

Company Registration No. 01555991 (England and Wales)

THE VILLAGE BAKERY (COEDPOETH) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 OCTOBER 2020**



THE VILLAGE BAKERY (COEDPOETH) LIMITED

COMPANY INFORMATION

Directors	C C Jones R M Jones
Company number	01555991
Registered office	C/O Dtm Legal LLP Archway House Station Road Chester CH1 3DR
Auditor	RSM UK Audit LLP Chartered Accountants 5th Floor One City Place Queens Road Chester CH1 3BQ
Bankers	HSBC Bank PLC 17-19 Regent Street Wrexham LL11 1BT

THE VILLAGE BAKERY (COEDPOETH) LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 OCTOBER 2020

The directors present the strategic report for the 13 month period to 31 October 2020. The comparative information is for 12 months.

Review of business

The company has demonstrated significant resilience and delivered a creditable performance, as it overcame the impacts of a severe fire in August 2019 at the site of its sister company The Village Bakery (Wrexham) Limited, and disruption to some market sectors from Covid-19.

The total loss of the Baking Academy, Head Office and most of the Wrexham production facility from the fire has been the catalyst for a programme of significant re-investment across the Jones Village Bakery group. Roll production was transferred to the Coedpoeth site within hours of the fire and all customers were serviced without delay. In addition Welsh cake production was transferred in and small pancakes were produced at Coedpoeth until the Wrexham facility was re-opened after four weeks. A brand new roll line was commissioned straight after the fire and was operational by March 2020.

Sales of pies were disrupted by Covid-19, with the disruption to food service, but were partially compensated with stronger sales of rolls to mainstream retailers.

The company continued to invest in its people and it remains committed to the very best bakery products, both branded under the Jones Village Bakery label and premium private label products (PPL) for retail customers in the UK.

Innovation and food quality are two mainstays in the business and its dedication to push the boundaries are key to its future success.

Principal risks and uncertainties

The main risks facing the company are ingredient and energy inflation, customer retention, and sufficient manufacturing capacity in core lines.

To mitigate the effects of such risks the company buys forward key ingredients to secure prices, and monitors the process to ensure it buys at the best possible time. The company also recently covered energy contracts at fixed prices for the next 24 months. Methods 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.

The company keeps in regular contact with its major customers to ensure complete customer satisfaction. It also reviews manufacturing capacity on a regular basis to ensure it has sufficient capacity for both the present and future plans. Specific consideration is being paid to ensure the Company is ready for increased demand for products suppressed by the Covid-19 lockdown.

Key performance indicators

The company's key focus is to maximise EBITDA through optimising gross profit and minimising overheads.

	2020 £'000	2019 £'000
Gross Profit	6,451	3,953
Administrative Expenses (excluding amortisation, depreciation and profit on disposal)	3,644	2,656
EBITDA	2,807	1,297

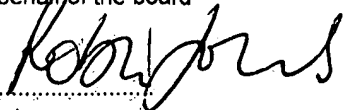
Non-financial performance indicators are also key to management's holistic approach to all stakeholders. These include regular meetings with key customers to ensure customer satisfaction with our products. Annual staff satisfaction surveys. Monitoring manufacturing efficiency to keep product waste to a minimum and maximising throughput.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

On behalf of the board



R M Jones

Director

Date: 30/07/21

THE VILLAGE BAKERY (COEDPOETH) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 OCTOBER 2020

The directors present their annual report and financial statements for the 13 month period to 31 October 2020. The comparative information is for 12 months.

Principal activities

The principal activity of the company during the year was baking, wholesaling and retailing of bread, morning goods, savouries and related goods.

On 10 March 2020, a new holding company, Erlas Black Wood No2 Limited, become the top parent in the group, by acquiring the share capital of The Village Bakery (Coedpoeth) Group limited with a like for like share swap.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A E Jones	(Resigned 26 February 2021)
C C Jones	
R M Jones	

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid (2019 - £1,426k). The directors do not recommend payment of a final dividend.

Directors' insurance

The company, through its ultimate parent, had in place suitable Directors' and Officers' liability insurance during the year and up to the date of signing the financial statements as arranged by its parent entity.

Research and development

The company's new product development team is core to the organic growth strategy and is growing with extra personnel and enhanced facilities. In the Summer of 2021 a brand new development kitchen will be opened in the new Ash Road bakery providing enhanced NPD capability for all the Jones Village Bakery sites.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Post reporting date events and future developments

As part of a group restructuring, with effect from 1 November 2020, the trade, assets and liabilities of the business were transferred to The Village Bakery (Wrexham) Limited as a going concern at book value with no impairment. All employee contracts were transferred and the bakery will continue specialising in craft products and smaller production runs and servicing independents with the Jones Village Bakery brand.

On 1 November 2020 all of the operating leases were transferred over to The Village Bakery (Wrexham) Limited.

On 26 February 2021 the group headed by Erlas Black Wood No 2 Limited was acquired by VB Topco Limited, as part of a private equity investment by Limerston Capital LLP.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



R M Jones
Director

Date: 30/07/21

THE VILLAGE BAKERY (COEDPOETH) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 OCTOBER 2020

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

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

- select suitable accounting policies and 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.

INDEPENDENT AUDITOR'S REPORT 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 period ended 31 October 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and 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 FRS 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 31 October 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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.

Emphasis of matter – Non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, the company ceased trading on 1 November 2020 and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions 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 period 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VILLAGE BAKERY (COEDPOETH) LIMITED (CONTINUED)

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 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 directors' responsibilities statement set out on page 5, 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.

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: <https://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.

RSM UK Audit LLP

Jacqui Baker (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
5th Floor
One City Place
Queens Road
Chester
CH1 3BQ

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30 July 2021

THE VILLAGE BAKERY (COEDPOETH) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 OCTOBER 2020

		Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
	Notes		
Turnover	3	17,077	13,729
Cost of sales		(10,626)	(9,776)
Gross profit		6,451	3,953
Administrative expenses		(4,135)	(3,012)
Exceptional item	4	-	(100)
Operating profit	7	2,316	841
Interest receivable and similar income	8	1	10
Profit before taxation		2,317	851
Tax on profit	9	(455)	(144)
Profit for the financial period		1,862	707

THE VILLAGE BAKERY (COEDPOETH) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 OCTOBER 2020**

	Notes	2020 £'000	2019 £'000
Fixed assets			
Goodwill	11	-	3
Tangible assets	12	2,534	1,846
Investments	13	-	-
		<u>2,534</u>	<u>1,849</u>
Current assets			
Stocks	15	431	403
Debtors	16	12,519	13,467
Cash at bank and in hand		2,650	571
		<u>15,600</u>	<u>14,441</u>
Creditors: amounts falling due within one year	17	<u>(4,739)</u>	<u>(4,723)</u>
Net current assets		<u>10,861</u>	<u>9,718</u>
Total assets less current liabilities		<u>13,395</u>	<u>11,567</u>
Provisions for liabilities	18	<u>(124)</u>	<u>(158)</u>
Net assets		<u><u>13,271</u></u>	<u><u>11,409</u></u>
Capital and reserves			
Called up share capital	21	-	-
Capital redemption reserve	22	130	130
Profit and loss reserves	22	13,141	11,279
Total equity		<u><u>13,271</u></u>	<u><u>11,409</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30/07/21 and are signed on its behalf by:


 R M Jones
 Director

THE VILLAGE BAKERY (COEDPOETH) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 OCTOBER 2020

	Notes	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 October 2018		-	130	11,998	12,128
Year ended 30 September 2019:					
Profit and total comprehensive income for the year		-	-	707	707
Dividends	10	-	-	(1,426)	(1,426)
Balance at 30 September 2019		-	130	11,279	11,409
Period ended 31 October 2020:					
Profit and total comprehensive income for the period		-	-	1,862	1,862
Balance at 31 October 2020	22	-	130	13,141	13,271

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies

Company information

The Village Bakery (Coedpoeth) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is C/O Dtm Legal LLP, Archway House, Station Road, Chester, CH1 3DR. The principal place of business is Ruthin Road, Minera, Wrexham, LL11 3RD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure exemptions

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are included in the consolidated financial statements of Erlas Black Wood No 2 Limited which are available from its registered office, Archway House, Station Road, Chester, CH1 3DR.

Group accounts

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The Village Bakery (Coedpoeth) Limited is a wholly owned subsidiary of The Village Bakery (Coedpoeth) Group Limited and the results of The Village Bakery (Coedpoeth) Group Limited are included in the consolidated financial statements of Erlas Black Wood No 2 Limited which are available from its registered office, Archway House, Station Road, Chester, CH1 3DR.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies (Continued)

Going concern

At the time of signing these financial statements COVID-19 has continued for over a year, but in the last three months lockdown has eased, NPD has recovered, and sales have recovered to exceed pre-pandemic levels.

COVID-19 has been unprecedented, but as the company's principal activity is that of a bakery, it was afforded key worker status by the UK Government and the business remained resilient and strong throughout.

As part of a group restructuring, with effect from 1 November 2020, the assets and liabilities of the entity were transferred to The Village Bakery (Wrexham) Limited at book value with no impairment. The trade of the business including all employee contracts were transferred and the bakery will continue specialising in craft products and smaller production runs and servicing independents with the Jones Village Bakery brand.

At the time of approving the financial statements, the directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future as part of the wider Village Bakery group. In accordance with the guidance supporting FRS102, the accounts are classified as being prepared under a non-going concern basis. However, there has been no impairment in assets nor restatement of balances and if classified as a going concern, the classification and measurement of the balances in the statement of financial position would be no different. The company continues to receive the full financial support of its ultimate parent company VB Topco Limited and is able to fulfil all liabilities as they fall due.

The directors therefore believe that the underlying substance is that the financial statements would be no different if a going concern basis of accounting had been adopted.

Reporting period

The accounting reference date has been extended to 31 October in order to be co-terminous with the rest of the Erlas Black Wood No 2 Group, following the company's acquisition on 10 March 2020. Therefore the amounts presented may not be entirely comparable with the prior period.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (either on delivery or dispatch of the goods depending on the contract), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	10% straight line
Fixtures and fittings	25% straight line
Computer equipment	33% straight line
Motor vehicles	20% straight line

Assets under construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade, group and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade, group and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider that there are no critical judgements that will have a material impact on the results presented.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

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 directors.

3 Turnover and other revenue

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Turnover analysed by class of business		
Sale of bakery goods	17,077	13,729

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

3 Turnover and other revenue (Continued)

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Turnover analysed by geographical market		
United Kingdom	17,077	13,729

4 Exceptional item

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Expenditure		
Professional costs associated with the demerger	-	100

During the prior year, the parent company The Village Bakery (Coedpoeth) Group Limited completed a Group restructure. This resulted in the demerger of Endeavour Investments Limited from the Group via a simultaneous reduction and return of capital, and transfer of these shares to a related party. The professional costs associated with this restructure were treated as exceptional in the statement of comprehensive income.

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	Period ended 31 October 2020 Number	Year ended 30 September 2019 Number
Directors	2	-
Administration & management	47	13
Production	141	129
Sales staff	-	28
Total	190	170

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Wages and salaries	3,872	4,028
Social security costs	333	338
Pension costs	79	71
	<u>4,284</u>	<u>4,437</u>

6 Directors' remuneration

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Remuneration for qualifying services	-	13

Directors' salary and pension is paid through Village Bakery (Holdings) Limited, a fellow group company.

7 Operating profit

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Operating profit for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(4)	8
Fees payable to the company's auditor for the audit of the company's financial statements	23	20
Depreciation of owned tangible fixed assets	497	456
Profit on disposal of tangible fixed assets	(6)	-
Amortisation of intangible assets	3	6
Operating lease charges	172	88

The amortisation of intangible assets is included within administration expenses.

8 Interest receivable and similar income

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Interest income		
Interest on bank deposits	1	10

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

9 Taxation

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Current tax		
UK corporation tax on profits for the current period	488	234
Adjustments in respect of prior periods	-	(30)
Total current tax	488	204
Deferred tax		
Origination and reversal of timing differences	(46)	(37)
Changes in tax rates	-	(23)
Adjustment in respect of prior periods	13	-
Total deferred tax	(33)	(60)
Total tax charge	455	144

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	Period ended 31 October 2020 £'000	Year ended 30 September 2019 £'000
Profit before taxation	2,317	851
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	440	162
Tax effect of expenses that are not deductible in determining taxable profit	-	21
Adjustments in respect of prior years	-	(30)
Permanent capital allowances in excess of depreciation	-	6
Deferred tax adjustments in respect of prior years	13	-
Change in deferred tax rate	2	(15)
Taxation charge for the period	455	144

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

10 Dividends

	2020	2019	Period ended 31 October 2020	Year ended 30 September 2019
	Per share £	Per share £	Total £'000	Total £'000
Ordinary shares				
Interim paid	-	1,083.00	-	325
Dividend in specie	-	-	-	1,101
Total dividends			-	1,426

During the prior year the freehold property was transferred to its parent company, as a dividend in specie, at its net book value of £1,101k.

11 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 October 2019 and 31 October 2020	30
Amortisation and impairment	
At 1 October 2019	27
Amortisation charged for the period	3
At 31 October 2020	30
Carrying amount	
At 31 October 2020	-
At 30 September 2019	3

Amortisation is included within administrative expenses in the Statement of Comprehensive Income.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

12 Tangible fixed assets

	Assets under construction £'000	Plant and equipment £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 October 2019	-	6,757	66	123	947	7,893
Additions	51	982	42	-	110	1,185
Disposals	-	-	-	(8)	(65)	(73)
At 31 October 2020	51	7,739	108	115	992	9,005
Depreciation and impairment						
At 1 October 2019	-	5,198	50	123	676	6,047
Depreciation charged in the period	-	387	6	-	104	497
Eliminated in respect of disposals	-	-	-	(8)	(65)	(73)
At 31 October 2020	-	5,585	56	115	715	6,471
Carrying amount						
At 31 October 2020	51	2,154	52	-	277	2,534
At 30 September 2019	-	1,559	16	-	271	1,846

13 Fixed asset investments

	2020 £'000	2019 £'000
Investments in subsidiaries	-	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 October 2019 & 31 October 2020	100
Carrying amount	
At 31 October 2020	100
At 30 September 2019	100

Fixed asset investments relate to a £100 investment in Village Puddin's 'n Pies Limited.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

14 Subsidiaries

Details of the company's subsidiaries at 31 October 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Village Puddin's 'n Pies Limited	1.	Dormant	Ordinary shares	100.00

1. Archway House, Station Road, Chester, England, CH1 3DR.

15 Stocks

	2020 £'000	2019 £'000
Raw materials and consumables	347	330
Finished goods and goods for resale	84	73
	<u>431</u>	<u>403</u>

During the year, an impairment loss of £Nil (2019: £11k) was recognised within cost of sales. Earlier stock write downs of £4k (2019: £nil) have been reversed during the current year.

16 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	900	1,339
Amounts owed by group undertakings	11,511	-
Other debtors	36	12,051
Prepayments and accrued income	72	77
	<u>12,519</u>	<u>13,467</u>

Trade debtors are stated after provisions for bad and doubtful debts of £nil (2019: £nil).

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

17 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	219	1,027
Amounts owed to group undertakings	3,207	80
Corporation tax	528	235
Other taxation and social security	-	85
Other creditors	416	2,970
Accruals and deferred income	369	326
	<u>4,739</u>	<u>4,723</u>

An unlimited Multilateral Guarantee in favour of HSBC dated 15 February 2011 was given by The Village Bakery (Wrexham) Limited, The Village Bakery (Coedpoeth) Limited and The Village Bakery (Nutrition) Limited. This is granted over a fixed and floating charge over the assets of the company.

18 Provisions for liabilities

	Notes	2020 £'000	2019 £'000
Deferred tax liabilities	19	<u>124</u>	<u>158</u>

19 Deferred taxation

The major deferred tax liabilities recognised by the company are:

	Liabilities 2020 £'000	Liabilities 2019 £'000
Balances:		
Accelerated capital allowances	124	159
Short term timing differences	-	(1)
	<u>124</u>	<u>158</u>
Movements in the period:		2020 £'000
Liability at 1 October 2019		158
Credit to profit or loss		(34)
Liability at 31 October 2020		<u>124</u>

The deferred tax liability set out above is expected to reverse within the foreseeable future and relates to accelerated capital allowances and other short term timing differences.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

20 Retirement benefit schemes

	2020 £'000	2019 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	79	71

The company operates two defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions totalling £4,043 (2019: £16,462 payable) were prepaid at the year end and are included in Other debtors (2019: Creditors: Amounts falling due within one year).

21 Share capital

	2020 Number	2019 Number	2020 £'000	2019 £'000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	300	300	-	-
	<u>300</u>	<u>300</u>	<u>-</u>	<u>-</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

22 Reserves

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £'000	2019 £'000
Within one year	149	157
Between one and five years	592	601
In over five years	588	662
	<u>1,329</u>	<u>1,420</u>

As part of a group restructuring, on 1 November 2020 all of the operating leases were transferred over to The Village Bakery (Wrexham) Limited.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

24 Events after the reporting date

As part of a group restructuring, with effect from 1 November 2020, the trade, assets and liabilities of the business were transferred to The Village Bakery (Wrexham) Limited as a going concern at book value with no impairment. All employee contracts were transferred and the bakery will continue specialising in craft products and smaller production runs and servicing independents with the Jones Village Bakery brand.

On 1 November 2020 all of the operating leases were transferred over to The Village Bakery (Wrexham) Limited.

On 26 February 2021 the group headed by Erlas Black Wood No 2 Limited was acquired by VB Topco Limited, as part of a private equity investment by Limerston Capital LLP.

25 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Entities with control, joint control or significant influence over the company	-	702	-	545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Staff costs and other recharges		Manufacturing and salary recharges	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Entities with control, joint control or significant influence over the company	-	105	-	499
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

£Nil (2019: £499,456) included above are recharges paid out to related parties and other recharges of £Nil (2019: £104,855) are paid to The Village Bakery (Coedpoeth) Limited.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

25 Related party transactions (Continued)

	2020 £'000	2019 £'000
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	-	2,260
Other related parties	-	459
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2020 £'000	2019 £'000
Amounts due from related parties		
Entities with control, joint control or significant influence over the company	416	11,709
	<u> </u>	<u> </u>

During the year ended 30 September 2019 the company paid a management fee in the sum of £1,200,000 recharged staff costs of £41,051 to entities with common control.

During the prior year, Village Bakery (Coedpoeth) Limited transferred its freehold property to a related company at its net book value of £1,100,693.

Related party transactions in the prior year relate to those made to companies that are now part of the group, as such the value for similar transactions in the current year is £Nil.

26 Directors' transactions

During the period The Village Bakery (Coedpoeth) Limited paid £2,438 (2019: £2,250) to Mr A E Jones, a director of the company, for the use of storage facilities. No amounts were outstanding at the end of the financial year (2019: £Nil).

Until 5 May 2019 A E Jones, a director of the company owned 100 ordinary shares of The Village Bakery (Coedpoeth) Limited with a nominal value of £100. On 5 May 2019 the shares were transferred to The Village Bakery (Coedpoeth) Group Limited. A E Jones resigned as a director on 26 February 2021.

THE VILLAGE BAKERY (COEDPOETH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2020

27 Ultimate controlling party

On 5 July 2019 The Village Bakery (Coedpoeth) Group Limited acquired The Village Bakery (Coedpoeth) Limited. The immediate parent undertaking of The Village Bakery (Coedpoeth) Limited is The Village Bakery (Coedpoeth) Group Limited, a company incorporated and registered in England and Wales.

On 10 March 2020 Erlas Black Wood No 2 Limited acquired Village Bakery (Coedpoeth) Group Limited which the directors consider to be the ultimate parent undertaking, Erlas Black Wood No 2 Limited is incorporated and registered in England and Wales.

The directors do not consider there to be an ultimate controlling party of The Village Bakery (Coedpoeth) Limited.

Erlas Black Wood No 2 Limited is the smallest and largest company for which consolidated accounts including The Village Bakery (Coedpoeth) Limited are prepared. The consolidated accounts of Erlas Black Wood No 2 Limited are available to the public from its registered office:

Archway House
Station Road
Chester
CH1 3DR