<u>104,729</u>
Amortisation	
At 26 March 2010	(20,946)
Charge for the period	(83,783)
At 26 March 2011	<u>(104,729)</u>
Net book value at 26 March 2011	<u>-</u>
Net book value at 26 March 2010	<u>83,783</u>

The charge for the period under trademarks relates to the closure of a non-core division and is categorised as exceptional costs.

For the year ended 26 MARCH 2011

**6 Tangible fixed assets - Group**

	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 26 March 2010	285,311	1,187,922	65,840	370,227	1,909,300
Additions	2,079	57,901	-	286,026	346,006
Disposals	-	(2,995)	(50,890)	(10,805)	(64,690)
<b>At 26 March 2011</b>	<b>287,390</b>	<b>1,242,828</b>	<b>14,950</b>	<b>645,448</b>	<b>2,190,616</b>
Depreciation					
At 26 March 2010	260,130	690,398	48,019	254,061	1,252,608
Provided in the period	13,047	114,244	4,453	84,808	216,552
Disposals	-	(2,995)	(43,827)	(3,784)	(50,606)
<b>At 26 March 2011</b>	<b>273,177</b>	<b>801,649</b>	<b>8,645</b>	<b>335,085</b>	<b>1,418,554</b>
<b>Net book value at 26 March 2011</b>	<b>14,213</b>	<b>441,180</b>	<b>6,307</b>	<b>310,362</b>	<b>772,062</b>
Net book value at 26 March 2010	25,181	497,525	17,823	116,165	656,692

**Hire purchase and lease purchase agreements**

Included within the net book value of £772,062 is £13,248 (2010: £24,405) relating to assets held under hire purchase and lease purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements and lease purchase agreement amounted to £3,364 (2010: £5,840).

**Tangible fixed assets - Company**

	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 26 March 2010	270,366	760,061	50,890	335,852	1,417,169
Additions	-	52,771	-	269,904	322,675
Disposals	-	(2,995)	(50,890)	(10,805)	(64,690)
<b>At 26 March 2011</b>	<b>270,366</b>	<b>809,837</b>	<b>-</b>	<b>594,951</b>	<b>1,675,154</b>
Depreciation					
At 26 March 2010	245,524	376,264	41,478	225,048	888,314
Provided in the period	12,421	71,277	2,351	75,390	161,439
Disposals	-	(2,995)	(43,829)	(3,782)	(50,606)
<b>At 26 March 2011</b>	<b>257,945</b>	<b>444,546</b>	<b>-</b>	<b>296,656</b>	<b>999,147</b>
<b>Net book value At 26 March 2011</b>	<b>12,421</b>	<b>365,291</b>	<b>-</b>	<b>298,295</b>	<b>676,007</b>
Net book value at 26 March 2010	24,842	383,797	9,412	110,804	528,855

For the year ended 26 MARCH 2011

## 7 Investments - Company

	Group undertakings £	Wholly owned subsidiary £	Total £
Cost			
At 26 March 2010 and at 26 March 2011	-	1,083,544	1,083,544
Impairment			
At 26 March 2010 and at 26 March 2011	-	-	-
Loan			
At 26 March 2010 and at 26 March 2011	<u>1,245,764</u>	<u>-</u>	<u>1,245,764</u>
Net book value at 26 March 2011	<u>1,245,764</u>	<u>1,083,544</u>	<u>2,329,308</u>
Net book value at 26 March 2010	<u>1,245,764</u>	<u>1,083,544</u>	<u>2,329,308</u>

## Investments - Group

	Group undertakings £
Cost	
At 26 March 2010 and at 26 March 2011	-
Impairment	
At 26 March 2010 and at 26 March 2011	-
Loan	
At 26 March 2010 and at 26 March 2011	<u>1,245,764</u>
Net book value at 26 March 2011	<u>1,245,764</u>
Net book value at 26 March 2010	<u>1,245,764</u>

### Group undertaking

The loan is to Community Foods (Holdings) Limited, which wholly owns this company and is registered in England and Wales. The loan is unsecured, interest free and is repayable on demand.

### Wholly owned subsidiary

The company owns 100% of the issued ordinary shares of Day + One Limited. At 26 March 2011 the subsidiary's aggregate capital and reserves amounted to £569,692 (2010: £541,827) and its profit for the year ended on that date was £27,865 (2010: £54,166).

## 8 Stocks

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Finished goods and goods for resale	<u>11,326,571</u>	<u>9,684,257</u>	<u>10,076,632</u>	<u>9,185,584</u>

For the year ended 26 MARCH 2011

**9 Debtors**

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	10,588,121	8,840,463	10,279,203	8,498,578
Amounts owed by other group undertakings	289,985	-	2,138,243	904,935
Other debtors	997,269	239,064	206,510	173,178
Deferred revenue expenditure	62,789	34,165	62,789	34,165
Corporation tax recoverable	-	33,594	13,964	15,000
Prepayments and accrued income	317,311	329,607	277,620	257,096
	<u>12,255,475</u>	<u>9,476,893</u>	<u>12,978,329</u>	<u>9,882,952</u>

**10 Creditors: amounts falling due within one year**

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Finance facility	5,091,558	2,871,940	5,091,558	2,879,994
Bank overdraft	352,371	464,104	-	447,785
Trade creditors	4,659,325	3,541,951	5,143,039	4,121,375
Other taxation and social security	25,600	93,426	6,602	77,230
Deferred tax (note 13)	22,293	-	-	-
Accruals and deferred income	1,797,546	1,239,081	1,689,509	1,000,615
Obligations under lease purchase and hire purchase contracts	810	18,231	-	10,986
	<u>11,949,503</u>	<u>8,228,733</u>	<u>11,930,708</u>	<u>8,537,985</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2011 £	2010 £
Finance facility	5,091,558	2,871,940
Bank facility	352,371	464,104
	<u>5,443,929</u>	<u>3,336,044</u>

The bank overdraft is secured by a debenture dated 15 May 1996. The finance facility relates to debts factored with recourse, and is secured by a fixed and floating charge over the assets of the company. It is subject to six months notice of intention to terminate. Interest rates payable on borrowings are at rates in a range up to UK bank base rate plus 3%.

**11 Creditors: amounts falling due after more than one year**

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Hire purchase and lease purchase agreements	-	4,189	-	3,380

For the year ended 26 MARCH 2011

## 12 Commitments under hire purchase and lease purchase agreements - Group

Future commitments under hire purchase and lease purchase agreements are as follows:

	2011	2010
	£	£
Amounts payable within one year	810	18,231
Amounts payable between two to five years	-	4,189
	<u>810</u>	<u>22,420</u>

## 13 Deferred taxation

Deferred taxation provided for in the financial statements is set out below:

	Group 2011	Group 2010	Company 2011	Company 2010
	£	£	£	£
Taxation allowances over depreciation on fixed assets at 26 March 2010	-	19,386	-	-
Movement in year	<u>22,293</u>	<u>(19,386)</u>	<u>-</u>	<u>-</u>
<b>At 26 March 2011</b>	<u><u>22,293</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of excess of taxation allowances over depreciation on fixed assets.

At 26 March 2011, tax losses carried forward amounted to £1,972,127 (2010: £2,149,749).

## 14 Provisions for liabilities and charges

	Group 2011	Group 2010	Company 2011	Company 2010
	£	£	£	£
At 26 March 2010	212,000	-	150,000	-
Movement in the period	<u>12,000</u>	<u>212,000</u>	<u>12,000</u>	<u>150,000</u>
<b>At 26 March 2011</b>	<u><u>224,000</u></u>	<u><u>212,000</u></u>	<u><u>162,000</u></u>	<u><u>150,000</u></u>

The above provision consists of £62,000 of property dilapidations and £162,000 for stock related issues.

For the year ended 26 MARCH 2011

**15 Share capital**

	2011 £	2010 £
Authorised 500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid 71,000 ordinary shares of £1 each	<u>71,000</u>	<u>71,000</u>

**16 Reserves - Group Share capital**

	Capital redemption reserve £	Profit and loss account £
At 26 March 2010	59,000	13,087,949
Profit for the year	-	757,715
<b>At 26 March 2011</b>	<u>59,000</u>	<u>13,845,664</u>

**Reserves – Company**

	Capital redemption reserve £	Profit and loss account £
At 26 March 2010	59,000	13,196,058
Profit for the year	-	754,963
<b>At 26 March 2011</b>	<u>59,000</u>	<u>13,951,021</u>

**17 Reconciliation of movements in shareholders' funds**

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Profit/(Loss) for the period	757,715	(2,357,553)	754,963	(2,255,718)
Opening shareholders' funds	<u>13,217,949</u>	<u>15,575,502</u>	<u>13,326,058</u>	<u>15,581,776</u>
Closing shareholders' funds	<u>13,975,664</u>	<u>13,217,949</u>	<u>14,081,021</u>	<u>13,326,058</u>

**18 Capital and other commitments**

The group and company had no capital commitments at 26 March 2011 or 26 March 2010.

**19 Contingent liabilities**

At 26 March 2011 and 26 March 2010 the group and company had no contingent liabilities.

For the year ended 26 MARCH 2011

## 20 Leasing commitments

The group has an annual commitment under non cancellable operating leases, which expire as follows:

	2011		Restated 2010	
	Land and buildings £	Other £	Land and Buildings £	Other £
Within one year	-	-	368,240	6,760
Between two and five years	427,508	41,513	-	-
	<u>427,508</u>	<u>41,513</u>	<u>368,240</u>	<u>6,760</u>

The operating lease payments due in the 12 months after the balance sheet date are £469,021 (2010: £375,000).

## 21 Forward exchange contracts

As at 26 March 2011 contracts outstanding in the ordinary course of business amounted to £11,658,782 (2010: £8,083,000).

## 22 Transactions with directors and other related parties

The company has taken advantage of the exemption in Financial Reporting Standard No 8 “Related party disclosures” and has not disclosed transactions with group undertakings.

There are no other related party transactions.

## 23 Ultimate parent company

The ultimate holding company is Community Foods Group Limited, a company registered in England and Wales.

Copies of the group financial statements can be obtained from that company's registered office.