FORZA AW LIMITED

Reports and Financial Statements 30 December 2017

Registered Number: 05967526

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COMPANIES HOUSE

Registered Number: 05967526

Company Information

DIRECTORS

MS Smith – Hilliard J Fasey M Snell

SECRETARY

V Rehal

AUDITORS

Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds West Yorkshire LS11 5QR

REGISTERED OFFICE

Unit 1 Foxbridge Way Normanton Industrial Estate Normanton Wakefield West Yorkshire WF6 1TN

BANKERS

Barclays Bank PLC 10 Hall Place Spalding Lincolnshire PE11 1SR

STRATEGIC REPORT

The directors present their Strategic Report and financial statements for the 52 week period ("Period") ended 30 December 2017.

Principal activities

The principal activity of Forza AW Limited (referred to as "the Company") is a holding company of Forza Foods Limited.

Risks and uncertainties

Risk is an inevitable part of the business; the board review the principal risks, assess their likelihood and consequence, and develop and monitor appropriate controls. The board has overall responsibilities for risk management and ensures this is aligned with the business strategy and objectives. Key risks and mitigating actions are set out below:

Strategic risk

We continue to invest in new opportunities and areas of growth in order to diversify our offering. The board invests significant time in working with our parent company to formulate, review and communicate strategy effectively to those delivering it.

Financial risk

The principal financial risk is having the funds available at the right time to meet the business needs. This risk is managed by business forecasting, for performance outturn and cash flows to ensure that the adequate funds are in place to meet the liabilities to suppliers, and colleagues.

Regulatory and compliance risk

We recognise that the Company operates in an environment where we can be impacted by changes in Government policy. In response to this, we continue to risk assess all regulatory developments and test compliance with internal processes designed to mitigate risks, making improvements where required.

Fraud risk

We have a control framework in place to help prevent and detect potential fraud and dishonest activity. Our Statement of Ethics provides clear guidance to colleagues on appropriate behaviour, including guidance on how to raise any business conduct concerns they may have through an Open Door Communication Policy or through the local Ethics Committee. In addition, procedures are in place in respect of compliance with the UK Bribery Act and Foreign Corrupt Practises Act.

System risk

Detailed disaster recovery plans are in place in the event of an incident which could severely affect our ability to trade.

STRATEGIC REPORT (CONTINUED)

Environmental risk

We recognise that we have a responsibility to minimise the adverse impact that our business activities may have on the environment. Failure to do so may result not only in adverse environmental impacts, but also financial penalties and long term damage to our reputation.

In recent years we have implemented a number of initiatives and processes in recognition of our environmental responsibilities, and in collaboration with suppliers, help them to become more efficient with resources.

On behalf of the board:

J Fasey Director

DIRECTORS' REPORT

The directors present their report and financial statements for the 52 week period ended 30 December 2017.

Directors of the Company

The directors who served during the period are shown on page 1.

Results and dividends

The profit after taxation for the period was £18,000 (2016: loss £52,000). Ordinary dividends of £nil (2016:£nil) were received from group undertakings and £nil (2016:£nil) was paid out as dividends during the period.

Political and charitable contributions

During the year, cash donations to charitable organisations made by the Company totalled £nil (2016: £nil). The Company did not make any political donations during the year (2016: £nil).

Going concern & future outlook

The financial statements are prepared on the going concern basis as the immediate holding company (International Procurement & Logistics Limited) has agreed that it will continue to provide financial support to this company to enable it to meet its liabilities as they fall due.

Directors' liabilities

The Company has granted an indemnity to each of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' Report. The insurance is controlled and paid centrally by the ultimate parent company (Wal-Mart Stores, Inc).

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

J Fasey Director

DIRECTORS' RESPONSIBILITY STATEMENT

Director's responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 UK 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 assume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORZA AW LIMITED

Opinion

We have audited the financial statements of Forza AW Limited for the year ended 30 December 2017 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 12, including a summary of significant accounting policies. 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) including FRS 101 "Reduced Disclosure Framework". In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 December 2017 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORZA AW LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Victoria Venning (Senior Statutory Auditor) for and on behalf of Ernst & Young LLP

Erner & Young up

Statutory Auditor

Leeds

INCOME STATEMENT

for the period ended 30 December 2017

	Note	30 December 2017 £000	31 December 2016 £000
	Note	2000	2000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		18	(53)
Operating profit / (loss)		18	(53)
Finance Income	3	-	1
7 7 1 1 1 1 1 1			(52)
Profit / (loss) before taxation		18	(52)
Income tax paid	4	-	-
Profit / (loss) for the period		18	(52)

The profit for the period of £18,000 (2016 loss: £52,000) are all attributable to continuing operations.

There are no items of other comprehensive income in the year (2016: none)

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 December 2017

	Note	Share capital £000	Share Premium £000	Retained earnings £000	Total equity £000
Balance at 3 January 2016		103	951	10,589	11,643
Loss for the period	8	-	-	(52)	(52)
Balance at 31 December 2016	=	103	951	10,537	11,591
					·
		Share capital £000	Share Premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017		103	951	10,537	11,591
Profit for the period	8	-	-	18	18
Balance at 30 December 2017	-	103	951	10,555	11,609

BALANCE SHEET

as at 30 December 2017

	Note	30 December 2017 £000	31 December 2016 £000
Assets			
Non-current assets			
Investments	5	12,000	12,000
		12,000	12,000
Current assets			
Trade and other receivables	6	-	1
Cash and cash equivalents		33	84
	,	33	85
Total assets		12,033	12,085
Equity and liabilities			
Equity attributable to the owners of the parent	_		
Called up share capital	7	103	103
Share premium account	8 8	951	951
Retained earnings	ð	10,555	10,537
Total equity		11,609	11,591
Liabilities			
Current liabilities			
Trade and other payables	9	424	494
Total liabilities		424	494
Total equity and liabilities		12,033	12,085
·			

The financial statements were approved by the board of directors and signed on its behalf by:

J Fasey Director

NOTES TO THE ACCOUNTS

as at 30 December 2017

1. ACCOUNTING POLICIES

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Forza AW Limited (the "Company") for the period ended 30 December 2017 were authorised for issue by the board of directors on 15 June 2018 and the balance sheet was signed on behalf of the directors by J Fasey. The Company is incorporated and domiciled in England and Wales under the Companies Act 2006 (registration number 05967526).

These financial statements have been prepared accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with historical cost convention, the Companies Act 2006 and applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest one hundred thousand pounds (£000) except when otherwise indicated. The presentational currency is also the Company functional currency.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ASDA Group Limited. The results of the Company are included in the consolidated financial statements of ASDA Group Limited, which are available from ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD. These financial statements are therefore separate financial statements of the Company only.

The accounting policies below have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements.

Basis of preparation

The financial statements of the Company are made up to the nearest Friday to 31 December each year. The current financial year is the 52 weeks ended 30 December 2017 ('the period'). The comparative financial year is the 52 weeks ended 31 December 2016 ('the prior period').

The financial statements are prepared on the going concern basis as the Company has considerable financial resources and good long term prospects. As a consequence, the directors believe that the Company is well placed to manage any financial risks successfully and continue to operate for the foreseeable future.

The accounting policies which follow have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - Paragraph 79(a)(iv) of IAS 1;
 - Paragraph 73 of IAS 16 'Property, Plant and Equipment'; and
 - Paragraph 118 of IAS 38 'Intangible Assets'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- The requirement of IAS 7 'Statement of Cash Flows'
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';

NOTES TO THE ACCOUNTS

as at 30 December 2017

1. ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135-135 of IAS 36 'Impairment of Assets'.
- The requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures';

Where applicable, equivalent disclosures are included in the consolidated financial statements of ASDA Group Limited, in which the Company is consolidated.

Operating profit / (loss)

Operating profit / (loss) is stated before finance income and finance costs.

Finance income & costs

Interest payable and receivable comprises interest on funds borrowed or invested together with dividends received from subsidiary company. Interest income and payable is recognised as it accrues, at a constant rate on the carrying amount.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Trade and other receivables

Trade and other receivables are stated at their original invoiced value and reduced by appropriate allowances for estimated irrecoverable amounts. Impaired debts are derecognised when they are assessed as uncollectable. Intercompany receivables are non-interest bearing, unsecured, and are repayable on demand.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand.

Trade and other payables

Trade and other payables, are not interest bearing and are stated at their nominal value. Intercompany payables are non-interest bearing, unsecured and are repayable on demand.

NOTES TO THE ACCOUNTS

as at 30 December 2017

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Taxation comprises current tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

Judgements, estimates and assumptions

Management are required to make judgements, estimates and assumptions that affect the application of policies and reported assets and liabilities, income and expenses. Judgements, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. OPERATING PROFIT / (LOSS)

	30 December 2017	31 December 2016
·	£000	£000
Fees payable to the company's auditors for audit of the		2
company's annual accounts	-	

Costs of audit are borne by Forza Foods Limited, a subsidiary company.

The directors did not receive any remuneration for their qualifying services as statutory directors of the Company during the year. The directors provided qualifying services to other group companies and their remuneration is paid and disclosed in the financial statements of Forza Foods Limited and International Procurement & Logistics Limited (2016: £nil). Other than the directors, the Company does not have any employees (2016: nil).

3. FINANCE INCOME

	30 December 2017 £000	31 December 2016 £000
Interest on bank	-	1
	-	1

NOTES TO THE ACCOUNTS as at 30 December 2017

4. TAXATION

	30 December 2017	31 December 2016
	£000	£000
Profit / (loss) before tax	18	(52)
Tax using the UK corporation tax rate of 19.247% (2016: 20.0%) Effects of:	3	(10)
Non-deductible expenses	-	-
Dividends and distributions received	-	-
Group losses relieved	(3)	10
Tax charge for the year	-	-

On 18 November 2015 the Finance Act 2015 received Royal Assent and enacted reductions in the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020.

On 15 September 2016 the Finance Act 2016 received Royal Assent and enacted a further reduction in the main rate of corporation tax to 17% with effect from 1 April 2020. This supersedes the previously enacted rate change which would have reduced the corporation tax rate to 18% on this date.

There are no recognised or unrecognised deferred tax assets or liabilities.

5. INVESTMENTS

Subsidiary undertaking		30 December 2017 £000	31 December 2016 £000
Cost and net book value		12,000	12,000
	Place of incorporation	Principal activity	Proportion of ordinary shares held %
Forza Foods Limited	England & Wales	Supply of sliced cooked meats	100%

The registered address of Forza Foods Limited is Unit 1, Foxbridge Way, Normanton, West Yorkshire, WF6 1TN

NOTES TO THE ACCOUNTS as at 30 December 2017

6	TRADE	NDO	THER	RECEIV	ARLES

6.	TRADE AND OTHER RECEIVABLES			
			30 December	31 December
			2017	2016
			£000	£000
	Prepayments and accrued income		-	1
			-	1
				
7.	CALLED UP SHARE CAPITAL			
	Authorised, allotted, called up and fully paid At 31 December 2016 & 30 December 2017		No.	£000
	Ordinary shares of £1 each		103,000	103
8.	RESERVES	•		
		Share	Retained	m . 1
		premium £000	earnings £000	Total equity £000
	As at 3 January 2016	951	10,589	11,540
	Profit for the year	-	(52)	(52)
	As at 31 December 2016	951	10,537	11,488
		Share	Retained	
		premium	earnings	Total equity
		£000	£000	£000
	As at 1 January 2017	951	10,537	11,488
	Profit for the year	-	18	18
	As at 30 December 2017	951	10,555	11,506

The share premium account represents the additional amount shareholders paid for their issued shares in excess of the par value of those shares.

NOTES TO THE ACCOUNTS

as at 30 December 2017

9. TRADE AND OTHER PAYABLES

	30 December 2017	31 December 2016
	£000	£000
Trade payables	-	19
Amounts payable to subsidiary companies	375	414
Other taxation and social security costs	49	61
	424	494

10. OBLIGATIONS UNDER LEASES

Operating lease agreements where Company is lessee

The annual commitment under non-cancellable operating leases in respect of plant and machinery are as follows:

	30 December 2017	31 December 2016
	£000	£000
Within one year	10	18
Later than one year and no later than 5 years	-	10
	10	28

The Company leases various vehicles and equipment under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.

11. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, the Company has taken advantage of the exemption in paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries of the Broadstreet Great Wilson Europe Limited group.

12. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is International Procurement & Logistics Limited, a company incorporated in England and Wales.

The smallest group at which consolidated financial statements are prepared is ASDA Group Limited. Copies of these financial statements are available from the registered office, ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD.

In the directors' opinion, the ultimate parent undertaking and controlling party is Wal-Mart Stores, Inc. which is incorporated in the USA. Copies of its consolidated financial statements, which include this Company, can be obtained from the Company Secretary, Wal-Mart Stores, Inc., Corporate Offices, 702 SW 8th Street, Bentonville, AR72716, USA.