

Company Number: NI030432

McErlain's Bakery (Magherafelt) Limited

Abbreviated Financial Statements

for the period ended 30 October 2016



McErlain's Bakery (Magherafelt) Limited
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McErlain's Bakery (Magherafelt) Limited
DIRECTORS AND OTHER INFORMATION

Directors

Mr. Brian McErlain
Mr. Robert John F McErlain
Mr. Damian McErlain

Company Secretary

Mr. Damian McErlain

Company Number

NI030432

Registered Office and Business Address

31 Aghrim Road
Magherafelt
Co. Derry
BT45 6BB
Northern Ireland

Auditors

PKF-FPM Accountants Limited
Chartered Accountants and Statutory Auditors
1 - 3 Arthur Street
Belfast
BT1 4GA
Northern Ireland

McErlain's Bakery (Magherafelt) Limited

STRATEGIC REPORT

for the period ended 30 October 2016

Review of the Company's Business

The principal activity of the company is the manufacture and distribution of products within the bakery industry.

There has been no significant change in these activities during the period ended 30 October 2016.

Net bakery sales have increased by 2.5% to £16.1m in the period ended 30 October 2016 relative to net sales of £15.7m achieved in the period ended 25 October 2015.

The gross profit margin for the period was 40%.

This is the first set of financial statements prepared by McErlain's Bakery (Magherafelt) Limited in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The company transitioned from previously extant Irish and UK GAAP to FRS 102 as at 26 October 2014.

Principal Risks and Uncertainties

The company uses financial instruments throughout its business. The core risks associated with the company's financial instruments (i.e. its interest-bearing loans, cash, short-dated liquid investments and finance leases, on the operational level trade receivables and payables) are currency risk, interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for the prudent management of these risks as follows:

Currency risk - The company's main activities are conducted in the UK. Only a small proportion of the company's activities are in the Republic of Ireland which are conducted primarily in Euros. This results in low levels of currency transaction risk, variances affecting operational activities in this regard are reflected in the profit and loss account in the years in which they arise.

Finance and Interest rate risk - The company's objective in relation to interest rate management is to minimise the impact of interest rate volatility on interest costs in order to protect recorded profitability.

Liquidity and cash flow risk - The company's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities. The company's policy is to ensure that sufficient resources are available either from cash balances, cash flows and near cash liquid investments to ensure all obligations can be met when they fall due. To achieve this the company ensures that its liquid investments are in highly rated counterparties; when relevant it limits the maturity of cash balances and borrows the majority of its debt needs under term financing.

Credit risk - The company has no significant concentrations of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

Development and Performance

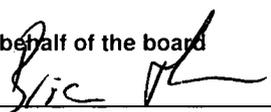
The company believe that performance will continue to improve as a result of ongoing research and development into new products, a strengthening of their senior management team and further embedding of their IT system to aid future navigation.

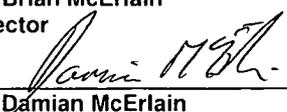
Financial Key Performance Indicators

The Directors anticipate that 2017 will increased turnover to £16.9m due to new contracts, new product lines with existing customers in addition to maximising their potential in specific target areas.

The Directors also anticipate that an increased gross profit margin to 38.9% will be achieved through a combination of better navigation information from their IT system, lean process improvements and stricter procurement procedures.

On behalf of the board


Mr. Brian McErlain
Director


Mr. Damian McErlain
Director

10 July 2017

McErlain's Bakery (Magherafelt) Limited
DIRECTORS' REPORT
for the period ended 30 October 2016

The directors present their report and the audited financial statements for the period ended 30 October 2016.

Principal Activity

The principal activity of the company is the manufacture and distribution of products within the bakery industry.

Results and Dividends

The profit for the period £480,113 (Oct 15 - £543,807).

The directors have paid an interim dividend amounting to £731,085 and they do not recommend payment of a final dividend.

Directors

The directors who served during the period are as follows:

Mr. Brian McErlain
Mr. Robert John F McErlain
Mr. Damian McErlain

Future Developments

The company plans to continue its present activities and current trading levels. Employees are kept as fully informed as practicable about developments within the business.

Post Balance Sheet Events

There are no events after the balance sheet date which require disclosure.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

McErlain's Bakery (Magherafelt) Limited
DIRECTORS' REPORT

for the period ended 30 October 2016

Auditors

The auditors, PKF-FPM Accountants Limited, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

Charitable Contributions

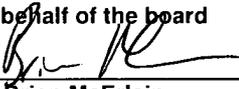
During the year the company has made the following contributions:

Charitable donations	£7,185
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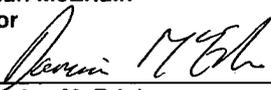
Special provisions relating to medium companies

The accounts are prepared in accordance with the special provisions in Section 445(3) of the Companies Act 2006 in regards to medium-sized companies.

On behalf of the board



Mr. Brian McErlain
Director



Mr. Damian McErlain
Director

10 July 2017

INDEPENDENT AUDITOR'S REPORT TO MCERLAIN'S BAKERY (MAGHERAFELT) LIMITED

under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages 8 to 20 together with the financial statements of the company for the period ended 30 October 2016 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

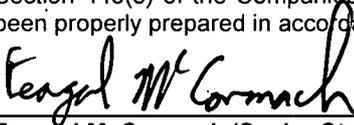
Respective responsibilities of directors and auditors

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 "The special auditor's report on abbreviated accounts in the United Kingdom" 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 on pages 8 to 20 have been properly prepared in accordance with the regulations made under that Section.



Feargal McCormack (Senior Statutory Auditor)

for and on behalf of

PKF-FPM ACCOUNTANTS LIMITED

Chartered Accountants and Statutory Auditors

1 - 3 Arthur Street

Belfast

BT1 4GA

Northern Ireland

10 July 2017

McErlain's Bakery (Magherafelt) Limited
PROFIT AND LOSS ACCOUNT
for the period ended 30 October 2016

	Notes	Oct 16 £	Oct 15 £
Turnover		16,176,028	15,771,225
Gross profit including other operating income		6,522,264	6,167,850
Distribution costs		(2,203,601)	(2,180,754)
Administrative expenses		(3,773,604)	(3,367,859)
Operating profit	6	545,059	619,237
Interest payable and similar charges	7	(60,728)	(61,032)
Profit on ordinary activities before taxation		484,331	558,205
Tax on profit on ordinary activities	9	(4,218)	(14,398)
Total Comprehensive Income		480,113	543,807

McErlain's Bakery (Magherafelt) Limited

Company Number: NI030432

BALANCE SHEET

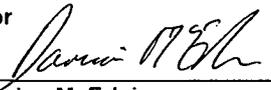
as at 30 October 2016

	Notes	Oct 16 £	Oct 15 £
Fixed Assets			
Tangible assets	12	<u>2,448,950</u>	<u>1,703,439</u>
Current Assets			
Stocks	13	1,375,659	1,030,353
Debtors	14	2,431,344	2,307,680
Cash and cash equivalents		488,339	854,884
		<u>4,295,342</u>	<u>4,192,917</u>
Creditors: Amounts falling due within one year	15	<u>(4,409,433)</u>	<u>(3,259,640)</u>
Net Current (Liabilities)/Assets		<u>(114,091)</u>	<u>933,277</u>
Total Assets less Current Liabilities		<u>2,334,859</u>	<u>2,636,716</u>
Creditors			
Amounts falling due after more than one year	16	(90,747)	(101,596)
Provision for Liabilities and Charges	18	(134,597)	(169,131)
Government grants	20	(57,330)	(62,832)
Net Assets		<u>2,052,185</u>	<u>2,303,157</u>
Capital and Reserves			
Called up share capital	21	410,900	410,900
Profit and Loss Account		1,641,285	1,892,257
Equity attributable to owners of the company		<u>2,052,185</u>	<u>2,303,157</u>

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

Approved by the Board and authorised for issue on 10 July 2017 and signed on its behalf by


Mr. Brian McErlain
Director


Mr. Damian McErlain
Director

McErlain's Bakery (Magherafelt) Limited
RECONCILIATION OF SHAREHOLDERS' FUNDS
as at 30 October 2016

	Share capital	Retained earnings	Total
	£	£	£
At 26 October 2014	410,900	1,805,846	2,216,746
Profit for the year	-	543,807	543,807
Payment of dividends	-	(457,396)	(457,396)
At 25 October 2015	410,900	1,892,257	2,303,157
Profit for the period	-	480,113	480,113
Payment of dividends	-	(731,085)	(731,085)
At 30 October 2016	410,900	1,641,285	2,052,185

McErlain's Bakery (Magherafelt) Limited**CASH FLOW STATEMENT**

for the period ended 30 October 2016

	Notes	Oct 16 £	Oct 15 £
Cash flows from operating activities			
Profit for the period		480,113	543,807
Adjustments for:			
Interest payable and similar charges		60,728	61,032
Tax on profit on ordinary activities		4,218	14,398
Depreciation		535,071	477,370
Profit/Loss on disposal of tangible fixed assets		15,360	13,463
Amortisation of government grants		(18,108)	(12,050)
		<u>1,077,382</u>	<u>1,098,020</u>
Movements in working capital:			
Movement in stocks		(345,306)	(156,103)
Movement in debtors		(150,184)	197,563
Movement in creditors		980,695	313,382
		<u>1,562,587</u>	<u>1,452,862</u>
Cash generated from operations		(19,190)	(20,692)
Interest paid		26,520	(58,927)
Tax paid			
		<u>1,569,917</u>	<u>1,373,243</u>
Cash flows from investing activities			
Interest element of finance lease rental payments		(41,538)	(40,340)
Payments to acquire tangible fixed assets		(1,204,852)	(607,402)
Receipts from sales of tangible fixed assets		600	5,300
		<u>(1,245,790)</u>	<u>(642,442)</u>
Cash flows from financing activities			
Capital element of hire purchase contracts		(131,728)	(133,877)
Government grants		12,606	24,900
Dividends paid		(731,085)	(457,396)
		<u>(850,207)</u>	<u>(566,373)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(526,080)</u>	<u>164,428</u>
Cash and cash equivalents at beginning of financial period		<u>854,884</u>	<u>690,456</u>
Cash and cash equivalents at end of financial period	26	<u><u>328,804</u></u>	<u><u>854,884</u></u>

McErlain's Bakery (Magherafelt) Limited

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the period ended 30 October 2016

1. GENERAL INFORMATION

McErlain's Bakery (Magherafelt) Limited is a company limited by shares incorporated in Northern Ireland. 31 Aughrim Road, Magherafelt, Co. Londonderry, BT45 6BB, Northern Ireland is the registered office, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 30th October 2016 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.. There have been no transitional adjustments made.

Basis of preparation

The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied net of returns, discounts and rebates allowed by the Company and value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Going concern

The directors believe that the company will continue to trade for the next twelve months, therefore it is appropriate to prepare accounts on the going concern basis.

Dividend Policy

Dividends to the Company's Ordinary Shareholders are recognised as a liability of the company when approved by the Company's Shareholders at the general meeting.

Financial Instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Critical accounting judgements and estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 2 for the useful economic lives for each class of assets.

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the period ended 30 October 2016

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Long Leasehold Property	-	4% Straight line
Plant and Machinery	-	7%-20% Straight line
Fixtures Fittings and equipment	-	5%-33% Straight line
Motor Vehicles	-	25% Straight line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount and recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Leasing and Hire Purchases

Tangible fixed assets held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Balance Sheet at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Profit and Loss Account.

Rentals payable under operating leases are dealt with in the Profit and Loss Account as incurred over the period of the rental agreement.

Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets including other intangible fixed assets when they were acquired. Purchased goodwill is capitalised in the Balance Sheet and amortised on a straight line basis over its economic useful life of 20 years, which is estimated to be the period during which benefits are expected to arise. On disposal of a business any goodwill not yet amortised is included in determining the profit or loss on sale of the business.

Stock

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS continued
for the period ended 30 October 2016

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined Contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the period and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Balance Sheet date.

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 tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Government grants

Capital grants received and receivable are treated as deferred income and amortised to the Profit and Loss Account annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Profit and Loss Account when received.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Profit and Loss Account.

Research and development

Development expenditure is written off to the Profit and Loss Account in the year in which it is incurred.

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the period ended 30 October 2016

3. ADOPTION OF FRS 102

This is the first set of financial statements prepared by McErlain's Bakery (Magherafelt) Limited in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The company transitioned from previously extant Irish and UK GAAP to FRS 102 as at 26 October 2014.

4. PERIOD OF FINANCIAL STATEMENTS

The financial statements are for the 12 month 5 days period ended 30 October 2016.

5. LIABILITY LIMITATION AGREEMENT

The directors, on behalf of the company have entered into a Limited Liability Agreement dated 1st June 2014 with their auditors. The auditors liability is limited to an amount which is considered fair and reasonable. This has been disclosed in line with company's legislation.

6. OPERATING PROFIT

	Oct 16	Oct 15
	£	£
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	-	6,322
Depreciation of tangible fixed assets	535,071	471,048
Loss on disposal of tangible fixed assets	15,360	13,463
Research and development		
- expenditure in current period	7,065	4,603
(Profit)/loss on foreign currencies	(50,663)	95,243
Auditor's remuneration		
- audit services	10,200	10,200
Government grants received	(18,911)	(31,685)
Amortisation of Government grants	(18,108)	(12,050)
	<u> </u>	<u> </u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Oct 16	Oct 15
	£	£
On bank loans and overdrafts	3,226	5,237
Finance lease charges and hire purchase interest	57,502	55,795
	<u> </u>	<u> </u>
	<u>60,728</u>	<u>61,032</u>

8. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed (including executive directors) during the period was as follows:

	Oct 16	Oct 15
	Number	Number
Production	149	154
Administration	25	25
Management	3	3
Selling & Distribution	40	44
	<u> </u>	<u> </u>
	<u>217</u>	<u>226</u>

The staff costs (inclusive of directors' salaries) comprise:

	Oct 16	Oct 15
	£	£
Wages and salaries	4,639,209	4,184,656
Social security costs	348,073	291,844
Pension costs	103,711	92,724
	<u> </u>	<u> </u>
	<u>5,090,993</u>	<u>4,569,224</u>

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued.

for the period ended 30 October 2016

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Oct 16 £	Oct 15 £
(a) Analysis of charge in the period		
Current tax:		
Corporation tax at 20.00% (Oct 15 - 20.00%)	38,752	23,254
Over provision in prior year	-	(49,774)
Total current tax	<u>38,752</u>	<u>(26,520)</u>
Deferred tax:		
Origination and reversal of timing differences	(34,534)	40,918
Total deferred tax (Note 18)	<u>(34,534)</u>	<u>40,918</u>
Tax on profit on ordinary activities (Note 9 (b))	<u>4,218</u>	<u>14,398</u>

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom 20.00% (Oct 15 - 20.00%) The differences are explained below:

	Oct 16 £	Oct 15 £
Profit on ordinary activities before tax	<u>484,331</u>	<u>558,205</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom at 20.00% (Oct 15 - 20.00%)	96,866	111,641
Effects of:		
Expenses not deductible for tax purposes	1,279	(1,481)
Depreciation in excess of capital allowances for period	2,203	(33,151)
Research and development relief	(61,596)	(53,755)
Deferred Tax	(34,534)	40,918
Adjustment to tax charge in respect of previous periods	-	(49,774)
Total tax charge for the period (Note 9 (a))	<u>4,218</u>	<u>14,398</u>

10. DIVIDENDS

	Oct 16 £	Oct 15 £
Dividends on equity shares:		
Interim paid	<u>731,085</u>	<u>457,396</u>

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

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for the period ended 30 October 2016

11. INTANGIBLE FIXED ASSETS

	Goodwill	Total
	£	£
Cost		
At 30 October 2016	252,500	252,500
Amortisation		
At 30 October 2016	252,500	252,500
Net book value		
At 30 October 2016	-	-

12. TANGIBLE FIXED ASSETS

	Long Leasehold Property	Plant and Machinery	Fixtures Fittings and equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 26 October 2015	248,622	3,589,314	1,561,807	15,450	5,415,193
Additions	186,367	716,146	394,029	-	1,296,542
Disposals	-	(16,945)	(40,642)	-	(57,587)
At 30 October 2016	434,989	4,288,515	1,915,194	15,450	6,654,148
Depreciation					
At 26 October 2015	21,833	2,800,166	888,145	1,610	3,711,754
Charge for the period	12,889	304,461	213,789	3,932	535,071
On disposals	-	(14,014)	(27,613)	-	(41,627)
At 30 October 2016	34,722	3,090,613	1,074,321	5,542	4,205,198
Net book value					
At 30 October 2016	400,267	1,197,902	840,873	9,908	2,448,950
At 25 October 2015	226,789	789,148	673,662	13,840	1,703,439

12.1. TANGIBLE FIXED ASSETS CONTINUED

Included above are assets held under finance leases or hire purchase contracts as follows:

	Oct 16 Net book value	Oct 15 Net book value
	£	£
Plant and Machinery	129,897	312,660

13. STOCKS

	Oct 16	Oct 15
	£	£
Raw materials, work-in-progress and finished goods	1,375,659	1,030,353

The replacement cost of stock did not differ significantly from the figures shown.

Stock is stated after impairments of £1,345 (2015: £nil).

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the period ended 30 October 2016

continued

14. DEBTORS	Oct 16 £	Oct 15 £
Trade debtors	1,922,464	1,915,808
Other debtors	120,419	80,859
Taxation (Note 17)	145,055	146,811
Prepayments and accrued income	243,406	164,202
	<u>2,431,344</u>	<u>2,307,680</u>

Trade debtors are stated after impairments of £nil (2015: £5,461).

15. CREDITORS Amounts falling due within one year	Oct 16 £	Oct 15 £
Bank overdrafts	159,535	-
Net obligations under finance leases and hire purchase contracts	102,539	131,728
Trade creditors	2,786,456	2,022,243
Taxation (Note 17)	133,205	74,665
Directors' current accounts	184,333	75,671
Other creditors	376,469	334,211
Accruals	666,896	621,122
	<u>4,409,433</u>	<u>3,259,640</u>

As at 30 October 2016, Danske Bank hold the following security:

- Floating Charge over Life Insurance and Assignment of Life Policy.

The company have also entered into forward exchange contracts to purchase euro at a specific rate on a future date.

16. CREDITORS Amounts falling due after more than one year	Oct 16 £	Oct 15 £
Finance leases and hire purchase contracts	<u>90,747</u>	<u>101,596</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	102,539	131,728
Repayable between one and five years	90,747	101,596
	<u>193,286</u>	<u>233,324</u>

Hire purchase contracts are due to be finished within financial year 2020.

McErlain's Bakery (Magherafelt) Limited

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the period ended 30 October 2016

17. TAXATION	Oct 16	Oct 15
	£	£
Debtors:		
VAT	145,055	120,291
Corporation tax	-	26,520
	<u>145,055</u>	<u>146,811</u>
Creditors:		
Corporation tax	38,752	-
PAYE / NI	94,453	74,665
	<u>133,205</u>	<u>74,665</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Total
	£	£
At 26 October 2015	169,131	169,131
Charged to profit and loss	(34,534)	(34,534)
	<u>134,597</u>	<u>134,597</u>
At 30 October 2016	<u>134,597</u>	<u>134,597</u>

19. PENSION COSTS - DEFINED CONTRIBUTION

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs amounted to £103,711 (Oct 15 - £92,724)

20. GOVERNMENT GRANTS DEFERRED	Oct 16	Oct 15
	£	£
Capital grants received and receivable		
At 26 October 2015	216,823	191,923
Increase in period	12,606	24,900
	<u>229,429</u>	<u>216,823</u>
At 30 October 2016	<u>229,429</u>	<u>216,823</u>
Amortisation		
At 26 October 2015	(153,991)	(141,941)
Amortised in period	(18,108)	(12,050)
	<u>(172,099)</u>	<u>(153,991)</u>
At 30 October 2016	<u>(172,099)</u>	<u>(153,991)</u>
Net book value		
At 30 October 2016	<u>57,330</u>	<u>62,832</u>
At 26 October 2015	<u>62,832</u>	<u>49,982</u>

McErlain's Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

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for the period ended 30 October 2016

21. SHARE CAPITAL			Oct 16	Oct 15
Description	Number of shares	Value of units	£	£
Allotted, called up and fully paid				
Ordinary A Shares	120,334	£1 each	120,334	120,334
Ordinary B Shares	58,700	£1 each	58,700	58,700
Ordinary C Shares	58,700	£1 each	58,700	58,700
Ordinary D Shares	58,700	£1 each	58,700	58,700
Ordinary E Shares	58,700	£1 each	58,700	58,700
Ordinary F Shares	28,764	£1 each	28,764	28,764
Ordinary G Shares	27,002	£1 each	27,002	27,002
			410,900	410,900

Each share having the rights and being subject to the restrictions set out in the articles of association of the company.

22. CAPITAL COMMITMENTS

The company has a capital commitment of €70,000 in relation to the Comas machine at the balance sheet date.

23. CONTINGENT LIABILITIES

The company has a contingent liability to repay Government Grants should certain conditions under which they were awarded cease to be met.

24. DIRECTORS' REMUNERATION AND TRANSACTIONS

	Oct 16	Oct 15
	£	£
Remuneration	20,933	20,100
Pension contributions	70,007	60,000
	90,940	80,100
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	3	3

25. POST-BALANCE SHEET EVENTS

There are no events after the balance sheet date which require disclosure.

26. CASH AND CASH EQUIVALENTS

	Oct 16	Oct 15
	£	£
Cash and bank balances	488,339	854,884
Bank overdrafts	(159,535)	-
	328,804	854,884