

# Financial Statements A. F. Blakemore and Son Limited

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**For the year ended 30 April 2013**



**Registered number: 391135**

**A. F. Blakemore and Son Limited**

## Company Information

**Company registration number** 391135

**Registered office** Long Acres Industrial Estate  
Rosehill  
Willenhall  
West Midlands  
WV13 2JP

**Directors** G M Blakemore (Chairman)  
P F Blakemore  
G Hallam  
W C Wilcox  
B Davies  
W J Capper  
J C Marwood  
S Munro-Morris

**Secretary** W L Tomlinson

**Auditor** Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
West Midlands  
B4 6AT

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## Chairman's Statement

For the year ended 30 April 2013

Trading conditions during the year to 30 April 2013 continued to be difficult with consumers being cautious about spending

The very poor weather during the summer of 2012 affected sales in the holiday areas where we have a strong presence. However consumer spending in convenience stores has continued to show good growth overall, offset by new stores being opened by the major food retail multiples

The Group therefore decided to invest heavily in reducing its margins during the financial year to compete strongly and offer its customers lower prices, a strategy that we will continue with for the foreseeable future in order to support our retailers' goals of remaining competitive and growing their retail margins

Overall sales were down slightly by 1.1% to £1.14bn from £1.15bn in the previous year, whilst gross profit was reduced to 14.9% from 15.2% resulting in a reduction in gross profit of £5.29m

A cost reduction programme was introduced that resulted in pre tax profits declining by just £2.19m from £9.27m to £7.08m and profits after tax falling by £0.96m from £5.98m to £5.02m

The Group continues to operate a strong asset base with Freehold and Long Leasehold property growing to a value of £51.3m, following a £0.7m increase in properties last valued in 2008

Shareholders' funds increased by £3.6m from £67.2m last year to £70.8m

The Group has repaid £22.8m in loans and financing over the past two years significantly reducing its gearing. Furthermore the Group paid £1.6m into its pension liability reserve during the year, continuing with its commitment to reduce its pension deficit


The Group is proud of its community programmes and increased its charitable donations to £185,000 from £92,000 during the year to support and help the communities where it trades

The Shareholders have continued with their policy to re-invest at least 95% of pre tax profits back into the business and have again chosen not to pay any dividends, resulting in 97.4% of profits being re-invested with the balance distributed in charitable donations

I would like to thank all members of staff for their contribution to these good results during a difficult trading period

During the current financial year I am very pleased to say that sales have responded to our continuing initiatives, with sales in the 20 weeks to 14 September 2013 growing by 2.9% from £455.5m to £468.6m. Consumers are reacting positively to our price investment and in the most recent HIM survey of our managed retail division, Consumers cited "value for money" as one of the main reasons for choosing our stores

We are also increasing the level of capital investment offered to our retailers and as a result the number of new independent stores has doubled in the space of a year



G M Blakemore  
Chairman

Date 6 December 2013

# Directors' Report

For the year ended 30 April 2013

The directors present their report and the financial statements of the group for the year ended 30 April 2013

## **Principal activities**

The principal activity of the group continued to be wholesale and retail distribution of grocery products and the operation of grocery based convenience stores

## **Business review**

A review of the business activities for the year is contained in the Chairman's statement

## **Principal risks and uncertainties**

The management of the business and the nature of the group's strategy are subject to a number of risks

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The directors have set out below the principal risks facing the business.

### **Economic climate**

The success of the business is reliant on consumer spending. During times of economic instability, the reduction of consumer spending power will have a direct impact on the income achieved by the group.

In response to this risk, management aim to keep abreast of economic conditions. The group constantly review and modify marketing and pricing strategies in response to changing market conditions.

### **Competition**

The market in which the group operates is becoming increasingly competitive. As a result, there is constant downwards pressure on margins. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

### **People**

The success of the group is largely dependent on the recruitment and retention of our employees. There are training programmes and remuneration schemes in place to mitigate the risk of a shortage of suitable staff resources.

## **Results and dividends**

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

Dividends of £nil per share have been paid during the year (2012 £nil)

# Directors' Report

For the year ended 30 April 2013

## Key performance indicators (KPIs)

The directors use many performance indicators, both financial and non-financial, to monitor the group's performance. The two principal KPIs are turnover and gross profit margin, which are fundamental to the future profitable growth of the group.

	2013	2012
Turnover	<b>£1,135.4m</b>	£1,148.0m
Gross profit margin	<b>14.9%</b>	15.2%

The group recognises the impact it has on the environment, marketplace, workplace and community and measures the outcomes against targets it has set to achieve its objective of being recognised as a responsible organisation. A balanced scorecard approach is used to manage the business and corporate objectives covering the following four elements:

Environment - the way the business impacts the natural world

Workplace - the way we treat our colleagues

Marketplace - the way we interact with our retailers, customers and suppliers

Community - the service we provide to local communities

Divisional boards meet every four weeks to review business performance and corporate responsibility targets are an integral part of these discussions.

## Financial risk management objectives and policies

The group's principal financial instruments comprise bank and other loans, bank overdrafts, operating lease contracts, finance lease and hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to fund the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

### Interest rate risk

The group's exposure to market risk for changes in interest rates relates primarily to the group's bank loans and overdrafts. The group's policy is to manage its interest cost using a mix of fixed and variable rate debt, and financial instruments such as interest rate caps and collars. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of commercial rates variously related to LIBOR and the Bank of England base rate.

### Credit risk

The group trades with only recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis and, where appropriate, credit insurance is utilised with the result that the group's exposure to bad debts is mitigated.

# Directors' Report

For the year ended 30 April 2013

## **Financial risk management objectives and policies (continued)**

### **Liquidity risk**

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The group has an undrawn overdraft facility of £23,000,000 as at 30 April 2013. This facility is due for renewal on 31 May 2014 and there are no reasons to indicate that it will not be renewed.

### **Directors**

The directors who served during the year were

G M Blakemore (Chairman)  
P F Blakemore  
G Hallam  
W C Wilcox  
B Davies  
W J Capper  
R G Upton (retired 6 September 2012)  
J C Marwood  
S Munro-Morris

### **Directors' responsibilities statement**

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 and the profit or loss of the company and 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 judgments 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 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.

# Directors' Report

For the year ended 30 April 2013

## **Provision of information to auditor**

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

## **Charitable donations**

The group contributed £185,000 (2012 £92,000) to charities during the year

## **Disabled employees**

The group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person

Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate

## **Employee consultation**

The group ensures that there is effective communication with members of its staff so that they are fully aware of key aspects of the group's business strategy and environment

## **Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006

This report was approved by the board on 6 December 2013 and signed on its behalf



**W L Tomlinson**  
Secretary



## Independent Auditor's Report to the Members of A. F. Blakemore and Son Limited

We have audited the financial statements of A F Blakemore and Son Limited for the year ended 30 April 2013, which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets, the group cash flow statement, the reconciliation of net cash flow to the movement of net debt and the related notes. 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 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 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 Auditing Practices Board'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's and the parent company's affairs as at 30 April 2013 and of the group's profit 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.



## Independent Auditor's Report to the Members of A. F. Blakemore and Son 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

*Grant Thornton UK LLP*

Kathryn Godfree (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Birmingham  
Date *10 December 2013*

**A. F. Blakemore and Son Limited**

## Group Profit and Loss Account

For the year ended 30 April 2013

	Note	2013 £'000	2012 £'000
Turnover	2	1,135,382	1,147,951
Cost of sales		(966,059)	(973,480)
<b>Gross profit</b>		<b>169,323</b>	<b>174,471</b>
Other operating charges	3	(159,810)	(160,953)
Exceptional operating charges	3	(639)	(1,824)
		<b>8,874</b>	<b>11,694</b>
Other operating income	3	850	259
<b>Profit on ordinary activities before interest</b>		<b>9,724</b>	<b>11,953</b>
Interest receivable and similar income	7	388	635
Interest payable and similar charges	8	(3,031)	(3,315)
<b>Profit on ordinary activities before taxation</b>		<b>7,081</b>	<b>9,273</b>
Tax on profit on ordinary activities	9	(2,059)	(3,290)
<b>Profit for the financial year</b>	21	<b>5,022</b>	<b>5,983</b>

All amounts relate to continuing operations

The notes on pages 13 to 41 form part of these financial statements

**A. F. Blakemore and Son Limited**

## Group statement of total recognised gains and losses

For the year ended 30 April 2013

	Note	2013 £'000	2012 £'000
<b>Profit for the financial year</b>		<b>5,022</b>	<b>5,983</b>
Unrealised gain on revaluation of certain fixed assets		730	-
Actuarial loss related to pension scheme	27	(2,730)	(6,098)
Deferred tax attributable to actuarial losses	18	628	1,464
<b>Total recognised gains and losses relating to the year</b>		<b>3,650</b>	<b>1,349</b>

## Group Balance Sheet

As at 30 April 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Intangible assets	10	20,556	22,677
Tangible assets	11	89,034	92,100
		<b>109,590</b>	<b>114,777</b>
<b>Current assets</b>			
Stocks	14	83,135	80,871
Debtors due within one year	15	80,739	72,578
Debtors due after more than one year	15	1,394	1,800
Cash at bank		6,743	8,047
		<b>172,011</b>	<b>163,296</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(161,901)</b>	<b>(153,449)</b>
<b>Net current assets</b>		<b>10,110</b>	<b>9,847</b>
<b>Total assets less current liabilities</b>		<b>119,700</b>	<b>124,624</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(34,982)</b>	<b>(44,282)</b>
<b>Provisions for liabilities</b>			
Deferred tax	18	(360)	(556)
Other provisions	19	(1,644)	(1,568)
		<b>(2,004)</b>	<b>(2,124)</b>
<b>Net assets excluding pension scheme liabilities</b>		<b>82,714</b>	<b>78,218</b>
Defined benefit pension scheme liability	27	(11,865)	(11,019)
<b>Net assets including pension scheme liabilities</b>		<b>70,849</b>	<b>67,199</b>
<b>Capital and reserves</b>			
Called up share capital	20	5	5
Revaluation reserve	21	4,543	3,831
Capital redemption reserve	21	1	1
Profit and loss account	21	66,300	63,362
<b>Equity shareholders' funds</b>	22	<b>70,849</b>	<b>67,199</b>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 6 December 2013



**GM Blakemore (Chairman)**  
Director



**P F Blakemore**  
Director


The notes on pages 13 to 41 form part of these financial statements

## Company Balance Sheet

As at 30 April 2013

	Note	£'000	2013 £'000	2012 £'000
<b>Fixed assets</b>				
Intangible assets	10		575	361
Tangible assets	11		11,588	9,089
Investments	12		58,078	58,078
			<u>70,241</u>	<u>67,528</u>
<b>Current assets</b>				
Stocks	14	63,968		49,489
Debtors due within one year	15	76,572		56,919
Debtors due after more than one year	15	15,507		14,752
		<u>156,047</u>		<u>121,160</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(150,905)</u>		<u>(111,222)</u>
<b>Net current assets</b>			<u>5,142</u>	<u>9,938</u>
<b>Total assets less current liabilities</b>			<u>75,383</u>	<u>77,466</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(47,138)</u>	<u>(49,715)</u>
<b>Provisions for liabilities</b>				
Other provisions	19		<u>(103)</u>	<u>(86)</u>
<b>Net assets</b>			<u>28,142</u>	<u>27,665</u>
<b>Capital and reserves</b>				
Called up share capital	20		5	5
Capital redemption reserve	21		1	1
Profit and loss account	21		28,136	27,659
<b>Equity shareholders' funds</b>	22		<u>28,142</u>	<u>27,665</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 December 2013

  
**GM Blakemore (Chairman)**  
 Director

  
**P F Blakemore**  
 Director

The notes on pages 13 to 41 form part of these financial statements

## Group Cash Flow Statement

For the year ended 30 April 2013

	Note	2013 £'000	2012 £'000
Net cash flow from operating activities	23	15,500	19,281
Returns on investments and servicing of finance	24	(2,521)	(3,111)
Taxation		(2,151)	(3,754)
Capital expenditure and financial investment	24	(4,162)	(3,768)
Acquisitions and disposals	24	418	(47)
<b>Cash inflow before financing</b>		<b>7,084</b>	<b>8,601</b>
Financing	24	(8,883)	(13,887)
<b>Decrease in cash in the year</b>		<b>(1,799)</b>	<b>(5,286)</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 30 April 2013

	2013 £'000	2012 £'000
Decrease in cash in the year	(1,799)	(5,286)
Cash outflow from movement in debt and lease financing	8,883	13,887
<b>Change in net debt resulting from cash flows</b>	<b>7,084</b>	<b>8,601</b>
Other non-cash items	(302)	(846)
<b>Movement in net debt in the year</b>	<b>6,782</b>	<b>7,755</b>
Net debt at 1 May 2012	(51,086)	(58,841)
<b>Net debt at 30 April 2013</b>	<b>(44,304)</b>	<b>(51,086)</b>

The notes on pages 13 to 41 form part of these financial statements

# Notes to the Financial Statements

For the year ended 30 April 2013

## **1. Accounting policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

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

### **1.2 Basis of consolidation**

The group financial statements consolidate those of the company and of its subsidiary undertakings after eliminating intra-group transactions and balances. The results of subsidiary undertakings acquired are included in the consolidated results from the date of acquisition, under the acquisition method of accounting. Under this method, the identifiable assets and liabilities of the entity acquired are included in the group balance sheet at their fair value at the date of acquisition, and its results included in the group profit and loss account from the date of acquisition. The difference between the fair value of the consideration given and the fair values of the net assets of the entity acquired is accounted for as goodwill.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for impairment. Dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for A. F. Blakemore and Son Limited as permitted by Section 408 of the Companies Act 2006. The company recorded a profit for the financial year after tax of £477,000 (2012: loss of £1,503,000).

### **1.3 Going concern**

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Detailed cash flow forecasts have been prepared for the period at least 12 months from the date that these accounts were approved, which highlight that the Group has sufficient cash headroom to support its activities. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the Group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

### **1.4 Turnover**

Group turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business which are recognised on the delivery or sale, for the retail outlets, of goods.

### **1.5 Intangible fixed assets and goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and retail stores (trade and asset acquisitions), representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, of between 5 and 20 years. Provision is made for any impairment.

Negative goodwill is written back to the profit and loss account over the periods in which the non-monetary assets are recovered.



# Notes to the Financial Statements

For the year ended 30 April 2013

## **1. Accounting policies (continued)**

### **1.5 Intangible fixed assets and goodwill (continued)**

Goodwill arising on acquisitions in the year ended 30 April 1999 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of the goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable. The impairment review comprises a comparison of the carrying amount of goodwill with its recoverable amount (the higher of net realisable value and value in use). This is assessed at the income generating level and to the extent that the carrying value exceeds the recoverable amount, the goodwill is impaired and is written down.

Trading rights are amortised over the life of the agreement, a period of 25 years. As the estimated useful economic life of the trading rights exceed 20 years, an impairment review is performed on an annual basis.

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

Tangible fixed assets other than freehold property are stated at cost less depreciation. Freehold property is stated at valuation, net of depreciation on freehold buildings and any provision for impairment.

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:

Leasehold property	- straight line over the term of the lease
Fixtures and fittings	- 15% reducing balance or 10%-33% straight line
Computer equipment	- 14%-20% straight line
Motor vehicles	- 10%-25% straight line

### **1.7 Freehold property**

Freehold property is stated at valuation, net of depreciation on freehold buildings and any provision for impairment. A full revaluation is carried out at least every five years and an interim valuation every three years. The surplus of freehold property is transferred to the revaluation reserve. Revaluation losses are recognised in the statement of total recognised gains and losses until the carrying amount reaches its depreciated historical cost and thereafter, in the profit and loss account.

No depreciation charge has been recorded on freehold properties by the directors on the grounds that it would be immaterial because the estimated residual value of the tangible fixed assets is not materially different from the carrying amount of the asset and the estimated remaining useful economic life of the freehold properties exceed 50 years. Instead, freehold properties, other than non-depreciable land, are reviewed for impairment at the end of each reporting period.

### **1.8 Stocks**

#### **Finished goods and goods for resale**

Finished goods and goods for resale are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items, where appropriate.

# Notes to the Financial Statements

For the year ended 30 April 2013

## **1. Accounting policies (continued)**

### **1.8 Stocks (continued)**

#### **Properties held for sale**

The group and company purchase retail stores for refurbishment and conversion before resale. These stores are recorded within stocks at the lower of cost and net realisable value.

Cost comprises the purchase cost of the store, excluding the element relating to finished goods and goods for resale, but including amounts attributable to the freehold or leasehold property interest and fixtures and fittings, together with any refurbishment costs.

Net realisable value is based upon the directors' assessment of likely sales proceeds for each store, less anticipated disposal costs.

### **1.9 Rebates and marketing income**

Rebates and marketing income are included in the profit and loss account in the period in which the related goods and services are provided, or deducted from the cost of stocks, as appropriate.

### **1.10 Deferred taxation**

Deferred taxation is recognised on all timing differences where the transactions or events that give the group 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, with the exception that provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **1.11 Leases**

Leases where substantially all of the risks and rewards of ownership are not transferred to the group are treated as operating leases. Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Where the group enters into a lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset at the present value of the minimum lease payments and is depreciated over the shorter of the lease term and the asset's useful economic life. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element, which reduces the outstanding obligation.

# Notes to the Financial Statements

For the year ended 30 April 2013

## **1. Accounting policies (continued)**

### **1.12 Vacant property lease**

The group makes provision for the estimated unavoidable costs of currently held vacant properties on a discounted basis. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, ie the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

### **1.13 Pension costs**

The group operates the A F Blakemore and Son Limited Staff Retirement Benefits Scheme and the Capper & Co Pension and Assurance Scheme. The assets of both pension schemes are held independently of the group. The A F Blakemore and Son Limited Staff Retirement Benefits Scheme became paid up in respect of the defined benefits section on 6 July 2006. Members will not accrue any salary related benefits after this date but benefits earned up to that date will be preserved. A new defined contribution section of the scheme commenced on 7 July 2006.

The assets of the Capper & Co scheme are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to new entrants on 1 January 2001. A defined contribution section of the scheme was opened for new entrants from 1 May 2001. The defined benefit section moved from a Final Salary arrangement to a CARE arrangement with effect from 1 May 2003. The scheme was closed to future accrual on 30 April 2011.

#### **Defined benefits section**

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in interest receivable or payable. Actuarial gains and losses are reported in the group statement of total recognised gains and losses.

#### **Defined contribution section**

Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

### **1.14 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

# Notes to the Financial Statements

For the year ended 30 April 2013

## 1. Accounting policies (continued)

### 1.14 Financial instruments (continued)

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

## 2. Turnover

The turnover and profit before tax are attributable to the principal activity of the group. An analysis of turnover is given below.

	2013 £'000	2012 £'000
United Kingdom	<u>1,135,382</u>	<u>1,147,951</u>

In the opinion of the directors, the disclosure of segmental information required by SSAP 25 'Segmental reporting' would be seriously prejudicial to the interests of the reporting entity. As such, that information is not disclosed.

## 3. Other operating income and charges

	2013 £'000	2012 £'000
Distribution costs	140,555	141,377
Administrative expenses	19,255	19,576
Exceptional operating charges	<u>639</u>	<u>1,824</u>
Total operating charges	160,449	162,777
Other operating income	<u>(850)</u>	<u>(259)</u>
	<u>159,599</u>	<u>162,518</u>

The exceptional operating charges of £639,000 (2012 £1,824,000) relate to integration costs upon the restructuring of the group following the acquisition of Capper & Co Limited in 2011. Management expects these to be the final integration costs.

The directors have realigned the classification of certain costs in the current financial year. The classification of operating costs as either distribution or administrative costs has therefore been restated for 2012.

# Notes to the Financial Statements

For the year ended 30 April 2013

## 4. Operating profit

The operating profit is stated after charging/(crediting)

	2013 £'000	2012 £'000
Amortisation of intangible fixed assets	1,611	1,523
Impairment of intangible fixed assets	966	701
Depreciation of tangible fixed assets		
- owned by the group	7,516	8,065
- held under finance leases	143	520
Impairment of tangible fixed assets	-	52
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the financial statements	52	50
Fees payable to the company's auditor and its associated undertakings for other services		
- audit of the financial statements of the company's subsidiaries	55	83
- other services relating to taxation compliance and advice	22	34
- other advisory services	18	4
Operating lease rentals		
- plant and machinery	7,413	8,011
- other operating leases	17,166	17,210
Profit on sale of fixed assets and retail operations	(575)	(1,002)

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £'000	2012 £'000
Wages and salaries	97,462	96,993
Social security costs	7,502	7,572
Other pension costs	1,887	1,729
	<b>106,851</b>	<b>106,294</b>

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

2013 No.	2012 No.
<b>7,878</b>	<b>7,879</b>

# Notes to the Financial Statements

For the year ended 30 April 2013

## 6. Directors' remuneration

	2013 £'000	2012 £'000
Emoluments	1,158	883
Pension costs	67	44
Compensation for loss of office	-	113
	<u>1,225</u>	<u>1,040</u>

During the year retirement benefits were accruing to 5 directors (2012 5) in respect of defined contribution pension schemes

The highest paid director received remuneration of £302,000 (2012 £181,000)

## 7. Interest receivable and similar income

	2013 £'000	2012 £'000
Other interest receivable and similar income	208	204
Net interest on pension scheme liabilities (note 27)	180	431
	<u>388</u>	<u>635</u>

## 8. Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loans and overdrafts	2,325	2,220
Interest on other loans	680	1,046
On finance leases and hire purchase contracts	26	49
	<u>3,031</u>	<u>3,315</u>

## Notes to the Financial Statements

For the year ended 30 April 2013

## 9. Taxation

	2013 £'000	2012 £'000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	2,147	2,776
Adjustments in respect of prior periods	(97)	169
<b>Total current tax</b>	<b>2,050</b>	<b>2,945</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 18)	(540)	(224)
Effect of tax rate change on opening balance - FRS 17	145	357
Effect of tax rate change on opening balance – other	(15)	(32)
Deferred tax charge relating to FRS 17 pension liability (note 27)	419	244
<b>Total deferred tax</b> (see note 18)	<b>9</b>	<b>345</b>
<b>Tax on profit on ordinary activities</b>	<b>2,059</b>	<b>3,290</b>

## Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 higher than) the standard rate of corporation tax in the UK of 23.92% (2012 25.84%). The differences are explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	7,081	9,273
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.92% (2012 25.84%)	1,694	2,396
<b>Effects of:</b>		
Expenses not deductible for tax purposes	604	831
Depreciation for the year in excess of capital allowances	329	394
Utilisation of tax losses and other deductions	(33)	(7)
Effects of other tax rates	-	8
Adjustments to tax charge in respect of prior periods	(97)	169
Movement in short term timing differences	127	(165)
Income not taxable	(574)	(681)
<b>Current tax charge for the year</b> (see note above)	<b>2,050</b>	<b>2,945</b>

No provision has been made for deferred tax on gains recognised on revaluing freehold property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £875,000 (2012 £919,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

# Notes to the Financial Statements

For the year ended 30 April 2013

## 10. Intangible fixed assets

Group	Acquired goodwill £'000	Goodwill on consolidation £'000	Negative goodwill £'000	Trading rights £'000	Total £'000
<b>Cost</b>					
At 1 May 2012	19,445	12,555	(316)	424	32,108
Additions	753	-	-	-	753
Disposals	(380)	(567)	-	-	(947)
At 30 April 2013	<b>19,818</b>	<b>11,988</b>	<b>(316)</b>	<b>424</b>	<b>31,914</b>
<b>Amortisation</b>					
At 1 May 2012	8,385	1,330	(316)	32	9,431
Charge for the year	1,003	572	-	36	1,611
Impairment	966	-	-	-	966
Disposals	(173)	(477)	-	-	(650)
At 30 April 2013	<b>10,181</b>	<b>1,425</b>	<b>(316)</b>	<b>68</b>	<b>11,358</b>
<b>Net book value</b>					
At 30 April 2013	<b>9,637</b>	<b>10,563</b>	<b>-</b>	<b>356</b>	<b>20,556</b>
At 30 April 2012	<b>11,060</b>	<b>11,225</b>	<b>-</b>	<b>392</b>	<b>22,677</b>

During the year the group acquired various retail stores. Goodwill arising on the acquisition of these operations of £733,000 (2012 £1,631,000) represents the excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired.

During the year the group capitalised goodwill in respect of headleases on retail operations acquired amounting to £20,000 (2012 £222,000).

The impairment of goodwill in the year of £966,000 (2012 £701,000) is in respect of retail stores where the goodwill recorded is not considered to be fully recoverable through value in use.

The disposal of goodwill on consolidation relates to the disposal of retail operations in the current year which were acquired upon the acquisition of group companies in previous periods.



# Notes to the Financial Statements

For the year ended 30 April 2013

## 10. Intangible fixed assets (continued)

	Acquired goodwill £'000	Trading Rights £'000	Total £'000
<b>Company</b>			
<b>Cost</b>			
At 1 May 2012	2,072	-	2,072
Additions	20	-	20
Transfers from group undertakings	-	787	787
Disposals	(101)	-	(101)
<b>At 30 April 2013</b>	<b>1,991</b>	<b>787</b>	<b>2,778</b>
<b>Amortisation</b>			
At 1 May 2012	1,711	-	1,711
Charge for the year	81	37	118
Transfers from group undertakings	□	394	394
On disposals	(20)	-	(20)
<b>At 30 April 2013</b>	<b>1,772</b>	<b>431</b>	<b>2,203</b>
<b>Net book value</b>			
<b>At 30 April 2013</b>	<b>219</b>	<b>356</b>	<b>575</b>
At 30 April 2012	361	-	361

During the year the company capitalised goodwill of £20,000 (2012 £222,000) in respect of headleases on retail operations acquired

## Notes to the Financial Statements

For the year ended 30 April 2013

## 11. Tangible fixed assets

Group	Freehold property and long leaseholds £'000	Leasehold property £'000	Fixtures, fittings and computers £'000	Motor Vehicles £'000	Total £'000
<b>Cost or valuation</b>					
At 1 May 2012	50,645	38,384	51,834	3,335	144,198
Additions	332	2,027	1,816	648	4,823
Revaluation	730	-	-	-	730
Disposals	(322)	(1,496)	(949)	(31)	(2,798)
<b>At 30 April 2013</b>	<b>51,385</b>	<b>38,915</b>	<b>52,701</b>	<b>3,952</b>	<b>146,953</b>
<b>Depreciation</b>					
At 1 May 2012	60	17,374	32,726	1,938	52,098
Charge for the year	31	2,402	4,583	643	7,659
On disposals	-	(995)	(833)	(10)	(1,838)
<b>At 30 April 2013</b>	<b>91</b>	<b>18,781</b>	<b>36,476</b>	<b>2,571</b>	<b>57,919</b>
<b>Net book value</b>					
<b>At 30 April 2013</b>	<b>51,294</b>	<b>20,134</b>	<b>16,225</b>	<b>1,381</b>	<b>89,034</b>
At 30 April 2012	50,585	21,010	19,108	1,397	92,100

Included within the net book value of £89,034,000 is £579,000 (2012 £1,560,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £143,000 (2012 £520,000). Freehold land amounting to £25,693,000 (2012 £25,323,000) included above has not been depreciated.

During the year, no depreciation charge has been recorded on freehold properties by the directors on the grounds that it would be immaterial to the financial statements because the estimated residual value of the tangible fixed assets is not materially different from the carrying amount of the asset and the estimated remaining useful economic life of the freehold properties exceeds 50 years. Instead, freehold properties, other than non-depreciable land, are reviewed for impairment at the end of each reporting period. Freehold property amounting to £25,349,000 (2012 £25,322,000) has not been depreciated in the year and has been reviewed for impairment at the year-end, resulting in no charge for the year (2012 £Nil).

In January 2011, Sanderson Weatherall and Jones Lang Lasalle carried out full valuations on all properties acquired or transferred to Blakemore Property Ltd from other group companies since 31 March 2008. For all other properties, a qualified internal valuer performed a full valuation during the current year. This valuation was reviewed by Savills plc which comprises the valuation of a sample of the group's properties by the external valuer and comparison with the internal valuer's figures leading to expression of opinion on the overall accuracy of the valuation, based upon analysis of this sample.

The basis of the valuation was market value with existing use. The surplus or deficit was transferred to/from the revaluation reserve.

For those properties for which no valuation was required in the year, the directors are not aware of any material change in the value of those properties.

## Notes to the Financial Statements

For the year ended 30 April 2013

**11. Tangible fixed assets (continued)**

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts

<b>Group</b>	<b>2013</b>		<b>2012</b>	
	<b>£'000</b>		<b>£'000</b>	
Cost	<b>48,183</b>		48,186	
Accumulated depreciation	<b>(1,432)</b>		(1,432)	
Net book value at 30 April	<b>46,751</b>		46,754	

<b>Company</b>	<b>Freehold property £'000</b>	<b>Leasehold property £'000</b>	<b>Fixtures, fittings and computers £'000</b>	<b>Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 May 2012	316	1,602	26,060	2,167	30,145
Additions	35	12	1,078	648	1,773
Transferred from group undertakings	-	387	17,094	4,941	22,422
Disposals	-	-	-	(31)	(31)
<b>At 30 April 2013</b>	<b>351</b>	<b>2,001</b>	<b>44,232</b>	<b>7,725</b>	<b>54,309</b>
<b>Depreciation</b>					
At 1 May 2012	2	1,220	18,148	1,686	21,056
Charge for the year	4	57	2,650	639	3,350
Transferred from group undertakings	-	222	14,052	4,050	18,324
On disposals	-	-	-	(9)	(9)
<b>At 30 April 2013</b>	<b>6</b>	<b>1,499</b>	<b>34,850</b>	<b>6,366</b>	<b>42,721</b>
<b>Net book value</b>					
<b>At 30 April 2013</b>	<b>345</b>	<b>502</b>	<b>9,382</b>	<b>1,359</b>	<b>11,588</b>
At 30 April 2012	314	382	7,912	481	9,089

Freehold land amounting to £145,000 (2012 £145,000) included above has not been depreciated

# Notes to the Financial Statements

For the year ended 30 April 2013

## 12. Fixed asset investments

Company	Investments in subsidiary companies £'000
<b>Cost</b>	
At 1 May 2012 and 30 April 2013	58,078
<b>Net book value</b>	
At 30 April 2013	58,078
At 30 April 2012	58,078

Details of the subsidiaries can be found under note 13

## 13. Principal subsidiaries

The subsidiary undertakings in which the company owns 100% of the issued ordinary share capital except as detailed below, are registered in England and Wales and included in the consolidated financial statements, are as follows

Company name	Description
Blakemore Design & Shopfitting Ltd	Shopfitting
Blakemore Retail Ltd	Operation of grocery based convenience stores
Blakemore Property Ltd	Property company
Lords (Haymarket) Limited*	Operation of grocery based convenience stores
Capper & Co Ltd	Dormant
Waynes Foods Limited**	Dormant
Wightman Limited**	Dormant
Tyne Tees Cash & Carry Limited	Dormant
John Edwards (Wholesale Grocers) Limited	Dormant
Blakemores Logistics Limited	Dormant
Blakemore Freshfoods Limited	Dormant
I G Mogford Sons Limited	Dormant
Blakemore Cash and Carry Limited	Dormant
Blakemore Food Service Limited	Dormant
Blakemore Trade Partners Ltd	Dormant
Tates Limited	Dormant
John Edwards (Dalladau) Limited	Dormant
North Wales Cash & Carry Co Limited	Dormant
Heart Distribution Limited	Dormant
Hill's Home Supplies Limited*	Dormant
Spar St Olaves Limited*	Dormant
Powell Garages Limited**	Dormant
Waynes Stores Ltd**	Dormant
Golden Choice Foods Ltd**	Dormant
Capper & Co (South Wales) Ltd**	Dormant
Blakemore Creative Ltd **	Dormant
Howell's of Monkton Limited**	Dormant
C J Wixcey and Sons Limited**	Dormant

\* Entire ordinary share capital held by Blakemore Retail Ltd

\*\* Entire ordinary share capital held by Capper & Co Ltd

# Notes to the Financial Statements

For the year ended 30 April 2013

## 13. Principal subsidiaries (continued)

On 1 May 2012, the entire trade and assets of Capper & Co Ltd were transferred to A F Blakemore and Son Limited for consideration equivalent to book value

## 14. Stocks

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Properties held for sale	508	421	508	421
Finished goods and goods for resale	82,627	80,450	63,460	49,068
	<u>83,135</u>	<u>80,871</u>	<u>63,968</u>	<u>49,489</u>

There is no material difference between the balance sheet value of finished goods and goods for resale and their replacement cost

Properties held for sale comprise retail stores purchased for refurbishment and conversion before subsequent resale

## 15. Debtors

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
Trade debtors	44,805	41,977	44,487	35,478
Amounts owed by group undertakings	-	-	4,686	-
Other debtors	3,552	3,296	2,976	1,526
Corporation tax recoverable	-	-	290	207
Prepayments and accrued income	31,812	27,094	23,568	19,503
Deferred tax asset (see note 18)	570	211	565	205
	<u>80,739</u>	<u>72,578</u>	<u>76,572</u>	<u>56,919</u>

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
<b>Due after more than one year</b>				
Trade debtors	1,394	1,800	1,394	1,317
Amounts owed by group undertakings	-	-	14,113	13,435
	<u>1,394</u>	<u>1,800</u>	<u>15,507</u>	<u>14,752</u>

Trade debtors falling due after more than one year relate to the outstanding balances on extended trade and refurbishment terms offered to retailers

# Notes to the Financial Statements

For the year ended 30 April 2013

## 16. Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank loans (secured)	2,379	1,615	-	-
Other loans	6,016	6,016	6,016	6,016
Net obligations under finance leases and hire purchase contracts	422	467	287	-
Bank overdraft	7,248	6,753	11,189	10,414
Trade creditors	109,567	105,304	107,985	81,634
Amounts owed to group undertakings	-	-	13,538	4,863
Corporation tax	514	615	-	-
Social security and other taxes	12,858	10,422	1,177	884
Accruals and deferred income	22,897	22,257	10,713	7,411
	<u>161,901</u>	<u>153,449</u>	<u>150,905</u>	<u>111,222</u>

The bank overdraft facility is secured by an unlimited debenture over the assets of the group. Interest is charged at a rate linked to UK base rates.

## 17. Creditors: Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank loans (secured)	34,035	36,997	17,231	17,090
Other loans	336	6,350	336	6,350
Net obligations under finance leases and hire purchase contracts	611	935	250	-
Amounts owed to group undertakings	-	-	29,321	26,275
	<u>34,982</u>	<u>44,282</u>	<u>47,138</u>	<u>49,715</u>

The bank loans totalling £36,414,000 (2012 £38,612,000) represents two facilities, one of which is repayable by quarterly instalments which commenced in June 2011 and the other commencing in June 2014. Both facilities bear interest at rates at 2.25% per annum above LIBOR. The loans are secured on mortgaged properties or an unlimited debenture over other assets of the group.

Other loans totalling £6,352,000 (2012 £12,366,000) represent loan notes of £6,016,000 (2012 £12,032,000) to the vendors of Capper & Co Ltd and a loan from a director, G M Blakemore, of £336,000 (2012 £334,000). G M Blakemore has indicated that no repayment of the loan will be sought prior to 30 April 2014. The loan notes to the vendors of Capper & Co Ltd bear interest at a rate of 6% per annum on the capital amounts due, and the remaining balances are to be repaid on 18 March 2014. The balance includes amounts of £590,000 (2012 £1,180,000) and £916 (2012 £1,833) owed to W J Capper and R G Upton respectively, both served as directors of the company during the year.

# Notes to the Financial Statements

For the year ended 30 April 2013

## 17. Creditors: Amounts falling due after more than one year (continued)

### Analysis of borrowings

The borrowings outstanding are repayable as follows

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Within one year				
Bank loan (secured)	2,379	1,615	-	-
Other loans	6,016	6,016	6,016	6,016
	<u>8,395</u>	<u>7,631</u>	<u>6,016</u>	<u>6,016</u>
Between one and two years				
Bank loan (secured)	8,224	1,672	5,833	-
Other loans	336	6,350	336	6,350
	<u>8,560</u>	<u>8,022</u>	<u>6,169</u>	<u>6,350</u>
Between two and five years				
Bank loan (secured)	18,670	22,340	11,398	17,090
	<u>18,670</u>	<u>22,340</u>	<u>11,398</u>	<u>17,090</u>
After five years				
Bank loan (secured)	7,141	12,985	-	-

### Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	422	467	287	-
Amounts payable between 1 and 2 years	295	333	157	-
Amounts payable between 2 and 5 years	316	602	93	-
	<u>1,033</u>	<u>1,402</u>	<u>537</u>	<u>-</u>

The finance lease and hire purchase agreements are secured on the assets to which they relate

## 18. Deferred taxation

### Provision for deferred tax liability

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Accelerated capital allowances	405	646	-	-
Other timing differences	(45)	(90)	-	-
	<u>360</u>	<u>556</u>	<u>-</u>	<u>-</u>

# Notes to the Financial Statements

For the year ended 30 April 2013

## 18. Deferred taxation (continued)

### Provision for deferred tax asset

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Accelerated depreciation	460	189	455	189
Other timing differences	110	22	110	16
<b>Deferred tax asset included in debtors (note 15)</b>	<b>570</b>	<b>211</b>	<b>565</b>	<b>205</b>

The movement in the year is as follows

### Deferred tax provision (note 19)

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
At 1 May	556	715	-	-
Credited during the year	(196)	(159)	-	-
<b>At 30 April</b>	<b>360</b>	<b>556</b>	<b>-</b>	<b>-</b>

### Deferred tax asset

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
At 1 May	211	111	205	111
Credited during the year	359	100	360	94
<b>At 30 April</b>	<b>570</b>	<b>211</b>	<b>565</b>	<b>205</b>

### Deferred tax asset included within pension scheme liability (note 27)

	2013	2012
	£'000	£'000
At 1 May	3,485	2,623
Provided during the year for profit and loss account items	(569)	(602)
Provided during the year for statement of total recognised gains and losses items	628	1,464
<b>At 30 April</b>	<b>3,544</b>	<b>3,485</b>



# Notes to the Financial Statements

For the year ended 30 April 2013

## 19. Provisions

The following are included in provisions for liabilities

	Group 2013 £'000	2012 £'000	Company 2013 £'000	2012 £'000
Deferred taxation liability (note 18)	360	556	-	-
Onerous lease rentals	1,644	1,568	103	86
	<u>2,004</u>	<u>2,124</u>	<u>103</u>	<u>86</u>

### Onerous lease rentals

	Group £'000	Company £'000
At 1 May 2012	1,568	86
Provided in the year	76	17
At 30 April 2013	<u>1,644</u>	<u>103</u>

The above provision relates to leases on vacant properties and is expected to be fully utilised over the next 20 years. Provision has been made for the residual lease commitments, together with other outgoings, after taking into account expectations of future sub-lease arrangements. The main uncertainty relates to the group's ability to sublet the properties.

## 20. Share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
4,902 Ordinary shares of £1 each	<u>5</u>	<u>5</u>

## 21. Reserves

	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
Group			
At 1 May 2012	1	3,831	63,362
Profit for the year	-	-	5,022
Gain on revaluation of certain fixed assets	-	730	-
Realisation on disposal of fixed assets	-	(18)	18
Pension scheme actuarial loss for the year (net of deferred tax)	-	-	(2,102)
At 30 April 2013	<u>1</u>	<u>4,543</u>	<u>66,300</u>

# Notes to the Financial Statements

For the year ended 30 April 2013

## 21. Reserves (continued)

	Capital redemption reserve £'000	Profit and loss account £'000
<b>Company</b>		
At 1 May 2012	1	27,659
Profit for the year	-	477
<b>At 30 April 2013</b>	<b>1</b>	<b>28,136</b>

## 22. Reconciliation of movement in equity shareholders' funds

	2013 £'000	2012 £'000
<b>Group</b>		
Opening equity shareholders' funds	67,199	65,850
Profit for the year	5,022	5,983
Unrealised gain on revaluation of certain fixed assets	730	-
Pension scheme actuarial loss for the year (net of deferred tax)	(2,102)	(4,634)
Closing equity shareholders' funds	<b>70,849</b>	<b>67,199</b>
	2013 £'000	2012 £'000
<b>Company</b>		
Opening equity shareholders' funds	27,665	29,168
Profit/(loss) for the year	477	(1,503)
Closing equity shareholders' funds	<b>28,142</b>	<b>27,665</b>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the company was £477,000 (2012 loss £1,503,000)

# Notes to the Financial Statements

For the year ended 30 April 2013

## 23. Net cash flow from operating activities

	2013 £'000	2012 £'000
Operating profit	9,724	11,953
Amortisation of intangible fixed assets	1,611	1,523
Depreciation of tangible fixed assets	7,659	8,585
Impairment of fixed assets	966	753
Profit on disposal of fixed assets and retail operations	(575)	(1,002)
Increase in stocks	(2,264)	(5,671)
(Increase)/decrease in debtors	(7,391)	3,104
Increase in creditors	7,339	1,437
Increase/(decrease) in provisions	76	(137)
Pension contributions	(1,645)	(1,264)
Net cash inflow from operating activities	<u>15,500</u>	<u>19,281</u>

## 24. Analysis of cash flows for headings netted in cash flow statement

	2013 £'000	2012 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	208	204
Interest paid	(2,729)	(3,315)
Net cash outflow from returns on investments and servicing of finance	<u>(2,521)</u>	<u>(3,111)</u>

	2013 £'000	2012 £'000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(4,586)	(5,660)
Purchase of intangible fixed assets	(20)	(222)
Proceeds on sale of fixed assets	444	2,114
Net cash outflow from capital expenditure	<u>(4,162)</u>	<u>(3,768)</u>

# Notes to the Financial Statements

For the year ended 30 April 2013

## 24. Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £'000	2012 £'000
<b>Acquisitions and disposals</b>		
Purchase of retail operations	(970)	(900)
Sale of retail operations	1,388	853
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>	<b>418</b>	<b>(47)</b>
	2013 £'000	2012 £'000
<b>Financing</b>		
Repayment of loans	(2,500)	(7,336)
Repayment of other loans	(6,014)	(6,193)
Repayment of finance leases	(369)	(358)
<b>Net cash outflow from financing</b>	<b>(8,883)</b>	<b>(13,887)</b>

## 25. Analysis of changes in net debt

	1 May 2012 £'000	Cash flow £'000	Non-cash changes £'000	30 April 2013 £'000
Cash at bank and in hand	8,047	(1,304)	-	6,743
Bank overdraft	(6,753)	(495)	-	(7,248)
	1,294	(1,799)	-	(505)
<b>Debt:</b>				
Debts due within one year	(8,098)	8,883	(9,602)	(8,817)
Debts falling due after more than one year	(44,282)	-	9,300	(34,982)
<b>Net debt</b>	<b>(51,086)</b>	<b>7,084</b>	<b>(302)</b>	<b>(44,304)</b>

## 26. Capital commitments

At 30 April 2013 the group had capital commitments contracted for but not provided of £973,000 (2012 £96,000)

# Notes to the Financial Statements

For the year ended 30 April 2013

## 27. Pension commitments

The group operates the A F Blakemore & Son Limited Staff Retirement Benefits Scheme ("the Group Scheme") On 6 July 2006 the scheme became paid up in respect of the defined benefits section Members will not accrue any salary related benefits after this date but benefits earned up to that date will be preserved A new defined contribution section of the scheme commenced on 7 July 2006 The defined contribution section of the scheme is contributory (employer 5%)

The assets of the Capper & Co Ltd scheme are held in a separate trustee administered fund The defined benefit section of the scheme was closed to new entrants on 1 January 2001 A defined contribution section of the scheme was opened for new entrants from 1 May 2001 The defined benefit section moved from a Final Salary arrangement to a CARE arrangement with effect from 1 May 2003 Disclosures for this scheme are shown in note 27(b) The scheme was closed to future accrual on 30 April 2011

The defined contribution section of the scheme is contributory (employer 5%) During the year, the group made contributions to the Group Scheme, being the regular cost, of £1,887,000 (2012 £1,729,000) There were no outstanding contributions at either year end

The company's share of net assets and liabilities of the Schemes cannot be separately identified, and therefore the company accounts for its pension contributions to the Schemes on a defined contribution basis as allowed by FRS 17 The disclosures in note 27(a) are made on a group basis

The group's total provision for pension liabilities in each scheme is summarised as follows

	2013 £'000	2012 £'000
<b>The Group scheme (note 27(a))</b>		
Fair value of scheme assets	27,109	23,438
Present value of defined benefit obligation	(38,579)	(33,862)
	(11,470)	(10,424)
Related deferred tax asset at 23% (2012 24%)	2,638	2,502
Net pension liability of the Group scheme	(8,832)	(7,922)
 <b>Capper &amp; Co Ltd Pension and Assurance Scheme (note 27(b))</b>		
Fair value of scheme assets	31,543	27,340
Present value of defined benefit obligation	(35,482)	(31,420)
	(3,939)	(4,080)
Related deferred tax asset at 23% (2012 24%)	906	983
Net pension liability of the Capper & Co Ltd Pension and Assurance Scheme	(3,033)	(3,097)
 <b>Total commitments</b>		
Fair value of scheme assets	58,652	50,778
Present value of defined benefit obligation	(74,061)	(65,282)
	(15,409)	(14,504)
Related deferred tax asset at 23% (2012 24%)	3,544	3,485
Net pension liability of the Group	(11,865)	(11,019)

# Notes to the Financial Statements

For the year ended 30 April 2013

## 27(a) Pension commitments - the Group scheme

A full actuarial valuation was carried out for the defined benefit section of the scheme at 6 April 2010 and updated to 30 April 2013 by Hughes Price Walker LLP using the projected unit method. The major assumptions used by the actuary were:

	2013 %	2012 %
Main assumptions		
Discount rate	4.5	4.6
Expected long term rate of return on scheme assets	6.1	6.6
RPI inflation	3.4	2.9
Revaluation of excess pension	2.4	1.9
LPI pension increases (maximum 5% p a)	2.4	2.0
LPI pension increases (minimum 3% p a maximum 5% p a)	3.2	3.2
Lower RPI pension increases (RPI with maximum 2.5% p a)	2.2	2.1

The post-retirement mortality assumptions used to value the benefit obligation at 30 April 2013 are based upon the standard table known as PCA00 on a year of birth usage with medium cohort future improvement factors with a minimum annual rate of future improvement of 1% per annum.

The expected long term rate of return on the scheme assets has been calculated based upon the expected rate of return of the major asset categories shown in the table below:

	2013		2012	
	Scheme assets %	Expected rate of return %	Scheme Assets %	Expected rate of return %
Equities and properties	85	6.6	84	7.0
Bonds	8	4.0	14	4.6
Cash	7	2.6	2	0.5

The amounts charged in profit or loss are as follows:

	2013 £'000	2012 £'000
Interest on obligation	1,537	1,611
Expected return on scheme assets	(1,537)	(1,742)
Total credited to interest receivable	-	(131)

Analysis of the amount charged to operating profit:

	2013 £'000	2012 £'000
Current service costs	-	-
Total operating charge	-	-

# Notes to the Financial Statements

For the year ended 30 April 2013

## **27(a) Pension commitments - the Group scheme (continued)**

Analysis of the amount recognised in statement of total recognised gains and losses

	2013 £'000	2012 £'000
Difference between expected and actual return on assets	1,810	(1,345)
Experience gains and losses arising from scheme liabilities	(40)	(1,640)
Effect of changes in assumptions underlying the present value of scheme liabilities	(3,980)	(813)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(2,210)</u>	<u>(3,798)</u>

The cumulative actuarial gains and loss recognised in the statement of total recognised gains and loss are as follows

	2013 £'000	2012 £'000
Cumulative actuarial losses at 1 May	(15,796)	(11,998)
Recognised during the period	<u>(2,210)</u>	<u>(3,798)</u>
Cumulative actuarial losses at 30 April	<u>(18,006)</u>	<u>(15,796)</u>

The amounts recognised in the consolidated balance sheet in respect of the scheme are as follows

	2013 £'000	2012 £'000
Fair value of scheme assets	27,109	23,438
Present value of defined benefit obligation	<u>(38,579)</u>	<u>(33,862)</u>
	(11,470)	(10,424)
Related deferred tax asset at 23% (2012 24%)	<u>2,638</u>	<u>2,502</u>
Net pension liability	<u>(8,832)</u>	<u>(7,922)</u>

Changes in the fair value of the scheme assets are as follows

	2013 £'000	2012 £'000
Opening fair value of scheme assets at 1 May	23,438	23,070
Expected return	1,537	1,742
Actuarial gains/(losses)	1,810	(1,345)
Benefits paid	(840)	(1,193)
Contributions paid	1,164	1,164
Closing fair value of scheme assets at 30 April	<u>27,109</u>	<u>23,438</u>

# Notes to the Financial Statements

For the year ended 30 April 2013

## 27(a) Pension commitments - the Group scheme (continued)

The agreed contributions to be paid by the group for the forthcoming year are £1,164,000

The actual return on scheme assets was as follows

	2013 £'000	2012 £'000
Actual return on scheme assets	<u>3,350</u>	<u>397</u>

Changes in the present value of the defined benefit obligation are as follows

	2013 £'000	2012 £'000
Opening defined benefit obligation at 1 May	33,862	30,991
Interest costs	1,537	1,611
Actuarial losses	4,020	2,453
Benefits paid	(840)	(1,193)
Closing defined benefit obligation at 30 April	<u>38,579</u>	<u>33,862</u>

Amount for the current and previous four periods are as follows

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Fair value of scheme assets	27,109	23,438	23,070	20,672	16,309
Present value of defined benefit obligation	<u>(38,579)</u>	<u>(33,862)</u>	<u>(30,991)</u>	<u>(29,703)</u>	<u>(19,890)</u>
Deficit in the scheme	<u>(11,470)</u>	<u>(10,424)</u>	<u>(7,921)</u>	<u>(9,031)</u>	<u>(3,581)</u>
Actual return less expected return on scheme assets	1,810	(1,345)	807	3,433	(5,785)
Experience (loss)/gain arising on scheme liabilities	(40)	(1,640)	462	(122)	370
Change in assumptions underlying present value of scheme liabilities	<u>(3,980)</u>	<u>(813)</u>	<u>(815)</u>	<u>(9,254)</u>	<u>3,608</u>

## 27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme

The Capper & Co Pension and Assurance Scheme deficit is recognised on the group balance sheet of A F Blakemore and Son Limited at fair value in accordance with the requirements of FRS 17, from the date of the acquisition of the company. The assets of the scheme are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to new entrants on 1 January 2001. A defined contribution section of the scheme was opened for new entrants from 1 May 2001. The defined benefit section moved from a Final Salary arrangement to a CARE arrangement with effect from 1 May 2003. The defined benefit section closed to future accrual on the 30 April 2012.



# Notes to the Financial Statements

For the year ended 30 April 2013

## 27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme

The defined benefit section of the scheme is subject to a triennial valuation by independent actuaries. The last completed valuation was carried out as at 30 April 2011.

The actuarial valuation was updated at 30 April 2013 to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 April 2013. The major assumptions used to calculate scheme liabilities under FRS 17 are:

	2013	2012
Discount rate	4.2%	4.8%
Inflation rate	3.3%	3.2%
Rate of increase for pensions in payment (LPI)	3.2%	3.1%
Rate of increase for pensions in deferment	2.3%	2.2%

The mortality assumptions as at 30 April 2013 for both before and after retirement were assumed to be in line with S1PXA tables with improvements based on CMI\_2010\_X[1%]

The mortality assumption for 30 April 2013 for both before and after retirement were assumed to be in line with PCM/FA00 Year of Birth Medium Cohort projections.

The expected returns on scheme assets are estimates of market expectations at the beginning of the period for returns over the entire life of the benefit obligation.

The expected rates of return on the assets of the scheme were:

	2013	2012
Equities	6.2%	6.8%
Bonds	2.9%	3.6%
Cash	2.2%	2.8%

The amounts recognised in the profit and loss account are as follows:

	2013 £'000	2012 £'000
Expected return on pension scheme assets	1,660	1,900
Interest on pension scheme liabilities	(1,480)	(1,600)
Total credited to interest receivable	<u>180</u>	<u>300</u>

The amounts credited to the profit and loss were included within interest receivable.

# Notes to the Financial Statements

For the year ended 30 April 2013

## **27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme (continued)**

The amounts recognised in the consolidated balance sheet in respect of the scheme are as follows

	2013 £'000	2012 £'000
Market value of scheme assets	31,543	27,340
Present value of scheme liabilities	(35,482)	(31,420)
	<u>(3,939)</u>	<u>(4,080)</u>
Related deferred tax asset at 23% (2012 24%)	906	983
Net pension liability	<u>(3,033)</u>	<u>(3,097)</u>

Changes in the present value of the defined benefit obligation are as follows

	2013 £'000	2012 £'000
Opening defined benefit obligation at 1 May	31,420	30,960
Interest on pension scheme liabilities	1,480	1,600
Benefits paid	(1,141)	(1,510)
Actuarial losses	3,723	370
Closing defined benefit obligation at 30 April	<u>35,482</u>	<u>31,420</u>

Changes in the market value of the scheme assets are as follows

	2013 £'000	2012 £'000
Opening fair value of scheme assets at 1 May	27,340	28,780
Expected return on scheme assets	1,660	1,900
Contributions by employer	481	100
Benefits paid	(1,141)	(1,510)
Actuarial gains/(losses) on assets	3,203	(1,930)
Closing fair value of scheme assets at 30 April	<u>31,543</u>	<u>27,340</u>

The major categories of investments of plan assets, as a % of total plan assets

	2013	2012
Equities	79.4%	81.6%
Bonds	14.6%	12.4%
Cash	6.0%	6.0%

# Notes to the Financial Statements

For the year ended 30 April 2013

## 27(b) Pension commitments - Capper & Co. Ltd Pension and Assurance Scheme (continued)

Actual return on scheme assets were

	2013 £'000	2012 £'000
Expected return on scheme assets	1,660	1,900
Actuarial gains/(losses) on assets	3,203	(1,930)
Actual return on scheme assets	<u>4,863</u>	<u>(30)</u>

Analysis of amounts recognised in statement of total recognised gains and losses

	2013 £'000	2012 £'000
Cumulative actuarial losses at 1 May	(5,693)	(3,393)
Recognised during the period	(520)	(2,300)
Cumulative losses at 30 April	<u>(6,213)</u>	<u>(5,693)</u>

Historical analysis of asset values, scheme liabilities, overall deficit and experience gains and losses

	2013 £'000	2012 £'000
Fair value of scheme assets	31,543	27,340
Present value of defined benefit obligation	(35,482)	(31,420)
Deficit in scheme	<u>(3,939)</u>	<u>(4,080)</u>
Experience losses on scheme liabilities	(30)	(510)
Experience gains/(losses) on scheme assets	<u>3,203</u>	<u>(1,930)</u>

## 28. Guarantees and other financial commitments

### Lease commitments

The group leases buildings on short-term and long term operating leases. The rentals under these leases are subject to renegotiation at various intervals specified in the lease agreements. The group also leases other assets on short-term operating leases.

The minimum annual rentals under the leases are

Group	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating leases which expire				
- within one year	1,650	1,091	2,404	1,759
- between two and five years	4,553	3,421	8,538	8,236
- after five years	9,555	10,025	-	-
	<u>15,758</u>	<u>14,537</u>	<u>10,942</u>	<u>9,995</u>

# Notes to the Financial Statements

For the year ended 30 April 2013

## 28. Guarantees and other financial commitments (continued)

Company	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Operating leases which expire				
- within one year	825	146	1,392	843
- between two and five years	865	808	5,250	4,108
- after five years	5,110	3,995	-	-
	<u>6,800</u>	<u>4,949</u>	<u>6,642</u>	<u>4,951</u>

## 29. Derivatives

The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of financial instruments, such as interest rate caps. As at 30 April 2013, the fair value of these instruments was a liability to the group of £88,000 (2012 £169,000)

## 30. Related party transactions

Related party transactions with group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available

Loans from directors at 30 April 2013 are detailed in note 17 of these financial statements

## 31. Ultimate controlling party

The largest shareholding in A F Blakemore and Son Limited is held by P F Blakemore, who is the ultimate controlling party

## 32. Post balance sheet event

On 1 May 2013, the entire trade and assets of Blakemore Retail Ltd and Blakemore Design and Shopfitting Ltd (group companies) were transferred to A F Blakemore and Son Limited for consideration equivalent to book value

On 28 June 2013 the group acquired the entire issued share capital of Peter Lowrie and Company Limited for consideration of £2,033,000. On 29 June 2013, the entire trade and assets of Peter Lowrie and Company Limited were transferred to A F Blakemore and Son Limited for consideration equivalent to book value

On 28 September 2013, the trading activities of Lords (Haymarket) Limited, a subsidiary of Blakemore Retail Ltd were discontinued as a result of the head lease being reclaimed by the landlord for a consideration equivalent to its trading value