

REGISTERED NUMBER: 01238149 (England and Wales)

W C Rowe (Falmouth) Limited
Strategic Report, Report of the Directors and
Financial Statements for the Period 2 July 2017 to 30 June 2018



Haines Watts Exeter LLP, Statutory Auditors
3 Southernhay West
Exeter
Devon
EX1 1JG

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for the Period 2 July 2017 to 30 June 2018**

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W C Rowe (Falmouth) Limited
Company Information
for the Period 2 July 2017 to 30 June 2018

DIRECTORS:

K Lynch
M Matthews
P Pearce
D Lean

REGISTERED OFFICE:

Unit 1 Bickland Industrial Park
Falmouth
Cornwall
TR11 4TA

REGISTERED NUMBER:

01238149 (England and Wales)

AUDITORS:

Haines Watts Exeter LLP, Statutory Auditors
3 Southernhay West
Exeter
Devon
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**Strategic Report
for the Period 2 July 2017 to 30 June 2018**

The directors present their strategic report for the period 2 July 2017 to 30 June 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the production, wholesale and retail distribution of pasties, confectionery and related products.

The key financial highlights are as follows;

	30.06.2018	12 months re-stated 01.07.2017	31.12.2016	02.01.2016
	£	£	£	£
Turnover	20,135,181	19,175,795	18,400,754	17,377,066
Turnover growth	5.0%	4.2%	6.0%	(9.0%)
Gross profit margin	34.8%	36.6%	35.6%	35.7%
Profit / (Loss) before tax	67,647	(324,785)	(1,348,588)	(207,566)

The last accounts covered off a 6 month period ended 01/07/2017, but to provide a more meaningful full year comparison, last years key financial highlights have been re-stated to cover off the 12 months ending in June 2017.

2016 saw the launch of a continuous cost reduction strategy, the programme continued through 2018 resulting in further costs coming out of the business; particularly in eliminating non-value added activities. To support these initiatives we incurred one off re-structuring costs in the year, these are reporting as non-exceptional administration expenses.

The return on this investment will report through 2019 and beyond.

A radical overhaul of our retail estate resulted in a significant turnaround in top line performance during the last quarter of our financial year.

The combination of these initiatives has resulted in strong year on year profit growth in the first quarter of the new financial year.

Strategic Report
for the Period 2 July 2017 to 30 June 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors, loans to the company and hire purchase agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility. The company makes use of money market facilities where available.

In respect of loans, these comprise loans from financial institutions. The interest rate on the loans from financial institutions are both fixed and variable. Where the interest rate is variable, the monthly repayments are fixed. The company manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

The company is a lessee in respect of hire purchase assets. The liquidity risk of these is managed in the same way as that of the loans explained above.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning both the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

RESULTS AND DIVIDENDS

The directors have not recommended a final dividend as set out on page 5.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow free flow of information and ideas. Employees participate directly in the success of the business through the company's bonus schemes.

The company is also fully committed to a policy of equal opportunities for all disabled employees, and operates a policy of zero tolerance of discrimination in the work place.

Strategic Report
for the Period 2 July 2017 to 30 June 2018

KEY PERFORMANCE INDICATORS

The company focuses on margin as the prime performance indicator, primarily because the volatility of ingredient costs carries high sensitivity in our business. Therefore our sales team are incentivised for own brand and core product sales. The Board also always focus on :-

Labour efficiency ratio in all production sites

Daily wastage and stock (raw and finished) reconciliations

Daily recording and analysis of all complaints

Staff development

ON BEHALF OF THE BOARD:



.....
K Lynch - Director

Date: **31. 10 . 2018**
.....

**Report of the Directors
for the Period 2 July 2017 to 30 June 2018**

The directors present their report with the financial statements of the company for the period 2 July 2017 to 30 June 2018.

DIVIDENDS

An interim dividend of £135,000 was paid in the year.

FUTURE DEVELOPMENTS

We will continue to drive efficiencies in both production and the supply chain, further rationalisation of low margin product lines will drive out cost and enhance our gross margin performance.

Cash generation through operating activities will facilitate capital investment opportunities generating quick and achievable returns.

Our core principle of maintaining a high quality, local brand will continue to position us well in an increasingly competitive environment.

DIRECTORS

The directors shown below have held office during the whole of the period from 2 July 2017 to the date of this report.

K Lynch
M Matthews
P Pearce
D Lean

Other changes in directors holding office are as follows:

R J Blackburn - resigned 31 March 2018

FINANCIAL INSTRUMENTS

Price risk, credit risk, and cash flow risk

Due to the nature of the financial instruments used by the company there is no exposure to price risk. Trade debtors are managed in respect of credit and cash flow risk through policies regarding the credit offered to customers and the regular monitoring of amounts outstanding. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

**Report of the Directors
for the Period 2 July 2017 to 30 June 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts Exeter LLP, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
K Lynch - Director

Date: **31. 10. 2018**
.....

**Report of the Independent Auditors to the Members of
W C Rowe (Falmouth) Limited**

Opinion

We have audited the financial statements of W C Rowe (Falmouth) Limited (the 'company') for the period ended 30 June 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
W C Rowe (Falmouth) Limited**

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 the Report of the Directors.

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, 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 Statement of Directors' Responsibilities set out on page five, 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 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.

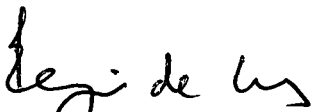
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Benjamin de Cruz (Senior Statutory Auditor)
for and on behalf of Haines Watts Exeter LLP, Statutory Auditors
3 Southernhay West
Exeter
Devon
EX1 1JG

Date: 2/11/18

W C Rowe (Falmouth) Limited (Registered number: 01238149)

**Income Statement
for the Period 2 July 2017 to 30 June 2018**

	Notes	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
TURNOVER		20,135,181	9,556,161
Cost of sales		(13,133,791)	(6,122,715)
GROSS PROFIT		7,001,390	3,433,446
Distribution costs		(663,246)	(368,527)
Administrative expenses		(6,235,654)	(3,011,688)
		102,490	53,231
Other operating income		40,000	20,000
OPERATING PROFIT	6	142,490	73,231
Interest payable and similar expenses	8	(74,843)	(32,154)
PROFIT BEFORE TAXATION		67,647	41,077
Tax on profit	9	(6,289)	35,770
PROFIT FOR THE FINANCIAL PERIOD		61,358	76,847

The notes form part of these financial statements

**Other Comprehensive Income
for the Period 2 July 2017 to 30 June 2018**

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Notes		
PROFIT FOR THE PERIOD	61,358	76,847
OTHER COMPREHENSIVE INCOME		
Revaluation reversal	-	177,598
Income tax relating to other comprehensive income	-	-
	<u> </u>	<u> </u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	-	177,598
	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>61,358</u>	<u>254,445</u>


The notes form part of these financial statements

W C Rowe (Falmouth) Limited (Registered number: 01238149)

**Balance Sheet
30 June 2018**

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	12	4,151	1,021
Tangible assets	13	4,403,570	4,547,227
Investments	14	50	50
		<u>4,407,771</u>	<u>4,548,298</u>
CURRENT ASSETS			
Stocks	15	963,807	826,567
Debtors	16	2,697,441	2,590,173
Cash at bank and in hand		275,312	348,901
		<u>3,936,560</u>	<u>3,765,641</u>
CREDITORS			
Amounts falling due within one year	17	(4,217,760)	(4,075,874)
NET CURRENT LIABILITIES		<u>(281,200)</u>	<u>(310,233)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,126,571	4,238,065
CREDITORS			
Amounts falling due after more than one year	18	(930,524)	(948,376)
PROVISIONS FOR LIABILITIES	22	-	(20,000)
NET ASSETS		<u>3,196,047</u>	<u>3,269,689</u>
CAPITAL AND RESERVES			
Called up share capital	23	40,000	40,000
Non - distributable reserve	24	135,713	135,713
Retained earnings	24	3,020,334	3,093,976
SHAREHOLDERS' FUNDS		<u>3,196,047</u>	<u>3,269,689</u>

The financial statements were approved by the Board of Directors on 31. 10. 2018 and were signed on its behalf by:


.....
K Lynch - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Period 2 July 2017 to 30 June 2018**

	Called up share capital £	Retained earnings £	Non - distributable reserve £	Total equity £
Balance at 1 January 2017	40,000	3,054,416	313,311	3,407,727
Prior year adjustment	-	(70,000)	-	(70,000)
As restated	<u>40,000</u>	<u>2,984,416</u>	<u>313,311</u>	<u>3,337,727</u>
Changes in equity				
Dividends	-	(144,885)	-	(144,885)
Total comprehensive income	-	254,445	(177,598)	76,847
Balance at 1 July 2017	<u>40,000</u>	<u>3,093,976</u>	<u>135,713</u>	<u>3,269,689</u>
Changes in equity				
Dividends	-	(135,000)	-	(135,000)
Total comprehensive income	-	61,358	-	61,358
Balance at 30 June 2018	<u>40,000</u>	<u>3,020,334</u>	<u>135,713</u>	<u>3,196,047</u>

Cash Flow Statement
for the Period 2 July 2017 to 30 June 2018

		Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	466,960	306,509
Interest paid		(74,843)	(32,154)
Tax paid		(20,330)	-
Net cash from operating activities		<u>371,787</u>	<u>274,355</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(4,300)	-
Purchase of tangible fixed assets		(373,402)	(46,126)
Sale of tangible fixed assets		57,000	244,000
Net cash from investing activities		<u>(320,702)</u>	<u>197,874</u>
Cash flows from financing activities			
New loans in year		-	960,000
Loan repayments in year		(108,485)	(506,739)
New HP in the year		136,343	-
Capital repayments in year		(17,532)	(4,814)
Equity dividends paid		(135,000)	(144,885)
Net cash from financing activities		<u>(124,674)</u>	<u>303,562</u>
(Decrease)/increase in cash and cash equivalents		<u>(73,589)</u>	<u>775,791</u>
Cash and cash equivalents at beginning of period	2	348,901	(426,890)
Cash and cash equivalents at end of period	2	<u><u>275,312</u></u>	<u><u>348,901</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Period 2 July 2017 to 30 June 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Profit before taxation	67,647	41,077
Depreciation charges	489,290	281,292
Profit on disposal of fixed assets	(29,230)	(9,000)
Decrease in provisions	(20,000)	-
Amortisation charges	1,169	153
Finance costs	74,843	32,154
	<u>583,719</u>	<u>345,676</u>
Increase in stocks	(137,240)	(49,025)
Increase in trade and other debtors	(107,268)	(490,213)
Increase in trade and other creditors	127,749	500,071
	<u>466,960</u>	<u>306,509</u>
Cash generated from operations	<u><u>466,960</u></u>	<u><u>306,509</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30 June 2018

	30.6.18 £	2.7.17 £
Cash and cash equivalents	<u>275,312</u>	<u>348,901</u>

Period ended 1 July 2017

	1.7.17 £	1.1.17 £
Cash and cash equivalents	348,901	5,273
Bank overdrafts	-	(432,163)
	<u>348,901</u>	<u>(426,890)</u>

**Notes to the Financial Statements
for the Period 2 July 2017 to 30 June 2018**

1. COMPANY INFORMATION

The company is a limited company incorporated in England and Wales.

The company's registered office is:

Unit 1
Bickland Industrial Park
Falmouth
Cornwall
TR11 4TA

The company's principal activity is that of the production, wholesale and retail distribution of bread, confectionery and related products.

2. STATUTORY INFORMATION

W C Rowe (Falmouth) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

Going concern

The financial statements have been prepared on the basis that the company will continue as a going concern for the foreseeable future.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line over 100 years, Straight line over 10 years and Straight line over 5 years
Short leasehold	- Straight line over the life of the lease, Straight line over 10 years and Straight line over 5 years
Plant and machinery	- Straight line over 10 years
Fixtures and fittings	- Straight line over 5-15 years
Motor vehicles	- Straight line over 4 years

Fixed assets are initially recorded at costs, with the exemption of freehold buildings which are subsequently held at a revalued amount.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

3. **ACCOUNTING POLICIES - continued**

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. an equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Invoice discounting

Trade debtors are subject to invoice discounting arrangements and are disclosed within the accounts at the gross value as an asset, and a corresponding liability in respect of the proceeds received from the discounting house is included as a liability within bank loans and overdrafts.

Finance charges relating to the invoice discounting arrangements are recognised as they arise and are included within the profit and loss account with other finance charges.

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The accounts contain significant judgements and estimates as follows:

Accruals, prepayments and deferred income all of which are based on information available at the time of the audit.

Depreciation which is based on the directors best estimate of the life of each asset class.

Stock pricing uses an average rate for labour and ingredients. This is based on payroll data and ingredient cost and usage estimates.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

4. EMPLOYEES AND DIRECTORS

	Period from 2 Jul 17 to 30 Jun 18 £	Period from 1 Jan 17 to 1 Jul 17 £
Wages and salaries	5,871,692	2,925,298
Social security costs	420,212	211,073
Other pension costs	77,005	37,473
	<u>6,368,909</u>	<u>3,173,844</u>

The average number of employees during the year was as follows:

	Period from 2 Jul 17 to 30 Jun 18	Period from 1 Jan 17 to 1 Jul 17
Production staff	164	160
Distribution staff	4	7
Retail staff	143	137
Administration staff	20	18
	<u>331</u>	<u>322</u>

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

5. DIRECTORS' EMOLUMENTS

The directors' aggregate remuneration in respect of qualifying services were:

	Period from 2 Jul 17 to 30 Jun 18 £	Period from 1 Jan 17 to 1 Jul 17 £
Remuneration receivable	464,196	259,930
Value of company pension contributions to money purchase schemes	11,700	4,467
	<u>475,896</u>	<u>264,397</u>

Remuneration of highest paid director:

	Period from 2 Jul 17 to 30 Jun 18 £	Period from 1 Jan 17 to 1 Jul 17 £
Total remuneration (excluding pension contributions)	152,132	60,142
Value of company pension contributions to money purchase schemes	2,550	1,200
	<u>154,682</u>	<u>61,342</u>

6. OPERATING PROFIT

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

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Depreciation - owned assets	489,290	280,348
Profit on disposal of fixed assets	(29,230)	(9,000)
Design and marketing amortisation	<u>1,170</u>	<u>152</u>

7. AUDITORS' REMUNERATION

During the year auditors fees were £10,000 (2017 - £8,000) for audit services, £2,000 (2017 - £2,000) for accounts and taxation services and £1,500 (2017 - £1,250) for other advice.

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Bank interest	72,562	31,846
HP and finance lease interest	2,281	308
	<u>74,843</u>	<u>32,154</u>

9. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the period was as follows:

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Current tax:		
UK corporation tax	5,312	19,353
(Over)/ under provision for CT in prior year	977	-
Total current tax	<u>6,289</u>	<u>19,353</u>
Deferred tax	-	(55,123)
Tax on profit	<u>6,289</u>	<u>(35,770)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Profit before tax	<u>67,647</u>	<u>41,077</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.497%)	12,853	8,009
Effects of:		
Expenses not deductible for tax purposes	-	8,450
Income not taxable for tax purposes	(5,554)	-
Depreciation in excess of capital allowances	25,384	20,199
Utilisation of tax losses	(27,371)	(33,932)
Adjustments to tax charge in respect of previous periods	977	-
Tax on chargeable gains	-	16,627
Deferred tax	-	(55,123)
Total tax charge/(credit)	<u>6,289</u>	<u>(35,770)</u>

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

There were no tax effects for the period ended 30 June 2018.

	Gross	1.1.17 to 1.7.17 Tax	Net
	£	£	£
Revaluation reversal	177,598	-	177,598

At the balance sheet date the company has unused tax losses of £1.9 million. A deferred tax asset has not been included in the accounts as it is uncertain that the tax losses will be recovered against future taxable profits.

10. DIVIDENDS

	Period 2.7.17 to 30.6.18 £	Period 1.1.17 to 1.7.17 £
Ordinary shares of £1 each		
Interim	135,000	144,885

11. OTHER COMPREHENSIVE INCOME

	Period from 2 Jul 17 to 30 Jun 18 £	Period from 1 Jan 17 to 1 Jul 17 £
Profit/(loss) on revaluation of property, and transfer from non - distributable reserve	-	177,598
	-	177,598

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

12. INTANGIBLE FIXED ASSETS

	Branding £
COST	
At 1 July 2017	11,791
Additions	4,300
At 30 June 2018	16,091
AMORTISATION	
At 1 July 2017	10,770
Amortisation for period	1,170
At 30 June 2018	11,940
NET BOOK VALUE	
At 1 July 2017	1,021
At 30 June 2018	4,151

The amounts capitalised in respect of the intangibles fixed asset represent the set-up costs of establishing a potentially stand alone shop brand within the current product portfolio.

13. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 2 July 2017	3,169,033	547,974	9,942,294
Additions	13,549	2,951	172,777
Disposals	-	-	(231,768)
At 30 June 2018	3,182,582	550,925	9,883,303
DEPRECIATION			
At 2 July 2017	151,400	415,395	8,956,485
Charge for period	40,377	37,491	317,879
Eliminated on disposal	-	-	(212,707)
At 30 June 2018	191,777	452,886	9,061,657
NET BOOK VALUE			
At 30 June 2018	2,990,805	98,039	821,646
At 1 July 2017	3,017,633	132,579	985,809

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

13. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 2 July 2017	1,198,424	103,143	14,960,868
Additions	51,401	132,724	373,402
Disposals	-	(30,588)	(262,356)
At 30 June 2018	1,249,825	205,279	15,071,914
DEPRECIATION			
At 2 July 2017	804,406	85,955	10,413,641
Charge for period	78,152	15,391	489,290
Eliminated on disposal	-	(21,880)	(234,587)
At 30 June 2018	882,558	79,466	10,668,344
NET BOOK VALUE			
At 30 June 2018	367,267	125,813	4,403,570
At 1 July 2017	394,018	17,188	4,547,227

The historic cost of revalued assets is £3,015,235.

The main bakery production land and buildings, bakehouse premises and shops were revalued in the financial statements for the year end 3 January 2015. The valuation was undertaken during May 2015 by Stratton Creber Commercial, Charter Surveyors, on an open market value basis. The valuations were made in accordance with the R.I.C.S recommended procedures. Stratton Creber Commercial are not connected to the company.

These assets have not been revalued in the financial statements for the current period end.

Included within the net book value of tangible fixed assets is £41,287 (2017 - £8,656) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £5,972 (2017 - £3,857).

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 2 July 2017 and 30 June 2018	50
NET BOOK VALUE	
At 30 June 2018	50
At 1 July 2017	50

On 16 March 2017, the company purchased the whole of the share capital of a newly incorporated company, Chablais Limited, a company registered in England. This company is dormant.

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

15. STOCKS

	2018 £	2017 £
Finished goods	549,650	424,531
Raw materials	492,088	402,036
	<u>1,041,738</u>	<u>826,567</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	1,959,897	1,848,968
Other debtors	75,803	69,741
VAT	66,896	67,891
Prepayments and accrued income	594,845	603,573
	<u>2,697,441</u>	<u>2,590,173</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank loans and overdrafts (see note 19)	1,584,847	1,612,482
Hire purchase contracts (see note 20)	32,043	3,863
Trade creditors	2,185,424	2,138,496
Tax	5,312	19,353
Social security and other taxes	203,777	112,496
Other creditors	82,935	70,283
Accruals and deferred income	123,422	118,901
	<u>4,217,760</u>	<u>4,075,874</u>

Included within bank loans and overdrafts is an invoice discounting facility of £1,437,778 (2017 - £1,465,413).

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Bank loans (see note 19)	839,891	948,376
Hire purchase contracts (see note 20)	90,633	-
	<u>930,524</u>	<u>948,376</u>

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

19. **LOANS**

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	-
Bank loans	147,069	147,069
Invoice discounting	1,437,778	1,465,413
	<u>1,584,847</u>	<u>1,612,482</u>
Amounts falling due between one and five years:		
Bank loans	<u>839,891</u>	<u>948,376</u>

The bank has a fixed and floating charge over all the property, assets, rights and revenues of the company.

20. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2018 £	2017 £
Net obligations repayable:		
Within one year	32,043	3,863
Between one and five years	90,633	-
	<u>122,676</u>	<u>3,863</u>
	Non-cancellable operating leases 2018 £	2017 £
Within one year	513,335	557,485
Between one and five years	1,680,215	1,807,546
In more than five years	506,945	830,207
	<u>2,700,495</u>	<u>3,195,238</u>

21. **SECURED DEBTS**

The following secured debts are included within creditors:

	2018 £	2017 £
Hire purchase contracts	122,676	3,863
Bank facilities	2,424,738	2,560,858
	<u>2,547,414</u>	<u>2,564,721</u>

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

22. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Other provisions	-	20,000
		Other provisions £
Balance at 2 July 2017		20,000
Utilised during period		(20,000)
Balance at 30 June 2018		-

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018 £	2017 £
40,000	Ordinary	£1	40,000	40,000

Particulars of shares are as follows:

- each ordinary share has full voting rights.
- each ordinary share has a right to a dividend.

24. RESERVES

	Retained earnings £	Non - distributable reserve £	Totals £
At 2 July 2017	3,093,976	135,713	3,229,689
Profit for the period	61,358		61,358
Dividends	(135,000)		(135,000)
At 30 June 2018	3,020,334	135,713	3,156,047

25. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the financial statements	-	46,000

Notes to the Financial Statements - continued
for the Period 2 July 2017 to 30 June 2018

26. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the periods ended 30 June 2018 and 1 July 2017:

	2018 £	2017 £
P Pearce		
Balance outstanding at start of period	221	221
Amounts repaid	(221)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>-</u>	<u>221</u>
K Lynch		
Balance outstanding at start of period	36,640	36,640
Amounts advanced	6,000	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>42,640</u>	<u>36,640</u>

No interest is charged on these balances.

27. **RELATED PARTY DISCLOSURES**

During the year £66,088 was paid to a company owned by key member of management to purchase director services, being the financial controller prior to his appointment as finance director.

28. **ULTIMATE CONTROLLING PARTY**

The controlling party in the year was Chasseron Limited, a company registered in England & Wales. The ultimate controlling party is Iberia Industry Capital Group SARL, a company registered in Luxembourg.