

Company Number: NI030432

Mc Erlains Bakery (Magherafelt) Limited
Abbreviated Financial Statements
for the year ended 31 October 2012



Mc Erlains Bakery (Magherafelt) Limited
CONTENTS

	Page
Directors and Other Information	3
Directors' Report	4 - 5
Statement of Directors' Responsibilities	6
Independent Auditor's Special Report	7
Profit and Loss Account	8
Balance Sheet	9
Cash Flow Statement	10
Accounting Policies	11 - 12
Notes to the Abbreviated Financial Statements	13 - 20

Mc Erlains 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 Aughrim Road
Magherafelt
Co. Londonderry
BT45 6BB

Auditors

FPM Accountants LLP
Chartered Accountants and Registered Auditors
Dromalane Mill
The Quays
Co. Down
BT35 8QS

Mc Erlains Bakery (Magherafelt) Limited
DIRECTORS' REPORT
for the year ended 31 October 2012

The directors present their report and the audited financial statements for the year ended 31 October 2012.

Principal Activity and Review of the 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 year ended 31 October 2012.

Gross Bakery sales have increased 31% to £28,570,281 in the year ended 31 October 2012 relative to gross sales of £21,762,928 achieved in the year ended 31 October 2011. Net Bakery sales have increased 19% to £11,674,770 in the year ended 31 October 2012 relative to net sales of £9,789,542 achieved in the year ended 31 October 2011. The gross profit margin for the period was 45%.

The directors anticipate that 2013 will generate greater turnover than 2012 due to new contracts and product lines with existing customers.

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.

Results and Dividends

The profit for the year £ 876,497 (2011 - £ 674,309).

The directors have paid a final dividend amounting to £ 400,000.

Directors

The directors who served during the year 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.

Mc Erlains Bakery (Magherafelt) Limited
DIRECTORS' REPORT
for the year ended 31 October 2012

Post Balance Sheet Events

On 12 December 2012, there was a reclassification of share classes and the issue of Ordinary A,B,C,D,E,F and G shares in proportion to the existing shareholdings.

Auditors

The auditors, FPM Accountants LLP, have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

Charitable Contributions

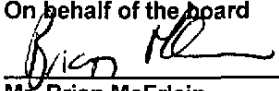
During the year the company has made the following contributions:

Charitable donations	£7,816
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Special provisions relating to medium companies

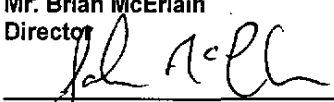
The accounts are prepared in accordance with the special provisions in Section 445(3) of the Companies Act 2006 in regards to medium-sized companies.

On behalf of the board



Mr. Brian McErlain

Director



Mr. Robert John F McErlain

Director

Date: 17 January 2013

Mc Erlains Bakery (Magherafelt) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 October 2012

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

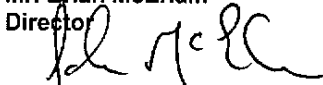
In so far as the directors are aware:

- 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.

On behalf of the board



Mr. Brian McErlain
Director



Mr. Robert John F McErlain
Director

Date: 17 January 2013

INDEPENDENT AUDITOR'S REPORT TO MC ERLAINS 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 year ended 31st October 2012 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 9 to 20 have been properly prepared in accordance with the regulations made under that Section.

Teresa Campbell

Teresa Campbell (Senior Statutory Auditor)

for and on behalf of

FPM ACCOUNTANTS LLP

Chartered Accountants and Registered Auditors

Dromalane Mill

The Quays

Co. Down

BT35 8QS

Date: 17 January 2013

Mc Erlains Bakery (Magherafelt) Limited**PROFIT AND LOSS ACCOUNT**

for the year ended 31 October 2012

	Notes	2012 £	2011 £
Turnover		<u>11,674,770</u>	<u>9,789,542</u>
Gross profit including other operating income		5,305,278	4,824,769
Distribution costs		(2,160,126)	(1,827,429)
Administrative expenses		<u>(2,417,447)</u>	<u>(2,002,500)</u>
Operating profit	2	727,705	994,840
Interest receivable and similar income	3	1,676	347
Interest payable and similar charges	4	<u>(35,577)</u>	<u>(39,695)</u>
Profit on ordinary activities before taxation		693,804	955,492
Tax on profit on ordinary activities	6	<u>182,693</u>	<u>(281,183)</u>
Profit for the year	19	<u>876,497</u>	<u>674,309</u>

The company has no recognised gains or losses other than the profit for the year. The results for the year have been calculated on the historical cost basis. The company's turnover and expenses all relate to continuing operations.

Mc Erlains Bakery (Magherafelt) Limited

Company Number: NI030432

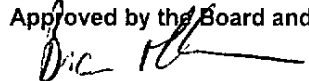
BALANCE SHEET

as at 31 October 2012

		2012	2011
	Notes	£	£
Fixed Assets			
Intangible assets	8	31,570	44,194
Tangible assets	9	870,756	1,302,600
		<u>902,326</u>	<u>1,346,794</u>
 Current Assets			
Stocks	10	631,395	416,592
Debtors	11	2,132,688	2,261,220
Cash at bank and in hand		566,306	105,037
		<u>3,330,389</u>	<u>2,782,849</u>
Creditors: Amounts falling due within one year	12	<u>(1,610,028)</u>	<u>(1,991,648)</u>
Net Current Assets		<u>1,720,361</u>	<u>791,201</u>
Total Assets less Current Liabilities		<u>2,622,687</u>	<u>2,137,995</u>
 Creditors			
Amounts falling due after more than one year	13	(334,650)	(460,177)
Provision for Liabilities and Charges	15	(63,221)	(121,101)
Government grants	17	(72,317)	(35,463)
Net Assets		<u>2,152,499</u>	<u>1,521,254</u>
 Capital and Reserves			
Called up share capital	18	410,900	410,900
Revaluation reserve	19	-	(154,748)
Profit and loss account	19	1,741,599	1,265,102
Shareholders' Funds	20	<u>2,152,499</u>	<u>1,521,254</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 17 January 2013 and signed on its behalf by



Mr. Brian McErlain

Director



Mr. Robert John F McErlain

Director

Mc Erlains Bakery (Magherafelt) Limited**CASH FLOW STATEMENT**

for the year ended 31 October 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	24	1,088,816	710,722
Returns on investments and servicing of finance	24	(33,901)	(39,348)
Taxation	24	(212,334)	(161,869)
Capital expenditure and Government grants	24	473,478	(223,110)
		<u>1,316,059</u>	<u>286,395</u>
Equity dividends paid		(400,000)	(250,000)
		<u>916,059</u>	<u>36,395</u>
Financing	24	(153,917)	(10,602)
		<u>762,142</u>	<u>25,793</u>
Movement in cash in the year		762,142	25,793
Reconciliation of net cash flow to movement in net funds (Note 24)			
Movement in cash in the year		762,142	25,793
Cash outflow from decrease in debts and lease financing		153,917	10,602
		<u>917,059</u>	<u>36,395</u>
Change in net funds resulting from cash flows		(138,417)	(53,667)
New finance leases			
		<u>777,642</u>	<u>(17,272)</u>
Movement in net funds in the year		777,642	(17,272)
Net debt at 1 November 2011		(601,936)	(584,664)
		<u>175,706</u>	<u>(601,936)</u>
Net funds at 31 October 2012		175,706	(601,936)

Mc Erlains Bakery (Magherafelt) Limited

ACCOUNTING POLICIES

for the year ended 31 October 2012

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and the financial reporting standards. 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

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

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.

Revaluation

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent expenditure to revaluation relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to revaluation reserves in shareholders equity. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from 'revaluation reserves' to 'retained earnings'.

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:

Land and buildings Freehold	-	4% Straight line
Long leasehold property	-	4% Straight line
Plant and Machinery	-	7%-20% Straight line
Fixtures Fittings and equipment	-	5%-33% Straight line
Motor Vehicles	-	14% - 25% Straight line

Leasing

Tangible fixed assets held under leasing 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 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.

Stocks

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.

Mc Erlains Bakery (Magherafelt) Limited

ACCOUNTING POLICIES

for the year ended 31 October 2012

Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year 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. Transactions, during the year, which are denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. The resulting exchange differences are dealt with in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Annual contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Mc Erlains Bakery (Magherafelt) Limited

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 October 2012

1. LIABILITY LIMITATION AGREEMENT

The directors, on behalf of the company, have entered into a Limited Liability Agreement dated 6 December 2011 with their auditors. This has been disclosed in line with company's legislation.

2.	OPERATING PROFIT	2012 £	2011 £
	Operating profit is stated after charging/(crediting):		
	Amortisation of intangible assets	12,624	12,624
	Depreciation of tangible assets	193,095	183,558
	Loss on disposal of tangible fixed assets	106,507	31,013
	Loss/(profit) on foreign currencies	14,294	(107,733)
	Operating lease rentals		
	- Motor vehicles	105,374	62,135
	Auditor's remuneration		
	- audit services	9,750	9,000
	Government grants received	(29,326)	(64,009)
	Amortisation of Government grants	(11,218)	(4,197)

3.	INTEREST RECEIVABLE AND SIMILAR INCOME	2012 £	2011 £
	Bank interest	1,676	160
	Other interest	-	187
		<u>1,676</u>	<u>347</u>

4.	INTEREST PAYABLE AND SIMILAR CHARGES	2012 £	2011 £
	On bank loans and overdrafts	4,753	7,573
	Finance lease charges and hire purchase interest	30,824	32,122
		<u>35,577</u>	<u>39,695</u>

5. EMPLOYEES AND REMUNERATION

Number of employees

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

	2012 Number	2011 Number
Production	104	85
Administration	23	21
Management	3	3
Selling & Distribution	40	32
	<u>170</u>	<u>141</u>

	2012 £	2011 £
The staff costs (inclusive of directors' salaries) comprise:		
Wages and salaries	3,139,883	2,582,689
Social security costs	250,043	227,949
Pension costs	188,103	225,023
	<u>3,578,029</u>	<u>3,035,661</u>

Mc Erlains Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the year ended 31 October 2012

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £	2011 £
(a) Analysis of charge in the year		
Current tax:		
Corporation tax at 20.00% (2011 - 26.15%)	20,124	275,191
Over provision in prior year	(144,937)	(13,332)
Total current tax (Note 6 (b))	(124,813)	261,859
Deferred tax:		
Origination and reversal of timing differences	(57,880)	19,324
Total deferred tax (note 15)	(57,880)	19,324
Tax on profit on ordinary activities	(182,693)	281,183

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom (20.00%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	693,804	955,492
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom at 20.00% (2011 - 26.15%)	138,761	249,861
Effects of:		
Expenses not deductible for tax purposes	6,894	15,456
Capital allowances for period in excess of depreciation	(7,400)	9,874
Research and development relief	(118,131)	-
Adjustment to tax charge in respect of previous periods	(144,937)	(13,332)
Current tax charge for the year (note 6 (a))	(124,813)	261,859

No charge to tax arises due to tax losses incurred.

7. DIVIDENDS

	2012 £	2011 £
Dividends on equity shares:		
Ordinary Shares - Final paid	400,000	250,000

Mc Erlains Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the year ended 31 October 2012

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 31 October 2012	252,500	252,500
Amortisation		
At 1 November 2011	208,306	208,306
Charge for year	12,624	12,624
At 31 October 2012	220,930	220,930
Net book value		
At 31 October 2012	31,570	31,570
At 31 October 2011	44,194	44,194

9. TANGIBLE FIXED ASSETS

	Land and buildings Freehold £	Long leasehold property £	Plant and Machinery £	Fixtures Fittings and equipment £	Total £
Cost					
At 1 November 2011	1,665,426	-	2,508,521	703,813	4,877,760
Additions	37,520	101,083	398,606	75,801	613,010
Disposals	(1,702,946)	-	-	-	(1,702,946)
At 31 October 2012	-	101,083	2,907,127	779,614	3,787,824
Depreciation					
At 1 November 2011	832,255	-	2,069,594	673,311	3,575,160
Charge for the year	18,932	-	154,254	19,909	193,095
On disposals	(851,187)	-	-	-	(851,187)
At 31 October 2012	-	-	2,223,848	693,220	2,917,068
Net book value					
At 31 October 2012	-	101,083	683,279	86,394	870,756
At 31 October 2011	833,171	-	438,927	30,502	1,302,600

On 24 January 2012, the company sold the land and buildings to an Exempt Property Unit Trust (EPUT), which is owned by the shareholders of the company (in the same proportion as their shareholdings in the company).

9.1. TANGIBLE FIXED ASSETS CONTINUED

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

	2012 Net book value £	Depreciation charge £	2011 Net book value £	Depreciation charge £
Plant and Machinery	191,179	33,192	72,920	9,360
Motor Vehicles	-	-	-	11,438
	191,179	33,192	72,920	20,798

Mc Erlains Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the year ended 31 October 2012

10. STOCKS	2012	2011
	£	£
Finished goods and goods for resale	<u>631,395</u>	<u>416,592</u>
11. DEBTORS	2012	2011
	£	£
Trade debtors	1,578,470	1,885,778
Other debtors	68,374	61,702
Taxation and social security costs (Note 14)	327,180	186,794
Prepayments and accrued income	158,664	126,946
	<u>2,132,688</u>	<u>2,261,220</u>
12. CREDITORS	2012	2011
Amounts falling due within one year	£	£
Bank overdrafts	-	151,432
Bank loan	3,200	81,364
Net obligations under finance leases and hire purchase contracts	52,750	14,000
Trade creditors	1,080,926	849,424
Taxation and social security costs (Note 14)	67,300	334,830
Directors' current accounts (Note 22)	134,381	88,581
Other creditors	112,020	80,293
Accruals and deferred income	159,451	391,724
	<u>1,610,028</u>	<u>1,991,648</u>
As at 31 October 2012, Northern Bank hold the following security:		
- Floating Charge;		
- Fixed Charge over Book Debts from the business; and		
- Assignment of Keyman Insurance on Mr Brian McErlain in the amount of £500,000.		
13. CREDITORS	2012	2011
Amounts falling due after more than one year	£	£
Bank loan	-	258,550
Other creditors	196,233	147,960
Finance leases and hire purchase contracts	138,417	53,667
	<u>334,650</u>	<u>460,177</u>
Repayable in one year or less, or on demand (Note 12)	3,200	232,796
Repayable between one and two years	196,233	406,510
	<u>199,433</u>	<u>639,306</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	52,750	14,000
Repayable between one and five years	138,417	53,667
	<u>191,167</u>	<u>67,667</u>

Mc Erlains Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the year ended 31 October 2012

14. TAXATION AND SOCIAL SECURITY	2012 £	2011 £
Debtors:		
VAT	265,223	186,794
Corporation tax	61,957	-
	<u>327,180</u>	<u>186,794</u>
Creditors:		
Corporation tax	-	275,191
PAYE / NI	67,300	59,639
	<u>67,300</u>	<u>334,830</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are analysed below:

	Capital allowances £	Total £
At 1 November 2011	121,101	121,101
Charged to profit and loss	(57,880)	(57,880)
At 31 October 2012	<u>63,221</u>	<u>63,221</u>

16. 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 £188,103 (2011 - £225,023)

17. GOVERNMENT GRANTS DEFERRED	2012 £	2011 £
Capital grants received and receivable		
At 1 November 2011	143,752	128,057
Increase in year	48,071	15,695
At 31 October 2012	<u>191,823</u>	<u>143,752</u>
Amortisation		
At 1 November 2011	(108,289)	(104,092)
Amortised in year	(11,217)	(4,197)
At 31 October 2012	<u>(119,506)</u>	<u>(108,289)</u>
Net book value		
At 31 October 2012	<u>72,317</u>	<u>35,463</u>
At 1 November 2011	<u>35,463</u>	<u>23,965</u>

18. SHARE CAPITAL	2012 £	2011 £
Description	No of shares	Value of units
Allotted, called up and fully paid		
Ordinary Shares	410,900	£1 each
	<u>410,900</u>	<u>410,900</u>

Mc Erlains Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

continued

for the year ended 31 October 2012

The directors' interests in the shares of the company are as follows:-

Name	Class of Shares	Number Held At	
		31/10/12	01/11/11
Mr. Brian McErlain	Ordinary Shares	120,334	120,334
Mr. Robert John F McErlain	Ordinary Shares	58,700	58,700
Mr. Damian McErlain	Ordinary Shares	28,764	28,764
		<u>207,798</u>	<u>207,798</u>

19. RESERVES

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 November 2011	(154,748)	1,265,102	1,110,354
Transfer of realised profit	154,748	-	154,748
Profit for the year	-	876,497	876,497
Equity dividends	-	(400,000)	(400,000)
At 31 October 2012	<u>-</u>	<u>1,741,599</u>	<u>1,741,599</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the year	876,497	674,309
Equity dividends	(400,000)	(250,000)
	<u>476,497</u>	<u>424,309</u>
Other recognised gains or losses	154,748	-
Net addition to shareholders' funds	631,245	424,309
Opening shareholders' funds	1,521,254	1,096,945
Closing shareholders' funds	<u>2,152,499</u>	<u>1,521,254</u>

21. CONTINGENT LIABILITIES

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

22. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2012 £	2011 £
Remuneration	234,000	256,000
Pension contributions	159,450	199,496
	<u>393,450</u>	<u>455,496</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>3</u>	<u>3</u>
	£	£
Highest Paid Director Amounts included above: Emoluments and other benefits	<u>143,516</u>	<u>121,909</u>

Mc Erlains Bakery (Magherafelt) Limited
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 October 2012

continued

23. POST-BALANCE SHEET EVENTS

On 12 December 2012, there was a reclassification of share classes and the issue of Ordinary A,B,C,D,E,F and G shares in proportion to the existing shareholdings.

24. CASH FLOW STATEMENT

24.1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2012 £	2011 £
Operating profit	727,705	994,840
Depreciation	205,719	196,182
Profit/Loss on disposal	106,507	31,013
Movement in stocks	(214,803)	(183,760)
Movement in debtors	190,489	(754,762)
Movement in creditors	84,417	431,406
Amortisation of government grants	(11,218)	(4,197)
Net cash inflow from operating activities	1,088,816	710,722
24.2 CASH FLOW STATEMENT	2012 £	2011 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,676	347
Interest paid	(8,869)	(13,899)
Interest element of finance lease rental payments	(26,708)	(25,796)
	(33,901)	(39,348)
TAXATION		
Corporation tax paid	(275,191)	(175,201)
Corporation tax repaid	62,857	13,332
	(212,334)	(161,869)
CAPITAL EXPENDITURE AND GOVERNMENT GRANTS		
Payments to acquire tangible assets	(474,593)	(280,005)
Receipts from sales of tangible assets	900,000	41,200
Government grants	48,071	15,695
	473,478	(223,110)
FINANCING		
New long term loan	197,714	173,120
Repayment of short term loan	(336,714)	(146,940)
Capital element of hire purchase contracts	(14,917)	(36,782)
	(153,917)	(10,602)

Mc Erlains Bakery (Magherafelt) Limited

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 October 2012

continued

24.3 ANALYSIS OF CHANGES IN NET FUNDS

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	105,037	461,269	-	566,306
Overdrafts	(151,432)	151,432	-	-
	(46,395)	612,701	-	566,306
Debt due within one year	(81,364)	336,714	(258,550)	(3,200)
Debt due after one year	(406,510)	(197,714)	407,991	(196,233)
Finance leases	(67,667)	14,917	(138,417)	(191,167)
	(555,541)	153,917	11,024	(390,600)
Net funds	(601,936)	766,618	11,024	175,706