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Montgomery Refrigerated Limited

Abbreviated Financial Statements

30 September 2011

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JNI 28/06/2012 #141
COMPANIES HOUSE

Registered No. NI 046407

Directors
H H Montgomery
P C Jackson
A W Thomson
D N Birkmyre

Secretary
H H Montgomery

Auditors
RSM McClure Watters
Number One
Lanyon Quay
Belfast
BT1 3LG

Bankers
Northern Bank Limited
39 Mallusk Road
Mallusk
Newtownabbey

Solicitors
Carson McDowell
Murray House
Murray Street
Belfast
BT1 6DN

Registered Office
11 Vicarage Road
Portadown
Co Armagh
BT62 4HF

Directors' report

The directors present their report and financial statements for the year ended 30 September 2011.

Principal activity

The company's principal activity is that of temperature controlled haulage services.

Results and dividends

The profit for the year, after taxation, amounted to £573,852 (2010 - £615,228). The directors do not recommend the payment of a final dividend (2010 - £nil).

Business Review

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year-end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face.

The company operates largely within the transport industry and sells its products and services direct from its locations and through its sales representatives to customers throughout the UK, Ireland and Europe.

We consider that our key performance indicators are profit before taxation and growth in shareholder's funds.

The performance of the company was as follows:

	2011	2010	2009
	£'000	£'000	£'000
Profit before taxation	779	857	944
Equity Shareholder's Funds	4,166	3,592	2,977

The Directors are pleased with the results for the year. The Company faced intense pressure in the year on rates from competitors in the highly competitive Irish Sea market. The effects of this were compounded by soaring fuel prices and increased shipping costs. Despite this we have invested over £1.5m on replacing our fleet in the year and it is now one of the freshest in the market. The company is continuing to develop the already broad range of services on offer to its customers and we will continue to identify and develop new business opportunities within the industry sector with the view to continued growth both organically and through acquisition.

As with many businesses of our size, the business environment in which we operate continues to be challenging. The impact of static incomes, strong competition and rising prices of energy and other costs present us with challenges. With this in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

Principal risks and uncertainties

The haulage sector remains extremely competitive with severe competition from both local and national operators. The company seeks to maintain an advantage over its competitors by offering the highest level of customer services.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in commodity prices, exchange rates, interest rate risk, credit risk and liquidity risk. The company's overall risk management programme seeks to minimise the potential adverse effects on the company's financial performance. Given the size and structure of the company, the directors have not delegated the responsibility of monitoring financial risk management but instead set the policies that are then implemented by the rest of the company.

Directors' report

Commodity price risk

The company is exposed to some commodity price risk as a result of its operations in various sectors. The costs of managing our exposure to this risk are considered to exceed any potential benefits. The directors regularly revisit the appropriateness of this policy should there be a material change in our size or operations.

Foreign exchange risk

The majority of the company's revenue and expenses are denominated in sterling but we are exposed to some foreign exchange risk in the normal course of business. While the company does not use financial instruments currently to hedge foreign exchange exposure, this is constantly reviewed.

Interest rate risk

The company has interest based assets and liabilities, both of which bear interest at variable rates. There is a small proportion of the long term borrowing that has been fixed and the company has purchased hedging products to ensure we are not exposed to large interest rate increases. The appropriateness of this policy will be revisited should the company's operations change materially.

Credit risk

The company has implemented the policy that we require credit checks to be performed on all potential customers before any sales are made. The amount of exposure to individual customers is monitored regularly by the company's management team.

Directors and their interests

The directors who held office during the year are stated on page 1.

None of the directors held interests in the share capital of the company.

Mr H H Montgomery is a director of the ultimate holding company, Ballyvesey Holdings Limited, and his interest in the issued share capital of the ultimate holding company is shown in the financial statements of that company.

Employee involvement

Meetings with employee representatives took place during the year to keep employees informed as to the performance of the company and plans for the future. Management was also aware of the views of employees through these regular meetings.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Directors' report

Statement of disclosure of information to auditors

The directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and

- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, RSM McClure Watters, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

By order of the board

H H Montgomery
Secretary
24/2/12

Independent auditors' report

to the members of Montgomery Refrigerated Limited
under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages 6 to 15, together with the financial statements of Montgomery Refrigerated Limited for the year ended 30 September 2011 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

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 to be delivered 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 have been properly prepared in accordance with the regulations made under that section.

D S Watters FCA (Senior Statutory Auditor)
For and on behalf of RSM McClure Watters

24.12.12

Chartered Accountants
Statutory Auditor

Number One
Lanyon Quay
Belfast
BT1 3LG

Abbreviated Profit and loss account

For the year ended 30 September 2011

	Notes	2011 £	2010 £
Gross profit		1,446,266	1,508,626
Administrative expenses		(677,444)	(699,600)
Operating profit	2	768,822	809,026
Loss on disposal of fixed assets		-	(1,058)
Interest receivable		80,545	62,068
Interest payable and similar charges	5	(69,974)	(12,931)
Profit on ordinary activities before taxation		779,393	857,105
Taxation on profit on ordinary activities	6	(205,541)	(241,877)
Profit on ordinary activities after taxation	15	573,852	615,228

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £573,852 for the year ended 30 September 2011 (2010 – £615,228).

The notes on pages 8 to 15 form part of the financial statements.

Abbreviated Balance sheet

At 30 September 2011

	Notes	*2011* £	*2010* £
Fixed assets			
Tangible assets	7	1,975,222	571,099
Current assets			
Stocks	8	15,798	15,785
Debtors	9	6,097,583	5,329,782
Cash at bank and in hand		79,966	145,270
		6,193,347	5,490,837
Creditors: amounts falling due within one year	10	(2,311,810)	(2,042,868)
Net current assets		3,881,537	3,447,969
Total assets less current liabilities		5,856,759	4,019,068
Creditors: amounts falling due after one year	11	(1,592,068)	(394,303)
Provisions for liabilities and charges	13	(99,109)	(33,035)
Net assets		4,165,582	3,591,730
Capital and reserves			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account	15	3,165,582	2,591,730
Equity shareholders' funds	15	4,165,582	3,591,730

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

Approved by the Board and authorised for issue on 24th February 2012.

Harold Montgomery

H H Montgomery
Director

The notes on pages 8 to 15 form part of the financial statements.

Notes to the abbreviated financial statements

For the year ended 30 September 2011

1. Accounting policies

Accounting convention

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Foreign currency, assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at their initial purchase cost, net of depreciation and any provisions for impairment.

Depreciation of fixed assets is provided on a basis calculated to write off the cost of the assets over their estimated useful lives. The rates at present in use are as follows:

Motor vehicles	-	20%	Straight line
Lorries	-	20%	Straight line
Office Equipment	-	25%	Straight line
Trailers	-	12.5%	Straight line

The depreciation policy has been amended in the current year to ensure Montgomery Refrigerated Limited is consistent with the transport group as a whole.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Finance leases and hire purchase contracts

These are included in the balance sheet as fixed assets at cost less depreciation and the capital element of future rentals is treated as a liability. The interest element is charged to the profit and loss account over the period of the finance lease in proportion to the balance of capital repayments outstanding.

Assets held under hire purchase contracts are accounted for on a basis similar to that adopted for finance leases and are included in the balance sheet.

Operating lease rentals are charged to the profit and loss account is equal annual amounts over the lease term.

Notes to the abbreviated financial statements

For the year ended 30 September 2011

1. Accounting policies (continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- 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;

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension Costs

The company operates a defined contribution scheme for certain directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund and contributions are charged to the profit and loss account in the period to which they relate.

2. Operating profit

This is stated after charging:

	2011	*2010*
	£	*£*
Auditors' remuneration – audit services	4,000	4,000
Depreciation of owned assets	8,741	5,867
Depreciation of assets held on hire purchase and finance leases	131,136	34,361
Operating lease rentals – plant and machinery	672,866	740,957

3. Directors' emoluments

The directors received no remuneration from the company in both the current and prior years.

Notes to the abbreviated financial statements

For the year ended 30 September 2011

4. Staff costs

Employment costs for all employees, including executive directors:

	2011	*2010*
	£	*£*
Wages and salaries	482,939	374,363
Social security costs	43,985	30,879
Pension contributions	3,178	2,750
	530,102	407,992

The average number of persons (including executive directors) employed by the company during the year was:

	2011	*2010*
	No.	*No.*
Administration	3	3
Selling and distribution	19	14
	22	17

5. Interest payable and similar charges

	2011	*2010*
	£	*£*
Hire purchase interest and finance lease charges	69,974	12,931
	69,974	12,931

Notes to the abbreviated financial statements

For the year ended 30 September 2011

6. Taxation on profit on ordinary activities

(a) The tax charge is made up as follows:

	2011	*2010*
	£	£
Taxation on results for the year:		
UK Corporation tax	140,149	220,706
Deferred tax	66,074	21,171
	206,223	241,877
Taxation on results for prior years:		
UK Corporation tax	(682)	-
	205,541	241,877

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different than the average rate of corporation tax in the UK of 27% (2010 – 28%). The differences are reconciled below:

	2011	*2010*
	£	£
Profit on ordinary activities before tax	779,393	857,105
Profit on ordinary activities multiplied by the average rate of UK corporation tax of 27% (2010 – 28%)	210,415	239,989
Expenses not deductible for tax purposes	793	1,888
Capital allowances in excess of depreciation	(71,059)	(21,171)
	140,149	220,706

Notes to the abbreviated financial statements

For the year ended 30 September 2011

7. Tangible fixed assets

	Office Equipment	*Trailers & Lorries*	*Motor Vehicles*	*Total*
	£	*£*	*£*	*£*
Cost or valuation:				
At 30 September 2010	53,387	602,500	24,488	680,375
Additions	-	1,544,000	-	1,544,000
Disposals	-	-	-	-
At 30 September 2011	53,387	2,146,500	24,488	2,224,375
Depreciation:				
At 30 September 2010	33,861	60,980	14,435	109,276
Charge for year	6,582	127,625	5,670	139,877
Disposals	-	-	-	-
At 30 September 2011	40,443	188,605	20,105	249,153
Net book value:				
At 30 September 2011	12,944	1,957,895	4,383	1,975,222
At 30 September 2010	19,526	541,520	10,053	571,099

Included within the net book value is £1,962,278 (2010 - £510,574) relating to assets held under hire purchase contracts.

8. Stocks

Stocks consist of consumable stores. The replacement cost of stocks does not differ materially from the balance sheet amount.

9. Debtors

	2011	*2010*
	£	*£*
Trade debtors	2,596,130	1,843,188
Amounts owed by group undertakings	3,335,295	3,368,630
Prepayments and accrued income	95,252	117,964
Taxation and social security	70,906	-
	6,097,583	5,329,782

Notes to the abbreviated financial statements

For the year ended 30 September 2011

10. Creditors: amounts falling due within one year

	2011 £	*2010* £
Trade creditors	1,075,044	1,082,258
Amounts owed to group undertakings	96,901	119,589
Other creditors	77,319	75,467
Taxation and social security	-	11,345
Accruals and deferred income	615,224	432,374
Obligations under finance leases and hire purchase contracts (Note 12)	307,514	101,129
Corporation tax payable	139,808	220,706
	2,311,810	2,042,868

As security for the bank overdraft, the Northern Bank Limited hold fixed and floating charges over the company's assets. The company is joined in an unlimited intercompany cross guarantee with fellow subsidiaries of Ballyvesey Holdings Limited.

11. Creditors: amounts falling due after one year

	2011 £	*2010* £
Obligations under finance leases and hire purchase contracts (Note 12)	1,592,068	394,303

12. Obligations under leases and hire purchase contracts

The maturity of these amounts is as follows:

	2011 £	*2010* £
Amounts payable		
Within one year	307,514	101,129
In two to five years	1,592,068	394,303
	1,899,582	495,432

Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (Note 10)	307,514	101,129
Non-current obligations (Note 11)	1,592,068	394,303
	1,899,582	495,432

Notes to the abbreviated financial statements

For the year ended 30 September 2011

13. Provisions for liabilities and charges

The movement in deferred taxation during the current years are as follows:

	2011	*2010*
	£	*£*
At 30 September 2010	33,035	11,864
Increase in provision	66,074	21,171
At 30 September 2011	99,109	33,035

	2011	*2010*
	£	*£*
Deferred taxation comprises:		
Accelerated capital allowances	99,109	33,035

14. Called up share capital

		Authorised
	2011	*2010*
	£	*£*
Ordinary shares of £1 each	1,000,000	1,000,000

				Allotted, called up and fully paid
	2011	*2010*	*2011*	*2010*
	No.	*No.*	*£*	*£*
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000

15. Reconciliation of shareholders' funds and movement in reserves

	Share Capital	*Profit and loss account*	*Total*
	£	*£*	*£*
At 30 September 2009	1,000,000	1,976,502	2,976,502
Profit for year	-	615,228	615,228
At 30 September 2010	1,000,000	2,591,730	3,591,730
Profit for year	-	573,852	573,852
At 30 September 2011	1,000,000	3,165,582	4,165,582

Notes to the abbreviated financial statements

For the year ended 30 September 2011

16. Other financial commitments

At 30 September 2011, the company had annual commitments under non-cancellable operating leases as set out below:

	Other 2011 £	*Other 2010 £*
Expiring within one year	152,100	173,600
Expiring between two and five years inclusive	479,775	-
	631,875	173,600

17. Pension scheme

Contributions to the defined contribution Ballyvesey Group Personal Pension Scheme are charged as they become payable. The charge for the year was £3,178 (2010 - £2,750).

18. Cash flow statement

The company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary of a UK parent company which prepares a group cash flow statement.

19. Related party disclosures

Montgomery Refrigerated Limited is a 100% subsidiary of Montgomery Transport Limited. The company has taken advantage of the exemption given in FRS 8 'Related Party Disclosures'. This exemption permits non-disclosure of related party transactions where 90% or more of the voting rights of a subsidiary company are controlled within the group, provided that the consolidated financial statements in which the subsidiary is included are publicly available.

20. Ultimate parent company

The company's ultimate parent undertaking is Ballyvesey Holdings Limited, a company incorporated in the United Kingdom. It has included the company in its group financial statements, copies of which are available from its registered office: Carr Hill, Doncaster, DN4 8DE.