

REGISTERED NUMBER: 01555991 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

FOR

VILLAGE BAKERY (COEDPOETH) LIMITED

THURSDAY



\*A676KC1D\*

A12

25/05/2017

#47

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

|                                    | Page |
|------------------------------------|------|
| Company Information                | 1    |
| Strategic Report                   | 2    |
| Report of the Directors            | 3    |
| Report of the Independent Auditors | 5    |
| Statement of Comprehensive Income  | 6    |
| Balance Sheet                      | 7    |
| Statement of Changes in Equity     | 8    |
| Cash Flow Statement                | 9    |
| Notes to the Cash Flow Statement   | 10   |
| Notes to the Financial Statements  | 11   |

VILLAGE BAKERY (COEDPOETH) LIMITED  
COMPANY INFORMATION  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

|                           |  |
|---------------------------|--|
| <b>DIRECTORS:</b>         | A E Jones<br>R M Jones<br>C C Jones  |
| <b>REGISTERED OFFICE:</b> | Ruthin Road<br>Minera<br>Wrexham<br>Wrexham BC<br>LL11 3RD   |
| <b>REGISTERED NUMBER:</b> | 01555991 (England and Wales)   |
| <b>AUDITORS:</b>          | M. D. Coxey and Co. Limited<br>Chartered Accountants<br>and Statutory Auditors<br>25 Grosvenor Road<br>Wrexham<br>LL11 1BT |
| <b>BANKERS:</b>           | HSBC Bank plc.<br>17-19 Regent Street<br>Wrexham<br>LL11 1RY   |

STRATEGIC REPORT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

The directors present their strategic report for the year ended 30th September 2016.

**REVIEW OF BUSINESS**

The business now concentrates on key wholesaling activities. It is now in a position to take advantage of suitable opportunities as they arrive.

The company is tireless in its pursuit of new opportunities to showcase and distribute the range of craft based quality products it is renowned for.

If further aims not only to consolidate its standing as a leading wholesale supplier of great bread, rolls and savouries but to expand its market penetration especially in its Welsh homeland.

It will achieve this by continuing to invest in people, technology, product research and development and distribution.

**KEY PERFORMANCE INDICATORS**

The Directors consider that the key performance indicators for the company are both financial and non-financial.

The company has in place measures to assess progress against the business strategy and objectives and also its operational performance. Key financial indicators formally considered on a regular basis are turnover, gross profit, overhead levels and cash flow.

Key non-financial measures considered important is the market position of the company, customer satisfaction, product quality and human resource models to achieve our aims and objectives.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors identify and monitor principal risks and uncertainties and also the progress in managing these risks. They feel the major risks facing the business are customer retention, gross margin maintenance and staff retention and training.

**ON BEHALF OF THE BOARD:**



R M Jones - Director

19th January 2017

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2016**

The directors present their report with the financial statements of the company for the year ended 30th September 2016.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were those of baking, wholesaling and retailing of bread, morning goods, savouries and related goods.

**DIVIDENDS**

The results for the year are shown in the profit and loss account on page 7. Details of dividends proposed during the year are shown in note 6.

**FUTURE DEVELOPMENTS**

The future developments outlined for the business are the maintenance of the high standard of its products and consideration of new products and markets.

**DIRECTORS**

The directors set out in the table below have held office during the whole of the period from 1st October 2015 to the date of this report.

The beneficial interests of the directors holding office at 30th September 2016 in the shares of the company, according to the register of directors' interests, were as follows:

|                                   | 30.9.16 | 1.10.15 |
|-----------------------------------|---------|---------|
| <b>Ordinary shares of £1 each</b> |         |         |
| A E Jones                         | 100     | 100     |
| R M Jones                         | -       | -       |
| C C Jones                         | -       | -       |

These directors did not hold any non-beneficial interests in the shares of the company.

**POLITICAL DONATIONS AND EXPENDITURE**

No political donations were made.

**GEOGRAPHICAL AREA**

No branches of the company exist outside the United Kingdom.

**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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

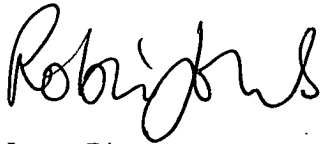
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**AUDITORS**

The auditors, M. D. Coxey and Co. Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'Rob Jones', written in a cursive style.

R M Jones - Director

19th January 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
VILLAGE BAKERY (COEDPOETH) LIMITED**

We have audited the financial statements of Village Bakery (Coedpoeth) Limited for the year ended 30th September 2016 on pages six to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**Matters on which we are required to report by exception**

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.

Mr Peter McVeigh (Senior Statutory Auditor)  
for and on behalf of M. D. Coxey and Co. Limited  
Chartered Accountants  
and Statutory Auditors  
25 Grosvenor Road  
Wrexham  
LL11 1BT

19th January 2017

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

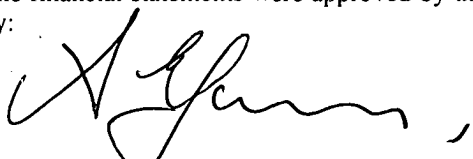
|  | Notes | 30.9.16<br>£ | 30.9.15<br>£ |
|--|-------|--------------|--------------|
| <b>TURNOVER</b>  | 2     | 13,874,278   | 13,920,851   |
| Cost of sales  |       | 10,167,008   | 9,938,180    |
| <b>GROSS PROFIT</b>                                      |       | 3,707,270    | 3,982,671    |
| Administrative expenses                                  |       | 2,775,514    | 2,797,972    |
|  |       | 931,756      | 1,184,699    |
| Other operating income                                   |       | 57,968       | 86,875       |
| <b>OPERATING PROFIT</b>                                  | 4     | 989,724      | 1,271,574    |
| Interest receivable and similar income                   |       | 8,334        | 99,109       |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | 998,058      | 1,370,683    |
| Tax on profit on ordinary activities                     | 5     | 209,417      | 264,118      |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |       | 788,641      | 1,106,565    |
| <b>OTHER COMPREHENSIVE INCOME</b>                        |       | -            | -            |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b>       |       | 788,641      | 1,106,565    |



**BALANCE SHEET**  
**30TH SEPTEMBER 2016**

|  | Notes | 30.9.16<br>£     | £                 | 30.9.15<br>£     | £                 |
|--|-------|------------------|-------------------|------------------|-------------------|
| <b>FIXED ASSETS</b>                          |       |                  |                   |                  |                   |
| Intangible assets                            | 7     |                  | 20,931            |                  | 26,911            |
| Tangible assets                              | 8     |                  | 3,982,033         |                  | 4,030,997         |
| Investments                                  | 9     |                  | 100               |                  | 100               |
|  |       |                  | <u>4,003,064</u>  |                  | <u>4,058,008</u>  |
| <b>CURRENT ASSETS</b>                        |       |                  |                   |                  |                   |
| Stocks                                       | 10    | 418,306          |                   | 445,023          |                   |
| Debtors                                      | 11    | 5,519,602        |                   | 6,872,833        |                   |
| Cash at bank                                 |       | 2,990,414        |                   | 870,524          |                   |
|  |       | <u>8,928,322</u> |                   | <u>8,188,380</u> |                   |
| <b>CREDITORS</b>                             |       |                  |                   |                  |                   |
| Amounts falling due within one year          | 12    | 1,749,243        |                   | 1,821,346        |                   |
|  |       | <u>1,749,243</u> |                   | <u>1,821,346</u> |                   |
| <b>NET CURRENT ASSETS</b>                    |       |                  | <u>7,179,079</u>  |                  | <u>6,367,034</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | 11,182,143        |                  | 10,425,042        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 15    |                  | (274,789)         |                  | (248,361)         |
| <b>ACCRUALS AND DEFERRED INCOME</b>          | 16    |                  | -                 |                  | (57,968)          |
| <b>NET ASSETS</b>                            |       |                  | <u>10,907,354</u> |                  | <u>10,118,713</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                   |                  |                   |
| Called up share capital                      | 17    |                  | 300               |                  | 300               |
| Capital redemption reserve                   | 18    |                  | 130,274           |                  | 130,274           |
| Retained earnings                            | 18    |                  | 10,776,780        |                  | 9,988,139         |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                  | <u>10,907,354</u> |                  | <u>10,118,713</u> |

The financial statements were approved by the Board of Directors on 19th January 2017 and were signed on its behalf by:



A E Jones - Director



R M Jones - Director

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2016**

|                                       | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Capital<br>redemption<br>reserve<br>£ | Total<br>equity<br>£ |
|---------------------------------------|------------------------------------|---------------------------|---------------------------------------|----------------------|
| <b>Balance at 1st October 2014</b>    | 13,137                             | 8,898,262                 | 117,437                               | 9,028,836            |
| <b>Changes in equity</b>              |                                    |                           |                                       |                      |
| Issue of share capital                | (12,837)                           | -                         | -                                     | (12,837)             |
| Dividends                             | -                                  | (3,851)                   | -                                     | (3,851)              |
| Total comprehensive income            | -                                  | 1,093,728                 | 12,837                                | 1,106,565            |
| <b>Balance at 30th September 2015</b> | 300                                | 9,988,139                 | 130,274                               | 10,118,713           |
| <b>Changes in equity</b>              |                                    |                           |                                       |                      |
| Total comprehensive income            | -                                  | 788,641                   | -                                     | 788,641              |
| <b>Balance at 30th September 2016</b> | 300                                | 10,776,780                | 130,274                               | 10,907,354           |

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2016**

|   | Notes | 30.9.16<br>£            | 30.9.15<br>£          |
|---|-------|-------------------------|-----------------------|
| <b>Cash flows from operating activities</b>             |       |                         |                       |
| Cash generated from operations                          | 1     | 2,692,050               | 330,999               |
| Tax paid  |       | (88,245)                | (353,560)             |
| Net cash from operating activities                      |       | <u>2,603,805</u>        | <u>(22,561)</u>       |
| <b>Cash flows from investing activities</b>             |       |                         |                       |
| Purchase of intangible fixed assets                     |       | -                       | (29,901)              |
| Purchase of tangible fixed assets                       |       | (505,637)               | (841,646)             |
| Sale of tangible fixed assets                           |       | 13,388                  | 9,489                 |
| Interest received                                       |       | 8,334                   | 99,109                |
| Net cash from investing activities                      |       | <u>(483,915)</u>        | <u>(762,949)</u>      |
| <b>Cash flows from financing activities</b>             |       |                         |                       |
| Share issue   |       | -                       | (12,837)              |
| Equity dividends paid                                   |       | -                       | (3,851)               |
| Net cash from financing activities                      |       | <u>-</u>                | <u>(16,688)</u>       |
| <b>Increase/(decrease) in cash and cash equivalents</b> |       | <u>2,119,890</u>        | <u>(802,198)</u>      |
| <b>Cash and cash equivalents at beginning of year</b>   | 2     | 870,524                 | 1,672,722             |
| <b>Cash and cash equivalents at end of year</b>         | 2     | <u><u>2,990,414</u></u> | <u><u>870,524</u></u> |

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

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

|  | 30.9.16                 | 30.9.15               |
|--|-------------------------|-----------------------|
|  | £                       | £                     |
| Profit before taxation                         | 998,058                 | 1,370,683             |
| Depreciation charges                           | 550,613                 | 469,798               |
| Profit on disposal of fixed assets             | (3,419)                 | (189)                 |
| Finance income                                 | (8,334)                 | (99,109)              |
|  | <hr/>                   | <hr/>                 |
|  | 1,536,918               | 1,741,183             |
| Decrease/(increase) in stocks                  | 26,717                  | (224,944)             |
| Decrease/(increase) in trade and other debtors | 1,258,486               | (946,251)             |
| Decrease in trade and other creditors          | (130,071)               | (238,989)             |
|  | <hr/>                   | <hr/>                 |
| <b>Cash generated from operations</b>          | <u><u>2,692,050</u></u> | <u><u>330,999</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:

**Year ended 30th September 2016**

|                           | 30.9.16                 | 1.10.15               |
|---------------------------|-------------------------|-----------------------|
|                           | £                       | £                     |
| Cash and cash equivalents | <u><u>2,990,414</u></u> | <u><u>870,524</u></u> |

**Year ended 30th September 2015**

|                           | 30.9.15               | 1.10.14                 |
|---------------------------|-----------------------|-------------------------|
|                           | £                     | £                       |
| Cash and cash equivalents | <u><u>870,524</u></u> | <u><u>1,672,722</u></u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This is the first year that the company has presented its results under FRS 102. The prior years financial statements were prepared under UK GAAP. The date of transition to FRS 102 was the first day of the prior year. There were no material adjustments on the transition to FRS 102.

The company's functional and presentational currencies are pounds sterling.

**Status and principal activities**

Village Bakery (Coedpoeth) Limited is a company limited by shares, incorporated in England and Wales. Its Registered Office is Ruthin Road, Minera, Wrexham, LL11 3RD.

The principal activity of the company is the baking, wholesaling and retailing of bread, morning goods, savouries and related products.

**Preparation of consolidated financial statements**

The financial statements contain information about The Village Bakery (Coedpoeth) Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken the option under section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the subsidiary undertaking is dormant.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Significant judgements and estimates**

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

**- Estimated useful lives and residual values of fixed assets:**

The carrying value of fixed assets are reviewed each year end for indicators of impairment triggers. If such triggers exist, management would be required to carry out a formal impairment review using a discounted cash flow model to determine their value in use on a cash-generating unit basis. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a sustainable discount rate in order to calculate the present value.

Depreciation of tangible and intangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives used by other companies operating in the sector and actual asset lives and residual values, as evidenced by disposals during current and prior accounting periods.

**- Estimated write down of stock to net realisable value:**

Stock valuation has been based on an estimated useful life and residual value deemed appropriate by the directors. The estimated write down of stock to net realisable value is reviewed annually and revised as appropriate by the directors.

**- Revenue recognition:**

In making its judgement, management consider the detailed criteria for the recognition of revenue as set out within Section 23 of FRS 102. The directors are satisfied that the recognition point being typically when goods are delivered and legal title has passed is correct.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.  
Sales are recognised on the delivery of the products.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2015, is being amortised over its useful life of five years.

**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     | - 2% on cost  |
| Plant and machinery   | - 10% on cost |
| Fixtures and fittings | - 25% on cost |
| Motor vehicles        | - 20% on cost |
| Computer equipment    | - 33% on cost |

**Stocks**

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

**Deferred tax**

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of current and previous periods. Deferred tax arises from timing differences that are differences between taxable profits and accounting profits as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing differences.

**Pension costs and other post-retirement benefits**

The company operates a pension scheme for the benefit of directors. Under the terms of the scheme contributions are administered by trustees in a range of investments. These funds are independent of the company's own assets.

Contributions are made to a group personal pension plan for the benefit of staff managed by an independent insurance company. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Government grants**

Government grants received in respect of capital expenditure are credited to a reserve and amortised over the expected economic life of the assets concerned.

Government grants received in respect of revenue expenditure are credited to the profit and loss account in the period that the related expenditure arises.

**Operating lease commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the principal activities of the company.

The turnover for the year has all arisen in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**3. STAFF COSTS**

|                       | 30.9.16          | 30.9.15          |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 3,930,370        | 3,601,674        |
| Social security costs | 334,057          | 280,718          |
| Other pension costs   | 32,897           | 20,143           |
|                       | <u>4,297,324</u> | <u>3,902,535</u> |

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

|                      | 30.9.16    | 30.9.15    |
|----------------------|------------|------------|
| Production Staff     | 133        | 127        |
| Administration Staff | 17         | 18         |
| Sales Staff          | 37         | 42         |
|                      | <u>187</u> | <u>187</u> |

**4. OPERATING PROFIT**

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

|  | 30.9.16         | 30.9.15         |
|--|-----------------|-----------------|
|  | £               | £               |
| Depreciation - owned assets                | 544,632         | 466,808         |
| Profit on disposal of fixed assets         | (3,419)         | (189)           |
| Goodwill amortisation                      | 5,980           | 2,990           |
| Auditors remuneration                      | 11,980          | 10,700          |
| Auditors' remuneration for non audit work  | 941             | 1,416           |
| Foreign exchange differences               | 13,163          | 253             |
| Operating lease rentals: plant & machinery | 2,358           | 2,510           |
| Operating lease rentals: other assets      | 10,864          | 37,992          |
| Government grants                          | <u>(57,968)</u> | <u>(85,575)</u> |
| Directors' remuneration                    | <u>-</u>        | <u>-</u>        |

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

|                                      | 30.9.16        | 30.9.15        |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| Current tax:                         |                |                |
| UK corporation tax                   | 182,989        | 168,931        |
| Deferred tax                         | <u>26,428</u>  | <u>95,187</u>  |
| Tax on profit on ordinary activities | <u>209,417</u> | <u>264,118</u> |

UK corporation tax has been charged at 20%.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

5. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

|  | 30.9.16<br>£   | 30.9.15<br>£     |
|--|----------------|------------------|
| Profit on ordinary activities before tax   | <u>998,058</u> | <u>1,370,683</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.415%) | 199,612        | 279,825          |
| Effects of:  |                |                  |
| Permanent timing differences   | 9,721          | 642              |
| Deferred tax- prior year adjustment  | 84             | -                |
| Deferred tax - rate change   | -              | (2,060)          |
| Research and development tax credit  | -              | (14,289)         |
| Total tax charge   | <u>209,417</u> | <u>264,118</u>   |

6. **DIVIDENDS**

|   | 30.9.16<br>£ | 30.9.15<br>£ |
|---|--------------|--------------|
| 10% redeemable preference shares of £1 each |              |              |
| Interim                                     | <u>-</u>     | <u>3,851</u> |

7. **INTANGIBLE FIXED ASSETS**

|                         |               |
|-------------------------|---------------|
|                         | Goodwill<br>£ |
| <b>COST</b>             |               |
| At 1st October 2015     |               |
| and 30th September 2016 | <u>29,901</u> |
| <b>AMORTISATION</b>     |               |
| At 1st October 2015     | 2,990         |
| Amortisation for year   | <u>5,980</u>  |
| At 30th September 2016  | <u>8,970</u>  |
| <b>NET BOOK VALUE</b>   |               |
| At 30th September 2016  | <u>20,931</u> |
| At 30th September 2015  | <u>26,911</u> |



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2016**

**8. TANGIBLE FIXED ASSETS**

|                        | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ |
|------------------------|---------------------------|-----------------------------|----------------------------------|
| <b>COST</b>            |                           |                             |                                  |
| At 1st October 2015    | 1,721,101                 | 6,208,224                   | 78,169                           |
| Additions              | 6,379                     | 407,374                     | -                                |
| Disposals              | -                         | (1,933)                     | (28,110)                         |
| At 30th September 2016 | 1,727,480                 | 6,613,665                   | 50,059                           |
| <b>DEPRECIATION</b>    |                           |                             |                                  |
| At 1st October 2015    | 495,638                   | 3,960,870                   | 57,903                           |
| Charge for year        | 33,807                    | 321,365                     | 11,064                           |
| Eliminated on disposal | -                         | -                           | (28,110)                         |
| At 30th September 2016 | 529,445                   | 4,282,235                   | 40,857                           |
| <b>NET BOOK VALUE</b>  |                           |                             |                                  |
| At 30th September 2016 | 1,198,035                 | 2,331,430                   | 9,202                            |
| At 30th September 2015 | 1,225,463                 | 2,247,354                   | 20,266                           |

|                        | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Totals<br>£ |
|------------------------|------------------------|----------------------------|-------------|
| <b>COST</b>            |                        |                            |             |
| At 1st October 2015    | 917,715                | 115,882                    | 9,041,091   |
| Additions              | 85,016                 | 6,868                      | 505,637     |
| Disposals              | (102,816)              | -                          | (132,859)   |
| At 30th September 2016 | 899,915                | 122,750                    | 9,413,869   |
| <b>DEPRECIATION</b>    |                        |                            |             |
| At 1st October 2015    | 476,881                | 18,802                     | 5,010,094   |
| Charge for year        | 139,228                | 39,168                     | 544,632     |
| Eliminated on disposal | (94,780)               | -                          | (122,890)   |
| At 30th September 2016 | 521,329                | 57,970                     | 5,431,836   |
| <b>NET BOOK VALUE</b>  |                        |                            |             |
| At 30th September 2016 | 378,586                | 64,780                     | 3,982,033   |
| At 30th September 2015 | 440,834                | 97,080                     | 4,030,997   |

**9. FIXED ASSET INVESTMENTS**

|  | Unlisted<br>investments<br>£ |
|--|------------------------------|
| <b>COST</b>                                    |                              |
| At 1st October 2015<br>and 30th September 2016 | 100                          |
| <b>NET BOOK VALUE</b>                          |                              |
| At 30th September 2016                         | 100                          |
| At 30th September 2015                         | 100                          |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

9. **FIXED ASSET INVESTMENTS - continued**

The company owns the entire ordinary share capital of Village Puddin's 'n Pies Limited, a company incorporated in England & Wales, registered number 2048981. The investment is stated at cost as the shares are not publicly traded.

The company was dormant throughout the year and the capital and reserves at the end of its financial year, 31st October 2016, were £79,761 (2016: £79,761).

10. **STOCKS**

|                                     | 30.9.16        | 30.9.15        |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| Raw materials & consumables         | 348,221        | 390,349        |
| Finished goods and goods for resale | 70,085         | 54,674         |
|                                     | <u>418,306</u> | <u>445,023</u> |

The amount of stock recognised as an expense in cost of sales during the period was £4,718,116 (2015: £4,424,897).

11. **DEBTORS**

|   | 30.9.16          | 30.9.15          |
|---|------------------|------------------|
|   | £                | £                |
| Amounts falling due within one year:          |                  |                  |
| Trade debtors                                 | 1,331,326        | 1,450,337        |
| Due from related parties                      | 2,544,266        | 2,708,538        |
| VAT   | 128,673          | 162,096          |
| Sundry debtors                                | 2,185            | -                |
| Tax   | 2,011            | 96,755           |
| Prepayments                                   | 241,012          | 272,262          |
|   | <u>4,249,473</u> | <u>4,689,988</u> |
| Amounts falling due after more than one year: |                  |                  |
| Due from related parties                      | <u>1,270,129</u> | <u>2,182,845</u> |
| Aggregate amounts                             | <u>5,519,602</u> | <u>6,872,833</u> |

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 30.9.16          | 30.9.15          |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade creditors                    | 555,353          | 620,632          |
| Amounts owed to group undertakings | 79,761           | 79,761           |
| Social security and other taxes    | 78,825           | 73,432           |
| Other creditors                    | 503              | 4,461            |
| Due to related parties             | 675,617          | 733,944          |
| Accruals and deferred income       | 359,184          | 309,116          |
|                                    | <u>1,749,243</u> | <u>1,821,346</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**13. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

|                            | 30.9.16       | 30.9.15       |
|----------------------------|---------------|---------------|
|                            | £             | £             |
| Within one year            | 16,538        | 21,178        |
| Between one and five years | 25,171        | 32,637        |
|                            | <u>41,709</u> | <u>53,815</u> |

**14. SECURED DEBTS**

The company has granted a fixed and floating charge over its assets in favour of HSBC Bank plc.

**15. PROVISIONS FOR LIABILITIES**

|  | 30.9.16 | 30.9.15        |
|--|---------|----------------|
|  | £       | £              |
| Deferred tax   |         |                |
| Excess tax allowances over depreciation of tangible fixed assets | 274,789 | 248,361        |
|  |         | Deferred tax   |
|  |         | £              |
| Balance at 1st October 2015                                      |         | 248,361        |
| Unprovided in prior years  |         |                |
| Movement in the year due to:                                     |         |                |
| - changes in tax rates   |         | 26,344         |
| - changes in tax allowances                                      |         |                |
| - prior year adjustment  |         | 84             |
| Balance at 30th September 2016                                   |         | <u>274,789</u> |

**16. ACCRUALS AND DEFERRED INCOME**

|                            | 30.9.16 | 30.9.15 |
|----------------------------|---------|---------|
|                            | £       | £       |
| Deferred government grants | -       | 57,968  |

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class:   | Nominal value: | 30.9.16    | 30.9.15    |
|---------|----------|----------------|------------|------------|
|         |          |                | £          | £          |
| 300     | Ordinary | £1             | <u>300</u> | <u>300</u> |

**18. RESERVES**

|                        | Retained earnings | Capital redemption reserve | Totals            |
|------------------------|-------------------|----------------------------|-------------------|
|                        | £                 | £                          | £                 |
| At 1st October 2015    | 9,988,139         | 130,274                    | 10,118,413        |
| Profit for the year    | 788,641           |                            | 788,641           |
| At 30th September 2016 | <u>10,776,780</u> | <u>130,274</u>             | <u>10,907,054</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**19. PENSION COMMITMENTS**

The company operates two defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charges represent contributions payable by the company and amounted to £31,608 (2015: £20,143). Contributions totalling £18 (2015:£4,053) were payable at the year end and are included in Creditors:amounts falling due within one year.

**20. RELATED PARTY DISCLOSURES**

The directors of The Village Bakery (Coedpoeth) Limited are also directors of The Village Bakery (Wrexham) Limited and The Village Bakery (Nutrition) Limited.

During the year ended 30th September 2016 various transactions took place with related parties as follows:

Village Bakery (Nutrition) Limited:-

|                       | 30.9.16 | 30.9.15 |
|-----------------------|---------|---------|
|                       | £       | £       |
| Sales                 | -       | 1,103   |
| Purchases             | 5,029   | 2,134   |
| Staff costs recharged | 12,314  | 51,370  |
| Other recharges       | 207,489 | 288,883 |
| Other purchases       | 4,804   | 6,138   |

Village Bakery (Wrexham) Limited:-

|                                      | 30.9.16 | 30.9.15   |
|--------------------------------------|---------|-----------|
|                                      | £       | £         |
| Sales                                | -39,029 | -95,402   |
| Purchases                            | 463,126 | 359,911   |
| Staff costs recharged                | 8,072   | 12,658    |
| Other recharges                      | 30,317  | 41,072    |
| Other purchases                      | 10,193  | 2,712     |
| Recharge of manufacturing facilities | 912,716 | 1,343,122 |
| Loan interest                        | -       | 91,884    |

As at 30th September 2016 the balances due to and from related parties were:

|                                    | Included in Debtors |           | Included in Creditors |         |
|------------------------------------|---------------------|-----------|-----------------------|---------|
|                                    | 30.9.16             | 30.9.15   | 30.9.16               | 30.9.15 |
|                                    | £                   | £         | £                     | £       |
| Village Bakery (Wrexham) Limited   | 3,811,487           | 4,785,918 | 59,411                | 457,398 |
| Village Bakery (Nutrition) Limited | 1,224               | 74,881    | -                     | 341     |
| Village Bakery (Holdings) Limited  | 1,684               | 30,584    | 460,000               | 120,000 |
| Village Puddin's 'n Pies Limited   | -                   | -         | 79,761                | 79,761  |
| Endeavour Investments Limited      | -                   | -         | 156,206               | 156,206 |

Village Bakery (Wrexham) Limited paid interest on their loan during the year in the sum of £Nil (2015:£91,884).

An unlimited Multilateral Guarantee in favour of HSBC dated 15th February 2011 was given by The Village Bakery (Wrexham) Limited, The Village Bakery (Coedpoeth) Limited and The Village Bakery (Nutrition) Limited.

During the year ended 30th September 2016 the company paid a management fee in the sum of £1,000,000 (2015: £1,000,000) and recharged staff costs of £9,616 (2015: £39,197) to Village Bakery (Holdings) Limited. The directors of The Village Bakery (Coedpoeth) Limited are also directors and shareholders of Village Bakery (Holdings) Limited.

During the year ended 30 September 2016 Village Bakery (Coedpoeth) Limited paid £2,438 (2015: £2,063) to Mr A E Jones, a director and shareholder of the company, for the use of storage facilities. No amounts were outstanding at the end of the financial year (2015: £Nil).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

**21. ULTIMATE CONTROLLING PARTY**

The ultimate parent company is Endeavor Investments Limited. There have been no transactions during the year.