

REGISTERED NUMBER: 01555991 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

FOR

THE VILLAGE BAKERY (COEDPOETH) LIMITED

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FOR THE YEAR ENDED 30TH SEPTEMBER 2018

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THE VILLAGE BAKERY (COEDPOETH) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

DIRECTORS:

A E Jones
R M Jones
C C Jones

REGISTERED OFFICE:

Ruthin Road
Minera
Wrexham
Wrexham BC
LL11 3RD

REGISTERED NUMBER:

01555991 (England and Wales)

AUDITORS:

M. D. Coxey and Co. Limited
Chartered Accountants
and Statutory Auditors
25 Grosvenor Road
Wrexham
LL11 1BT

BANKERS:

HSBC Bank plc.
17-19 Regent Street
Wrexham
LL11 1RY

**STRATEGIC REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

The directors present their strategic report for the year ended 30th September 2018.

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 arise.

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.

It further aims not only to consolidate its standing as a leading wholesale supplier of great bread, rolls and savouries but also 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 are 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

5th April 2019

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

The directors present their report with the financial statements of the company for the year ended 30th September 2018.

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

No dividends will be distributed for the year ended 30th September 2018.

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 2017 to the date of this report.

The beneficial interests of the directors holding office at 30th September 2018 in the shares of the company, according to the register of directors' interests, were as follows:

	30.9.18	1.10.17
Ordinary shares of £1 each		
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.

FINANCIAL INSTRUMENTS

The company's operations expose it to a variety of financial risks including credit risk and liquidity risk.

The company does not have material exposure in any of the areas identified above.

The company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from operations.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is mitigated by monitoring and management of the credit limits given to its customers.

POLITICAL DONATIONS AND EXPENDITURE

No political donations were made.

POST BALANCE SHEET EVENTS

There have been no events since the year end which would materially affect the financial statements.

GEOGRAPHICAL AREA

No branches of the company exist outside the United Kingdom.

FINANCIAL RISK MANAGEMENT

To mitigate the effects of such risks the Directors have established procedures and methods which are reviewed on a regular basis, both on a monitoring basis and as a mechanism to identify new risks and uncertainties and to plan accordingly.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2018**

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.

ON BEHALF OF THE BOARD:

R M Jones - Director

5th April 2019

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

Opinion

We have audited the financial statements of The Village Bakery (Coedpoeth) Limited (the 'company') for the year ended 30th September 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

5th April 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	Notes	30.9.18 £	30.9.17 £
TURNOVER	3	13,246,314	13,791,026
Cost of sales		9,542,644	10,028,749
GROSS PROFIT		3,703,670	3,762,277
Administrative expenses		3,163,991	2,803,692
OPERATING PROFIT	5	539,679	958,585
Interest receivable and similar income		14,560	1,812
		554,239	960,397
Interest payable and similar expenses	6	150	-
PROFIT BEFORE TAXATION		554,089	960,397
Tax on profit	7	109,987	183,149
PROFIT FOR THE FINANCIAL YEAR		444,102	777,248
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		444,102	777,248

The notes form part of these financial statements

BALANCE SHEET
30TH SEPTEMBER 2018

	Notes	30.9.18 £	£	30.9.17 £	£
FIXED ASSETS					
Intangible assets	8		8,970		14,950
Tangible assets	9		3,146,380		3,515,373
Investments	10		100		100
			<u>3,155,450</u>		<u>3,530,423</u>
CURRENT ASSETS					
Stocks	11	367,260		401,057	
Debtors	12	11,137,264		5,216,255	
Cash at bank		<u>459,926</u>		<u>4,328,689</u>	
		11,964,450		9,946,001	
CREDITORS					
Amounts falling due within one year	13	<u>2,773,776</u>		<u>1,548,578</u>	
NET CURRENT ASSETS			<u>9,190,674</u>		<u>8,397,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			12,346,124		11,927,846
PROVISIONS FOR LIABILITIES	17		<u>217,420</u>		<u>243,244</u>
NET ASSETS			<u>12,128,704</u>		<u>11,684,602</u>
CAPITAL AND RESERVES					
Called up share capital	18		300		300
Capital redemption reserve	19		130,274		130,274
Retained earnings	19		<u>11,998,130</u>		<u>11,554,028</u>
SHAREHOLDERS' FUNDS			<u>12,128,704</u>		<u>11,684,602</u>

The financial statements were approved by the Board of Directors on 5th April 2019 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 2018

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st October 2016	300	10,776,780	130,274	10,907,354
Changes in equity				
Total comprehensive income	-	777,248	-	777,248
Balance at 30th September 2017	300	11,554,028	130,274	11,684,602
Changes in equity				
Total comprehensive income	-	444,102	-	444,102
Balance at 30th September 2018	300	11,998,130	130,274	12,128,704

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	Notes	30.9.18 £	30.9.17 £
Cash flows from operating activities			
Cash generated from operations	1	(3,609,414)	1,532,426
Interest paid		(150)	-
Tax paid		(146,409)	(90,489)
Net cash from operating activities		<u>(3,755,973)</u>	<u>1,441,937</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(130,850)	(337,529)
Sale of tangible fixed assets		3,500	232,055
Interest received		14,560	1,812
Net cash from investing activities		<u>(112,790)</u>	<u>(103,662)</u>
(Decrease)/increase in cash and cash equivalents		<u>(3,868,763)</u>	<u>1,338,275</u>
Cash and cash equivalents at beginning of year	2	4,328,689	2,990,414
Cash and cash equivalents at end of year	2	<u>459,926</u>	<u>4,328,689</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

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

	30.9.18	30.9.17
	£	£
Profit before taxation	554,089	960,397
Depreciation charges	500,563	547,216
Loss on disposal of fixed assets	1,761	30,898
Finance costs	150	-
Finance income	(14,560)	(1,812)
	<u>1,042,003</u>	<u>1,536,699</u>
Decrease in stocks	33,797	17,249
(Increase)/decrease in trade and other debtors	(5,921,010)	301,337
Increase/(decrease) in trade and other creditors	<u>1,235,796</u>	<u>(322,859)</u>
Cash generated from operations	<u><u>(3,609,414)</u></u>	<u><u>1,532,426</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 2018

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	<u>459,926</u>	<u>4,328,689</u>

Year ended 30th September 2017

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	<u>4,328,689</u>	<u>2,990,414</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

1. **STATUTORY INFORMATION**

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

2. **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.

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

Principal activities

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 and its inclusion is not material for the purpose of giving a true and fair view.

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 2018

2. **ACCOUNTING POLICIES - continued**

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.

Intangible assets

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

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.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument.

Cash and cash equivalents:

These comprise cash at bank and other short-term highly liquid bank deposits with an original maturity of three months or less.

Debtors:

Debtors do not carry any interest and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Profit and Loss account when there is objective evidence that the asset is impaired.

Trade creditors:

Trade creditors are not interest bearing and are stated at their nominal value.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

2. **ACCOUNTING POLICIES - continued**

Deferred tax

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

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

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

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.

3. **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.

4. **EMPLOYEES AND DIRECTORS**

	30.9.18	30.9.17
	£	£
Wages and salaries	4,238,987	3,939,194
Social security costs	312,783	321,844
Other pension costs	41,129	31,393
	<u>4,592,899</u>	<u>4,292,431</u>

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

	30.9.18	30.9.17
Production Staff	134	138
Administration Staff	18	18
Sales Staff	32	32
	<u>184</u>	<u>188</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

4. **EMPLOYEES AND DIRECTORS - continued**

	30.9.18	30.9.17
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.9.18	30.9.17
	£	£
Depreciation - owned assets	494,582	541,236
Loss on disposal of fixed assets	1,761	30,898
Goodwill amortisation	5,980	5,981
Auditors remuneration	11,435	16,660
Auditors' remuneration for non audit work	3,268	756
Foreign exchange differences	340	4,927
Operating lease rentals: plant & machinery	2,133	2,048
Operating lease rentals: other assets	<u>4,177</u>	<u>12,429</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.9.18	30.9.17
	£	£
Corporation tax interest	<u>150</u>	<u>-</u>

7. **TAXATION**

Analysis of the tax charge

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

	30.9.18	30.9.17
	£	£
Current tax:		
UK corporation tax	140,388	214,694
Adjustment in respect of earlier years	<u>(4,577)</u>	<u>-</u>
Total current tax	135,811	214,694
Deferred tax	<u>(25,824)</u>	<u>(31,545)</u>
Tax on profit	<u>109,987</u>	<u>183,149</u>

UK corporation tax has been charged at 19% (2017 - 19.49%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

7. **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:

	30.9.18	30.9.17
	£	£
Profit before tax	<u>554,089</u>	<u>960,397</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	105,277	182,475
Effects of:		
Permanent timing differences	9,287	8,922
Research and development claims prior years	(4,577)	-
Tax rate change	-	5,491
Deferred tax rate change	-	(13,739)
Total tax charge	<u>109,987</u>	<u>183,149</u>

8. **INTANGIBLE FIXED ASSETS**

Goodwill
£

COST

At 1st October 2017
and 30th September 2018

29,901

AMORTISATION

At 1st October 2017
Amortisation for year
At 30th September 2018

14,951
5,980
20,931

NET BOOK VALUE

At 30th September 2018
At 30th September 2017

8,970
14,950

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st October 2017	1,727,480	6,581,078	50,059
Additions	-	62,792	-
At 30th September 2018	<u>1,727,480</u>	<u>6,643,870</u>	<u>50,059</u>
DEPRECIATION			
At 1st October 2017	563,294	4,571,648	49,798
Charge for year	33,849	314,771	261
Eliminated on disposal	-	-	-
At 30th September 2018	<u>597,143</u>	<u>4,886,419</u>	<u>50,059</u>
NET BOOK VALUE			
At 30th September 2018	<u>1,130,337</u>	<u>1,757,451</u>	<u>-</u>
At 30th September 2017	<u>1,164,186</u>	<u>2,009,430</u>	<u>261</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st October 2017	850,290	122,750	9,331,657
Additions	68,058	-	130,850
Disposals	(79,309)	-	(79,309)
At 30th September 2018	<u>839,039</u>	<u>122,750</u>	<u>9,383,198</u>
DEPRECIATION			
At 1st October 2017	532,657	98,887	5,816,284
Charge for year	123,587	22,114	494,582
Eliminated on disposal	(74,048)	-	(74,048)
At 30th September 2018	<u>582,196</u>	<u>121,001</u>	<u>6,236,818</u>
NET BOOK VALUE			
At 30th September 2018	<u>256,843</u>	<u>1,749</u>	<u>3,146,380</u>
At 30th September 2017	<u>317,633</u>	<u>23,863</u>	<u>3,515,373</u>

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1st October 2017 and 30th September 2018	<u>100</u>
NET BOOK VALUE	
At 30th September 2018	<u>100</u>
At 30th September 2017	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

10. **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 whose registered office is Ruthin Road, Minera, Wrexham, LL11 3RD and registered number is 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 2018, were £79,761 (2017: £79,761).

11. **STOCKS**

	30.9.18	30.9.17
	£	£
Raw materials & consumables	301,762	350,793
Finished goods and goods for resale	65,498	50,264
	<u>367,260</u>	<u>401,057</u>

The amount of stock recognised as an expense in cost of sales during the period was £4,303,860 (2017: £4,604,604).

12. **DEBTORS**

	30.9.18	30.9.17
	£	£
Amounts falling due within one year:		
Trade debtors	1,340,780	1,799,777
Due from related parties	9,457,156	2,617,865
VAT	64,173	66,513
Sundry debtors	-	188,823
Prepayments	275,155	172,873
	<u>11,137,264</u>	<u>4,845,851</u>
Amounts falling due after more than one year:		
Due from related parties	-	370,404
Aggregate amounts	<u>11,137,264</u>	<u>5,216,255</u>

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

	30.9.18	30.9.17
	£	£
Trade creditors	650,360	612,163
Amounts owed to group undertakings	79,761	79,761
Tax	111,596	122,194
Social security and other taxes	83,712	100,430
Other creditors	10,382	3,012
Due to related parties	1,587,030	331,443
Accruals and deferred income	250,935	299,575
	<u>2,773,776</u>	<u>1,548,578</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

14. **LEASING AGREEMENTS**

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

	30.9.18	30.9.17
	£	£
Within one year	8,275	10,677
Between one and five years	14,744	14,494
	<u>23,019</u>	<u>25,171</u>

15. **SECURED DEBTS**

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

16. **FINANCIAL INSTRUMENTS**

The company has the following financial instruments:

	30.9.18	30.9.17
	£	£
Financial assets measured at undiscounted amounts receivable	<u>11,257,862</u>	<u>8,746,331</u>
Financial liabilities measured at undiscounted amounts payable	<u>2,578,468</u>	<u>1,325,954</u>

17. **PROVISIONS FOR LIABILITIES**

	30.9.18	30.9.17
	£	£
Deferred tax		
Excess tax allowances over depreciation of tangible fixed assets	<u>217,420</u>	<u>243,244</u>
		Deferred tax
		£
Balance at 1st October 2017		243,244
Unprovided in prior years		
Movement in the year due to:		
- changes in tax rates		
- changes in tax allowances		(25,824)
- prior year adjustment		
Balance at 30th September 2018		<u>217,420</u>

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.18	30.9.17
			£	£
300	Ordinary	£1	<u>300</u>	<u>300</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

19. **RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st October 2017	11,554,028	130,274	11,684,302
Profit for the year	444,102	-	444,102
At 30th September 2018	11,998,130	130,274	12,128,404

20. **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 £41,129 (2017: £31,393). Contributions totalling £9,602 (2017:£3,008) were payable at the year end and are included in Creditors: Amounts falling due within one year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH SEPTEMBER 2018

21. 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 2018 various transactions took place with related parties as follows:

The Village Bakery (Nutrition) Limited:-

	30.9.18	30.9.17
	£	£
Sales	-28,434	-
Staff costs recharged	10,284	9,493
Other recharges	37,360	180,816
Purchases	28,430	466
Other purchases	5,653	759

The Village Bakery (Wrexham) Limited:-

	30.9.18	30.9.17
	£	£
Sales	-309,691	-70,284
Staff costs recharged	22,290	9,905
Other recharges	139,734	100,872
Purchases	253,561	389,060
Other purchases	6,695	13,411
Recharge of manufacturing facilities	414,312	899,725
Salary recharges	356,308	-

As at 30th September 2018 the balances due to and from related parties were:

	Included in Debtors		Included in Creditors	
	30.9.18	30.9.17	30.9.18	30.9.17
	£	£	£	£
The Village Bakery (Wrexham) Limited	2,121,897	2,887,487	1,564,737	195,237
The Village Bakery (Nutrition) Limited	7,287,154	60,212	22,293	-
Village Bakery (Holdings) Limited	48,106	40,570	-	-
Village Puddin's 'n Pies Limited	-	-	79,761	79,761
Endeavour Investments Limited	-	-	-	136,206

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 2018 the company paid a management fee in the sum of £1,200,000 (2017: £1,000,000) and recharged staff costs of £6,966 (2017: £6,219) 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 2018 The Village Bakery (Coedpoeth) Limited paid £2,250 (2017: £2,250) 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 (2017: £Nil).

22. ULTIMATE CONTROLLING PARTY

The ultimate parent company is Endeavor Investments Limited.

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