
PERCY INGLE BAKERIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

TUESDAY



A20 *A821WGFN*
26/03/2019 #143
COMPANIES HOUSE

PERCY INGLE BAKERIES LIMITED

COMPANY INFORMATION

Directors	J Darby Esq P D Ingle Esq M Ingle Esq
Company secretary	M Ingle Esq
Registered number	00584236
Registered office	210 Church Road London E10 7JQ
Independent auditor	Barnes Roffe LLP Chartered Accountants Statutory Auditor Leytonstone House Leytonstone London E11 1GA

PERCY INGLE BAKERIES LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditor's Report	4 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 24
 The following pages do not form part of the statutory financial statements:	
Detailed Profit and Loss Account and Summaries	25 - 28

PERCY INGLE BAKERIES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Introduction

The directors are satisfied with the results for the year.

Business review

The operating loss of £228,061 (2017 - £445,978) reflects the continued challenging trading environment for the business.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are as follows:

Financial

- Maintain and develop customer footfall - this is managed by regular assessments of customer trends, product development and competitive product pricing;

Operational

- Product quality (including food safety) - this is managed by internal and external audits to ensure food safety is maintained.

Financial key performance indicators

The directors actively review the monthly management accounts, forecasts, shop turnover and cash levels as key indicators to monitor the performance of the company.

Other key performance indicators

The directors actively review and monitor the results produced by the EPOS software.

This report was approved by the board on 21 March 2019 and signed on its behalf.

M Ingle Esq
Secretary



PERCY INGLE BAKERIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 '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 for the Company's financial statements and then apply them consistently;
- make judgments 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 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.

Results and dividends

The loss for the year, after taxation, amounted to £164,823 (2017 - loss £439,107).

The directors do not recommend the payment of a final dividend at the year end.

Directors

The directors who served during the year were:

D P Ingle Esq (resigned 13 March 2019)
J Darby Esq
P D Ingle Esq
M Ingle Esq

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth and sustainability in recent years.

PERCY INGLE BAKERIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events


There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 March 2019 and signed on its behalf.

M Ingle Esq
Secretary



PERCY INGLE BAKERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PERCY INGLE BAKERIES LIMITED

Opinion

We have audited the financial statements of Percy Ingle Bakeries Limited (the 'Company') for the year ended 30 June 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

PERCY INGLE BAKERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PERCY INGLE BAKERIES LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

PERCY INGLE BAKERIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PERCY INGLE BAKERIES LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Stuart Moon

Stuart Moon (Senior Statutory Auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditor

Leytonstone House

Leytonstone

London

E11 1GA

Date:

21 March 2018

PERCY INGLE BAKERIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £	2017 £
Turnover	4	13,077,883	12,561,355
Cost of sales		(5,193,002)	(4,915,666)
Gross profit		7,884,881	7,645,689
Distribution costs		(4,340,183)	(4,210,555)
Administrative expenses		(4,133,800)	(4,302,681)
Other operating income	5	281,989	309,319
Fair value movements		79,052	112,250
Operating loss	6	(228,061)	(445,978)
Interest payable and similar charges	9	(3,248)	(7,594)
Loss before tax		(231,309)	(453,572)
Tax on loss	10	66,486	14,465
Loss for the financial year		(164,823)	(439,107)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 10 to 24 form part of these financial statements.

PERCY INGLE BAKERIES LIMITED
REGISTERED NUMBER: 00584236

BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	4,969,089	5,192,943
Investment property	12	3,148,302	3,069,250
		<u>8,117,391</u>	<u>8,262,193</u>
Current assets			
Stocks	13	64,634	64,378
Debtors: amounts falling due within one year	14	522,312	344,906
Cash at bank and in hand	15	-	5,696
		<u>586,946</u>	<u>414,980</u>
Creditors: amounts falling due within one year	16	(1,145,110)	(1,093,665)
Net current liabilities		<u>(558,164)</u>	<u>(678,685)</u>
Total assets less current liabilities		<u>7,559,227</u>	<u>7,583,508</u>
Creditors: amounts falling due after more than one year	17	(6,323,823)	(6,116,795)
Provisions for liabilities			
Deferred tax	19	(644,767)	(711,253)
		<u>(644,767)</u>	<u>(711,253)</u>
Net assets		<u>590,637</u>	<u>755,460</u>
Capital and reserves			
Called up share capital	20	5,682	5,682
Share premium account	21	15,618	15,618
Revaluation reserve	21	865,549	865,549
Investment property reserve	21	191,302	112,250
Profit and loss account	21	(487,514)	(243,639)
		<u>590,637</u>	<u>755,460</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

P D Ingle Esq
 Director

J Darby Esq
 Director

The notes on pages 10 to 24 form part of these financial statements.

PERCY INGLE BAKERIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Share premium account	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2017	5,682	15,618	865,549	112,250	(243,639)	755,460
Comprehensive income for the year						
Loss for the year	-	-	-	-	(164,823)	(164,823)
Total comprehensive income for the year	-	-	-	-	(164,823)	(164,823)
Transfer to/from profit and loss account	-	-	-	-	(79,052)	(79,052)
Transfer between other reserves	-	-	-	79,052	-	79,052
At 30 June 2018	5,682	15,618	865,549	191,302	(487,514)	590,637

The notes on pages 10 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Share premium account	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2016	5,682	15,618	865,549	-	307,718	1,194,567
Comprehensive income for the year						
Loss for the year	-	-	-	-	(439,107)	(439,107)
Total comprehensive income for the year	-	-	-	-	(439,107)	(439,107)
Transfer to/from profit and loss account	-	-	-	-	(112,250)	(112,250)
Transfer between other reserves	-	-	-	112,250	-	112,250
At 30 June 2017	5,682	15,618	865,549	112,250	(243,639)	755,460

The notes on pages 10 to 24 form part of these financial statements.

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

Percy Ingle Bakeries Limited (the "Company") is a company limited by shares, incorporated in England and Wales on 20 May 1957, registration number 00584236. The business address is 210 Church Road, London, E10 7JQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Percy Ingle Holdings Limited as at 30 June 2018 and these financial statements may be obtained from Companies House.

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

Rental income is recognised on a monthly basis in advance of the services provided. Revenue is recognised in the accounting period in which the services are rendered.

2.4 Operating leases: the Company as lessor

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following annual bases:

Freehold property	- 2% straight line
Long-term leasehold property	- over the term of the lease
Plant and machinery	- 5% - 33.3% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 4% - 33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

PERCY INGLE BAKERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

a) Critical judgments in applying the entity's accounting policies

No significant judgments have had to be made by management in preparing these financial statements.

b) Critical accounting estimates and assumptions

i) Valuation of investment properties

The investment properties are valued on an annual basis on an open market value by the directors. The directors have used their knowledge and experience of the property market in which the Company operates, recent market transactions, current rental yields and valuations performed by financial institutions on borrowings taken out by connected entities which are secured on investment properties held by the Company.

ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in 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 the technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 2.9 for useful economic lives for each class of assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018	2017
	£	£
Retail	12,851,128	12,338,626
Wholesale	226,755	222,729
	<u>13,077,883</u>	<u>12,561,355</u>

All turnover arose within the United Kingdom.

The whole of the turnover is attributable to the one principal activity of the company being that of producing and retailing bakery and confectionery goods.

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5. Other operating income

	2018 £	2017 £
Rent receivable	179,989	207,150
Service charge receivable	102,000	102,169
	<u>281,989</u>	<u>309,319</u>

6. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	418,118	571,582
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,000	17,000
Other operating lease rentals	<u>685,367</u>	<u>686,852</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>17,000</u>	<u>17,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Directors	<u>4</u>	<u>4</u>

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

9. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	3,248	7,594
	<u>3,248</u>	<u>7,594</u>

10. Taxation

	2018 £	2017 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(66,486)	(14,465)
Total deferred tax	<u>(66,486)</u>	<u>(14,465)</u>
Taxation on loss on ordinary activities	<u>(66,486)</u>	<u>(14,465)</u>

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(231,309)</u>	<u>(453,572)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(43,949)	(90,714)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	755	-
Utilisation of tax losses	3,625	39,813
Losses surrendered to fellow subsidiary	36,791	55,886
Unrelieved tax losses carried forward	16,816	4,800
Other adjustments	(80,524)	(24,250)
Total tax credit for the year	<u>(66,486)</u>	<u>(14,465)</u>

Factors that may affect future tax charges

At the Budget 2016, the Government announced a further reduction to the corporation tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. Where applicable deferred tax assets and liabilities reflect these rates.

PERCY INGLE BAKERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost						
At 1 July 2017	452,611	204,060	3,360,322	383,966	9,211,500	13,612,459
Additions	-	-	96,286	6,661	91,317	194,264
At 30 June 2018	452,611	204,060	3,456,608	390,627	9,302,817	13,806,723
Depreciation						
At 1 July 2017	49,998	134,279	2,142,395	312,091	5,780,753	8,419,516
Charge for the year on owned assets	10,651	3,270	129,053	16,545	258,599	418,118
At 30 June 2018	60,649	137,549	2,271,448	328,636	6,039,352	8,837,634
Net book value						
At 30 June 2018	391,962	66,511	1,185,160	61,991	3,263,465	4,969,089
At 30 June 2017	402,613	69,781	1,217,927	71,875	3,430,747	5,192,943

During the year there was a change in accounting estimate. The directors reassessed the useful economic life of certain assets within plant and machinery and separately within fixtures and fittings. The effect of the change was a reduction in the depreciation charge for the year of £139,504.

12. Investment property

	Freehold investment property £
Valuation	
At 1 July 2017	3,069,250
Surplus on revaluation	79,052
At 30 June 2018	3,148,302

The 2018 valuations were made by the directors, on an open market value for existing use basis.

PERCY INGLE BAKERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

13. Stocks

	2018 £	2017 £
Raw materials and consumables	64,634	64,378
	64,634	64,378

Stock recognised in cost of sales during the year as an expense was £719,448 (2017 - £678,762) .

14. Debtors

	2018 £	2017 £
Trade debtors	20,963	15,870
Amounts owed by group undertakings	282,478	76,297
Other debtors	11,777	5,570
Prepayments and accrued income	207,094	247,169
	522,312	344,906

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	-	5,696
Less: bank overdrafts	(365,986)	(314,408)
	(365,986)	(308,712)

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	365,986	314,408
Trade creditors	288,498	235,369
Amounts owed to group undertakings	120,000	263,424
Other taxation and social security	170,205	159,069
Other creditors	20,865	8,068
Accruals and deferred income	179,556	113,327
	<u>1,145,110</u>	<u>1,093,665</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The bank overdraft facility is secured against certain freehold properties owned by the company and its fellow subsidiary, Percy Ingle Services Limited.

17. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to group undertakings	6,323,823	6,116,795
	<u>6,323,823</u>	<u>6,116,795</u>

PERCY INGLE BAKERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

18. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,069,250	3,069,250
Financial assets that are debt instruments measured at amortised cost	315,218	97,664
Financial assets that are equity instruments measured at cost less impairment	-	-
	<u>3,384,468</u>	<u>3,166,914</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(7,298,728)</u>	<u>(7,051,391)</u>

19. Deferred taxation

	2018 £
At beginning of year	(711,253)
Credited to profit or loss	66,486
At end of year	<u>(644,767)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(393,109)	(418,048)
Capital gains on investment properties	(251,658)	(293,205)
	<u>(644,767)</u>	<u>(711,253)</u>

PERCY INGLE BAKERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
5,632 Ordinary shares of £1 each	5,632	5,632
50 Ordinary non-voting shares of £1 each	50	50
	<hr/>	<hr/>
	5,682	5,682
	<hr/>	<hr/>

There are two classes of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

21. Reserves

Share premium account

The share premium account consists of any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Revaluation reserve

The revaluation reserve is a non-distributable reserve and represents revaluations made on the freehold property classified as plant, property and equipment.

Investment property revaluation reserve

The revaluation reserve is a non-distributable reserve and represents revaluations made on the investment properties.

Profit and loss account

The Profit and loss account consists of distributable reserves arising from cumulative historical profits and losses less any distributions made.

22. Commitments under operating leases - lessee

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	579,227	605,358
Later than 1 year and not later than 5 years	1,765,863	1,265,010
Later than 5 years	1,143,742	425,076
	<hr/>	<hr/>
	3,488,832	2,295,444
	<hr/>	<hr/>

PERCY INGLE BAKERIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

23. Income under operating leases - lessor

At 30 June 2018 the Company had future minimum lease receipts under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	142,913	134,250
Later than 1 year and not later than 5 years	471,099	439,668
Later than 5 years	491,892	565,021
	<u>1,105,904</u>	<u>1,138,939</u>

24. Related party transactions

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12 and paragraph 33.1A, from disclosing transactions with key management and from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

The balances and transactions with related parties which are not wholly owned within the Group are as follows:

	2018 £	2017 £
Amounts due from a company with common director	<u>3,145</u>	<u>3,145</u>

25. Controlling party

The company regards D P Ingle as its ultimate controlling party.

The company regards Percy Ingle Holdings Limited as its ultimate parent company.