

Registered number: 00618045

The Kent Potato Company Ltd

**Abbreviated accounts
for the year ended 31 December 2010**

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The Kent Potato Company Ltd

Company information

Directors

T J A Binet
R E Binet
J H Tapp (resigned 1 March 2011)

Company number

00618045

Registered office

The Pack House
Wantsum Way
St Nicholas at Wade
Birchington
Kent
CT7 0NE

Auditors

Chavereys
Chartered Accountants and Statutory Auditors
Mall House
The Mall
Faversham
Kent
ME13 8JL

The Kent Potato Company Ltd

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The following pages do not form part of the statutory financial statements

The Kent Potato Company Ltd

Directors' report for the year ended 31 December 2010

The directors present their report and the financial statements for the year ended 31 December 2010

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 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 judgments and estimates that are reasonable and prudent,
- 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 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.

Principal activity

The principal activity of the company continues to be the operation of a potato business.

Business review

The directors have assessed the main risk facing the company as operating in a highly competitive sector and believe that reducing unit costs and strengthening customer relations will help mitigate these risks and hope to see growth and satisfactory trading results in the coming year.

On 1 September 2010 the company changed its name from The Kent Potato Co Limited to The Kent Potato Company Ltd.

The Kent Potato Company Ltd

Directors' report for the year ended 31 December 2010

Results

The loss for the year, after taxation, amounted to £6,784 (2009 - profit £223,517)

Directors

The directors who served during the year were

T J A Binet
R E Binet
J H Tapp (resigned 1 March 2011)

Land and buildings

The company's interest in freehold land and buildings was valued by Knight Frank LLP on 20 February 2008, at which date the open market value amounted to £8,600,000. During 2009 assets valued in 2008 at £5,990,000 were sold as part of the disposal of the arable and rental operations.

The directors believe that the valuation at 31 December 2010 for the remaining land and buildings would not be materially different to that at 20 February 2008.

Events since the end of the year

The directors are of the opinion that there are no significant events which should be disclosed in these financial statements.

Financial instruments

The company finances its operations through a mixture of retained profits and, where necessary to fund expansion or capital expenditure programmes, bank borrowings.

The management's objectives are to

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

All the company's borrowings are obtained from standard bank loans. The company has purchased an interest rate cap to reduce its exposure to interest rate rises.

The company's policy is to hold surplus funds primarily in short term variable rate deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable European banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

The Kent Potato Company Ltd

Directors' report for the year ended 31 December 2010

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Chavereys, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on [^] and signed on its behalf

18 July 2011



R E Binet
Director

The Kent Potato Company Ltd

Independent auditors' report to The Kent Potato Company Ltd under section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages 5 to 17, together with the financial statements of The Kent Potato Company Ltd for the year ended 31 December 2010 prepared under section 396 of the Companies Act 2006

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 5 to 17 have been properly prepared in accordance with the regulations made under that section.



Martyn Crawley (Senior statutory auditor)
for and on behalf of
Chavereys

Chartered Accountants and Statutory Auditors
Faversham
Date

20 July 2011

The Kent Potato Company Ltd

Abbreviated profit and loss account for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	11 months ended 31 December 2009 £
Turnover	1	<u>6,304,115</u>	<u>6,834,335</u>
Gross profit		401,106	714,387
Administrative expenses	2	<u>(422,035)</u>	<u>(624,774)</u>
Operating (loss)/profit	3		
Continuing operations		(20,929)	440,022
Discontinued operations		-	(350,409)
		(20,929)	89,613
Exceptional items			
Other exceptional items	6	<u>-</u>	<u>142,029</u>
(Loss)/profit on ordinary activities before interest		(20,929)	231,642
Interest payable and similar charges	7	<u>(9,582)</u>	<u>(226)</u>
(Loss)/profit on ordinary activities before taxation		(30,511)	231,416
Tax on (loss)/profit on ordinary activities	8	<u>23,727</u>	<u>(7,899)</u>
(Loss)/profit for the financial year	17	<u><u>(6,784)</u></u>	<u><u>223,517</u></u>

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

The Kent Potato Company Ltd
Registered number: 00618045

Abbreviated balance sheet
as at 31 December 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	9		4,460,075		2,953,722
Current assets					
Stocks	10	203,857		162,554	
Debtors	11	996,250		1,108,847	
Cash at bank and in hand		473,241		261	
		<u>1,673,348</u>		<u>1,271,662</u>	
Creditors: amounts falling due within one year	12	<u>(2,405,236)</u>		<u>(703,329)</u>	
Net current (liabilities)/assets			<u>(731,888)</u>		<u>568,333</u>
Total assets less current liabilities			<u>3,728,187</u>		<u>3,522,055</u>
Creditors: amounts falling due after more than one year	13		(300,000)		(400,000)
Provisions for liabilities					
Deferred tax	14		(70,000)		(58,000)
Accruals and deferred income	15		<u>(300,916)</u>		<u>-</u>
Net assets			<u><u>3,057,271</u></u>		<u><u>3,064,055</u></u>
Capital and reserves					
Called up share capital	16		8,800		8,800
Revaluation reserve	17		2,018,753		2,018,753
Profit and loss account	17		<u>1,029,718</u>		<u>1,036,502</u>
Shareholders' funds	18		<u><u>3,057,271</u></u>		<u><u>3,064,055</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 18 July 2011

R Binet

R E Binet
 Director

The notes on pages 8 to 17 form part of these financial statements

The Kent Potato Company Ltd

Abbreviated cash flow statement for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	<i>11 months ended 31 December 2009 £</i>
Net cash flow from operating activities	20	690,766	(284,801)
Returns on investments and servicing of finance	21	(9,582)	(226)
Taxation		(45,860)	(725)
Capital expenditure and financial investment	21	(1,455,723)	(97,634)
Distribution in specie - cash		-	(282,235)
Cash outflow before financing		(820,399)	(665,621)
Financing	21	1,300,000	400,000
Increase/(Decrease) in cash in the year		479,601	(265,621)

Reconciliation of net cash flow to movement in net funds/debt for the year ended 31 December 2010

	Year ended 31 December 2010 £	<i>11 months ended 31 December 2009 £</i>
Increase/(Decrease) in cash in the year	479,601	(265,621)
Cash inflow from increase in debt and lease financing	(1,300,000)	(400,000)
	-	-
Movement in net debt in the year	(820,399)	(665,621)
Net (debt)/funds at 1 January 2010	(406,360)	259,261
Net debt at 31 December 2010	(1,226,759)	(406,360)

The notes on pages 8 to 17 form part of these financial statements

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

1. Accounting policies

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

The revenue recognised is measured by reference to the amounts likely to be chargeable to customers, less a suitable allowance to recognise uncertainties remaining in the completion of the obligations

1.3 Capital grants

Grants received in relation to capital expenditure are capitalised and released in equal annual instalments over the life of the asset

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases

Agricultural buildings	-	2% straight line
Plant and machinery	-	10 - 33% straight line
Motor vehicles	-	33% straight line

1.5 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

1. Accounting policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

2. Expenses

	Year ended 31 December 2010		11 months ended 31 December 2009	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Administrative expenses	422,035	-	582,611	42,163

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging /(crediting)

Depreciation of tangible fixed assets		
- owned by the company	250,286	288,947
Auditors' remuneration	11,041	12,000
Operating lease rentals		
- plant and machinery	36,270	167,744
- other operating leases	27,721	-
Amortisation of government grants	(7,180)	-

4 Staff costs

Staff costs, including directors' remuneration, were as follows

	Year ended 31 December 2010	11 months ended 31 December 2009
	£	£
Wages and salaries	1,364,509	1,231,005
Social security costs	128,313	134,895
Other pension costs	28,634	26,473
	<u>1,521,456</u>	<u>1,392,373</u>

The average monthly number of employees, including the directors, during the year was as follows

	No.	No
Packhouse	55	56
Administration	11	7
	<u>66</u>	<u>63</u>

5. Directors' remuneration

	Year ended 31 December 2010	11 months ended 31 December 2009
	£	£
Emoluments	83,500	95,375

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

6. Exceptional items

Release of impairment provision on packhouse machinery	-	142,029
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7. Interest payable

On bank loans and overdrafts	7,614	226
Interest rate cap amortisation	1,968	-

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	<u>9,582</u>	<u>226</u>
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The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

8. Taxation

	Year ended 31 December 2010 £	11 months ended 31 December 2009 £
Analysis of tax (credit)/charge in the year/period		
Current tax (see note below)		
UK Corporation Tax charge on (loss)/profit for the year/period	-	45,860
Adjustments in respect of prior periods	(35,727)	(961)
Total current tax	<u>(35,727)</u>	<u>44,899</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	12,000	(37,000)
Tax on (loss)/profit on ordinary activities	<u>(23,727)</u>	<u>7,899</u>

Factors affecting tax charge for the year/period

The tax assessable for the year/period is lower than (2009 - lower than) the standard rate of Corporation Tax in the UK of 21% (2009 - 28%). The differences are explained below

(Loss)/profit on ordinary activities before tax	<u>(30,511)</u>	<u>231,416</u>
Profit on ordinary activities multiplied by the hybrid rate of Corporation Tax in the UK of 21% (2009 - 28%)	(6,407)	64,796
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	439	7,429
Differences in rates of capital allowances and depreciation	(26,075)	1,376
Utilisation of tax losses	(3,684)	(25,917)
Marginal rate relief	-	(1,824)
Adjustments to tax charge in respect of prior periods	-	(961)
Current tax (credit)/charge for the year/period (see note above)	<u>(35,727)</u>	<u>44,899</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

9. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2010	2,620,000	1,532,581	37,743	4,190,324
Additions	1,015,168	741,471	-	1,756,639
At 31 December 2010	<u>3,635,168</u>	<u>2,274,052</u>	<u>37,743</u>	<u>5,946,963</u>
Depreciation				
At 1 January 2010	99,667	1,099,249	37,686	1,236,602
Charge for the year	55,505	194,724	57	250,286
At 31 December 2010	<u>155,172</u>	<u>1,293,973</u>	<u>37,743</u>	<u>1,486,888</u>
Net book value				
At 31 December 2010	<u>3,479,996</u>	<u>980,079</u>	<u>-</u>	<u>4,460,075</u>
<i>At 31 December 2009</i>	<u>2,520,333</u>	<u>433,332</u>	<u>57</u>	<u>2,953,722</u>

Included in land and buildings is freehold land valued at £20,000 (2009 £20,000) The historic cost of this land is £nil (2009 £nil) Freehold land is not depreciated

Cost or valuation at 31 December 2010 is as follows

	Land and buildings £
At cost	1,015,168
At valuation:	
Market value	2,620,000
	<u>3,635,168</u>

The land and buildings were revalued on 20 February 2008 by Knight Frank LLP, Chartered Surveyors, on a market value basis in accordance with RICS Valuation Standards (Sixth Edition) The directors believe that the valuation at 31 December 2010 would not be materially different to that at 20 February 2008

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2010 £	2009 £
Cost	2,441,128	1,425,959
Accumulated depreciation	(985,102)	(924,379)
Net book value	<u>1,456,026</u>	<u>501,580</u>

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

10 Stocks

	2010 £	2009 £
Raw materials and consumables	185,645	162,554
Cultivations and work in progress	18,212	-
	<u>203,857</u>	<u>162,554</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

11 Debtors

Trade debtors	451,550	558,208
Amounts owed by group undertakings	-	273,070
Other debtors	313,492	237,080
Prepayments and accrued income	231,208	40,489
	<u>996,250</u>	<u>1,108,847</u>

12. Creditors: amounts falling due within one year

Bank loans and overdrafts	1,300,000	6,621
Other loans	100,000	-
Trade creditors	532,077	355,996
Amounts owed to group undertakings	17,336	-
Corporation Tax	-	45,860
Social security and other taxes	34,398	36,716
Other creditors	78,290	25,141
Accruals and deferred income	343,135	232,995
	<u>2,405,236</u>	<u>703,329</u>

The bank overdraft is secured by fixed and floating charges

In August 2010 the company obtained a variable rate bank loan of £1,300,000 to fund new cold storage facilities and packing machinery. The loan is repayable over 15 years in half yearly instalments at an interest rate of 3.25% over bank base rate and is secured by a debenture and mortgage over the freehold land and property, book debts and all other assets of the company. The Jersey Royal (Potato Marketing) Ltd (see note 28) has guaranteed liabilities of the company up to £250,000.

13. Creditors: amounts falling due after more than one year

	2010 £	2009 £
Other loans	<u>300,000</u>	<u>400,000</u>

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

14. Deferred taxation

	2010 £	2009 £
At beginning of year/period	58,000	95,000
Charge for/(released during) year/period	12,000	(37,000)
	<u>70,000</u>	<u>58,000</u>

The provision for deferred taxation is made up as follows

Accelerated capital allowances	<u>70,000</u>	<u>58,000</u>
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15. Accruals and deferred income

Grants	<u>300,916</u>	<u>-</u>
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16. Share capital

Allotted, called up and fully paid		
8,800 Ordinary shares of £1 each	<u>8,800</u>	<u>8,800</u>

17. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 2010	2,018,753	1,036,502
Loss for the year	-	(6,784)
	<u>2,018,753</u>	<u>1,029,718</u>
At 31 December 2010	<u>2,018,753</u>	<u>1,029,718</u>

18. Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Opening shareholders' funds	3,064,055	9,753,758
(Loss)/profit for the year/period	(6,784)	223,517
Dividend (note 19)	-	(6,913,220)
	<u>3,057,271</u>	<u>3,064,055</u>
Closing shareholders' funds	<u>3,057,271</u>	<u>3,064,055</u>

The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

19. Dividends

	Year ended 31 December 2010 £	<i>11 months ended</i> 31 December 2009 £
Ordinary share capital		
Dividend distribution in specie	-	6,913,220
	<u>-</u>	<u>6,913,220</u>
	<u>-</u>	<u>6,913,220</u>

20. Net cash flow from operating activities

Operating (loss)/profit	(20,929)	89,613
Exceptional items	-	142,029
Depreciation of tangible fixed assets	250,286	146,917
(Increase)/decrease in stocks	(41,303)	705,849
Decrease/(increase) in debtors	148,324	(176,174)
Increase/(decrease) in creditors	354,388	(722,426)
Distribution in specie adjustment	-	(470,609)
	<u>690,766</u>	<u>(284,801)</u>
Net cash inflow/(outflow) from operating activities	<u>690,766</u>	<u>(284,801)</u>

21. Analysis of cash flows for headings netted in cash flow statement

Returns on investments and servicing of finance

Interest paid	(9,582)	(226)
	<u>(9,582)</u>	<u>(226)</u>

Capital expenditure and financial investment

Purchase of tangible fixed assets	(1,756,639)	(99,204)
Sale of tangible fixed assets	-	1,570
Government grants received	300,916	-
	<u>(1,455,723)</u>	<u>(97,634)</u>

Net cash outflow from capital expenditure

	<u>(1,455,723)</u>	<u>(97,634)</u>
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Financing

New secured loans	1,300,000	-
Other new loans	-	400,000
	<u>1,300,000</u>	<u>400,000</u>

Net cash inflow from financing

	<u>1,300,000</u>	<u>400,000</u>
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The Kent Potato Company Ltd

Notes to the abbreviated accounts for the year ended 31 December 2010

22. Analysis of changes in net debt

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	261	472,980	-	473,241
Bank overdraft	(6,621)	6,621	-	-
	<u>(6,360)</u>	<u>479,601</u>	<u>-</u>	<u>473,241</u>
Debt:				
Debts due within one year	-	(187,000)	(1,213,000)	(1,400,000)
Debts falling due after more than one year	(400,000)	(1,113,000)	1,213,000	(300,000)
	<u>(406,360)</u>	<u>(820,399)</u>	<u>-</u>	<u>(1,226,759)</u>

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,634 (2009 - £26,473). Contributions totalling £4,956 (2009 - £4,647) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Expiry date:				
Within 1 year	50,883	-	4,362	-
Between 2 and 5 years	-	-	27,372	27,372
After more than 5 years	15,000	15,000	-	-
	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>

25. Ultimate parent undertaking and controlling party

The company is a subsidiary of J R St Nicholas Limited, a company registered in England and Wales.

The ultimate controlling party is The Jersey Royal (Potato Marketing) Ltd, a company registered in Jersey.