Financial Statements
Stonebeach Limited

For the year ended 30 September 2016

Company No. 04396961

Company information

Company registration number	04396961
Registered office	146 - 156 Sarehole Road Birmingham B28 8DT
Directors	P May C Marsh
Secretary	C Marsh
Bankers	HSBC 120 Edmund Street Birmingham B3 2QZ
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

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Report of the Directors

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

Dividends

Details of dividends can be found in the Strategic report.

Directors of the company

The present membership of the Board is set out below.

C Marsh
P May

All directors served throughout the year unless indicated.

Disabled employees

The company's policy of employment of disabled persons is to give full consideration to applications for employment having regard to their particular aptitudes and abilities and to encourage training and career developments and promotion for all employees, including disabled employees.

Employee involvement

The company is an equal opportunity employer with particular reference to non-discrimination and non-harassment on the basis of ethnic origin, age, gender, religion, sexual orientation or disability. The company is run in a fully open manner and it strongly encourages it employees to provide their opinions on how the company is run. Regular management meetings are undertaken where all levels of management are fully informed of developments of the company and have a fully operational role in how the company functions.

The company has put in place mechanisms to provide information to employees with particular emphasis on operational and health and safety matters. Regular meetings are held between site General Managers and Head Office Operational Management.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the Strategic 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 laws). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors (continued)

Statement of directors' responsibilities (continued)

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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

C Marsh
Director
28 November 2016

Strategic Report

Business review and future developments

The principal activity of the company continued to be that of restaurateur.

The profit for the year after taxation amounted to £12,736k (2015 - £10,399k). During the year a dividend of £240k was paid (2015 - £4,614k).

The directors are encouraged that turnover continues to rise in a difficult economic climate. In the year a number of new sites have been opened which have been successful and continue to aid the growth of the business. The existing stores have also performed well during 2016.

Even with increasing costs the directors are pleased that gross margin and payroll margins have been maintained throughout the roll out-program thus increasing the profitability of the business.

The company is still intending to expand throughout 2016/2017.

Principal risks and uncertainties

The Board continually reviews the potential risks facing the company. Some of the key areas reviewed are the following:

Increased prices of key commodities and operating costs

The Company spends considerable time tracking the commodity prices of a number of products namely coffee, dairy, fruit, packaging, cocoa and wheat items, an increase in which could erode the Company's gross profit margin. We are beginning to see ingredient prices harden and with a weakening pound following Brexit managing increased prices is a key areas of risk to the Company. Where possible we enter into supply agreements for certain periods of time depending upon the market. We do not commit to volumes but lengths of agreement which guarantees prices. This way the Company is able to reduce the risk to inflationary pressure.

Economic environment

In common with other restaurant businesses, the company relies on continuing levels of disposable income within the UK market place and a decline in the UK economy would have an impact on turnover. However, due to the nature of our product and market position as an upmarket patisserie, having this unique position helps to mitigate the economic market place. Our products are seen as affordable treats in times of uncertainty and also as a luxurious indulgence when celebrating and we saw little or no impact on sales from Brexit and experienced no impact on our workforce.

Competition

The company operates in a highly competitive market putting pressure on margin and turnover growth. However, we continuously strive to be positioned between restaurants and coffee shops offering and having this diversity in our offerings, all day dining, an online channel and bespoke cake facilities ensures we are safeguarded in terms of margins and turnover.

Legislation

The licensed venue market is regulated and the company continues to monitor legislation to ensure it complies to the current rules and regulations. As the company continues to expand, all aspects of the business are being monitored to ensure no adverse conditions are created through this period of growth.

Strategic Report (continued)

Financial risk management objectives and policies

The company uses various financial instruments, these include loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities. The risks are managed by overdraft facilities and re-financing arrangements which have extended borrowing terms and allowance of a capital drawdown facility thus reducing exposure.

Interest rate risk
The company finances its operations through a mixture of retained profits, shareholder loans and bank borrowings. The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. Business has benefitted from the stable interest rates the UK economy has had for a number of years. If this starts to become more volatile hedging will be considered. In addition, the interest cover in the business is much lower than it used to be as a result of reduced gearing.

Credit risk
The company's principal financial assets are mainly cash with very limited trade debtors. The credit risk associated with cash is limited, the principal credit risk arises therefore from its trade debtors. However, very few customers are given accounts and these are reviewed regularly and collections are kept up to date.

Key performance indicators

The company is monitored in line with a number of key performance indicators. These are formulated at weekly and monthly Board meetings and are reviewed at both operating and Board level.

Turnover growth
The company is measured against sales growth with a target of 15%. Sales growth in the year was 15.3%

Margin
The company is measured against gross profit less staff costs with a target of 40%, with 46% delivered in the year.

Budget
The company is measured against targeted EBITDA which was delivered.

Strategic Report (continued)

Internal control
The Board is ultimately responsible for the company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the company's control system are as follows:

- a comprehensive budgeting system with an annual budget approved by the Board
- actual results are compared monthly with budgets and past results, as appropriate
- all significant capital expenditure and organisational changes are reviewed and approved by the Board
- the integrity and competence of personnel is ensured through high recruitment standards and subsequent training
- a clearly defined organisation structure.

ON BEHALF OF THE BOARD

C Marsh
Director

28 November 2016

Grant Thornton

Independent Auditor's Report to the Members of Stonebeach Limited

We have audited the financial statements of Stonebeach Limited for the year ended 30 September 2016 which comprise the balance sheet, the statement of comprehensive income, the statement of changes in equity and the related notes. 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 FRS 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent Auditor's Report to the Members of Stonebeach Limited

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.

Grant Thornton UK LLP

David Newstead
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

28 November 2016

Statement of Comprehensive Income

	Note	2016 £'000	2015 £'000
Turnover	3	**91,916**	79,744
Cost of sales		**(19,918)**	(17,742)
Gross profit		**71,998**	62,002
Administrative expenses		**(56,055)**	(48,752)
Operating profit	3	**15,943**	13,250
Interest payable and similar charges	4	**(5)**	(31)
Profit on ordinary activities before taxation		**15,938**	13,219
Tax charge on profit on ordinary activities	7	**(3,202)**	(2,820)
Profit after tax and total comprehensive income for the financial year		**12,736**	10,399

All of the activities of the company are classed as continuing.

Balance Sheet

	Note		2016		2015
		£'000	**£'000**	£'000	£'000
Fixed assets					
Tangible assets	9		**29,485**		25,781
Current assets					
Stocks	10	**4,663**		4,230	
Debtors	11	**14,657**		13,706	
Cash at bank and in hand		**10,319**		2,778	
		29,639		20,714	
Creditors: amounts falling due within one year	12	**(4,337)**		(4,437)	
Net current assets			**25,302**		16,277
Total assets less current liabilities			**54,787**		42,058
Provisions for liabilities and charges	13		**(1,860)**		(1,627)
Net assets			**52,927**		40,431
Capital and reserves					
Called up share capital	14		**150**		150
Profit and loss account			**52,777**		40,281
Shareholders' funds			**52,927**		40,431

These financial statements were approved by the Board of Directors and authorised for issue on 28 November 2016. They were signed on its behalf by:

C Marsh
Director

Registration number 4396961

Statement of Changes in Equity

	Share capital	Profit and Loss reserve	Total
	£'000	£'000	£'000
As at 1 October 2014	150	34,496	34,646
Result and total comprehensive income for the year	-	10,399	10,399
	150	44,895	45,045
Transactions with owners			
Dividends to equity holders of the company	-	(4,614)	(4,614)
As at 30 September 2015	150	40,281	40,431
Result and total comprehensive income for the year	-	12,736	12,736
	150	53,017	53,167
Transactions with owners			
Dividends to equity holders of the company	-	(240)	(240)
As at 30 September 2016	150	52,777	52,927

Notes to the Financial Statements

1 Company Information

Stonebeach Limited (the Company) operate in the casual dining sector offering cakes, pastries, snacks, meals and hot and cold drinks across the UK. The Company is a incorporated and domiciled in England and Wales. The registered office of the Company is 146 - 156 Sarehole Road, Birmingham, B28 8DT.

The Company is a wholly owned subsidiary of Patissierie Holdings plc which is a public limited company which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange and prepares publically available consolidated financial statements in accordance with International Financial Reporting Standards. The Company is included in the consolidated financial statement of Patisserie Holdings plc for the year ended 30 September 2016 which are available from the registered office.

2 Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated. The financial statements have been prepared on a historical cost basis

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

2.2 Changes in Accounting Policies

This is the first year in which the financial statements have been prepared in accordance with FRS 101 having previously applied UK GAAP that was effective before periods commencing on or after 1 October 2015. The date of transition to FRS 101 was 1 October 2014. The Company has restated its comparatives for the year ended 30 September 2015 - There were no adjustments to either the Balance Sheet or the Profit and Loss account on transition to FRS101.

In applying FRS 101 for the first time the Company has applied early the amendment to FRS 101 which permits a first time adopter not to present an opening statement of financial position at the beginning of the earliest comparative period presented.

2.3 Disclosure Exemptions Adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- The requirement to produce a balance sheet at the beginning of the earliest comparative period
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group
- Presentation of comparative reconciliations for property, plant and equipment
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- The effect of future accounting standards not adopted
- Certain share based payment disclosures
- Disclosures in relation to impairment of assets

Notes to the Financial Statements

- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value).
- Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

2.4 Going Concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.5 Revenue

Turnover arises from the sale of goods. It is measured at fair value of the consideration received or receivable, less VAT and trade discounts. Turnover from restaurant and online sales is recognised when the significant risks and benefits of ownership of the product has been transferred to the buyer at the point of sale, or for wholesale revenue, when goods have been delivered. Commissions payable to third party promotors and handling agents are recognized in cost of sales.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

Freehold land and buildings	-	20 years straight line
Leasehold property improvements	-	Over the life of the lease from the month of acquisition
Plant and equipment	-	15-25% straight line from the month of acquisition
Fixtures and fittings	-	10-20% reducing balance
Motor vehicles	-	25% straight line

As no finite useful life for land can be determined, related carrying amounts are not depreciated. The useful life, the residual value and the depreciation method is assessed annually.

2.7 Stock

Stock is carried at the lower of cost or net realisable value. The costs of raw materials, consumables, work in progress and finished goods are measured by means of weighted average cost using standard costing techniques. Cost of finished goods comprises direct production costs such as raw materials, consumables, utilities and labour, and production overheads such as employee costs, depreciation, maintenance and indirect factory costs. Standard costs are reviewed regularly in order to ensure relevant measures of utilisation, production lead-time and appropriate levels of manufacturing expense are reflected in the standards.

Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell.

2.8 Leased Assets

Notes to the Financial Statements

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

All other leases are treated as operating leases.

Where the Company is a lessee, payments made under an operating lease agreement are recognised as an expense on a straight-line basis over the lease term.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.9 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using current rates, and any adjustments to the tax payable in respect of previous years.

Deferred taxation is provided on all temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its obligations on a net basis.

Tax is recognised in the consolidated statement of comprehensive income, except where it relates to items recognised directly in equity, in which case it is recognised in equity.

2.10 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

2.11 Equity, Reserves and Dividends

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

2.12 Employee Benefits

The cost of pensions in respect of the Company's defined contribution scheme is charged to profit or loss in the period in which the related employee services were provided.

2.13 Accounting Estimates and Judgements

When preparing financial statements, management makes estimates and judgements that effect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Judgements and Estimations

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At the reporting date management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to unforeseen events.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Notes to the Financial Statements

3 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to the one activity as disclosed in the Report of the Directors.

Operating profit is stated after charging:

	2016	2015
	£'000	£'000
Auditor's remuneration:		
- Audit of the Company	**55**	55
Total audit	*55*	*55*
- Taxation compliance services	**22**	22
- Other non-audit services not covered above	**12**	6
Total non-audit fees	*34*	*28*
Total fees	**89**	83
Depreciation of tangible fixed assets	**3,967**	3,265
Impairment of fixed assets	**-**	-
Recharge from Patisserie Acquisition Limited	**101**	117
Recharge from Spice Bakery Limited	**98**	98
Operating lease rentals - land and buildings	**12,110**	10,136

Auditor's remuneration for non-audit services relates to fees incurred for the group headed by Patisserie Holdings Plc.

4 Interest payable

	2016	2015
	£'000	£'000
On bank loans and overdrafts	**5**	31

5 Directors and employees

Staff costs during the year were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	**32,827**	28,389
Social security costs	**2,003**	1,646
Pension costs	**149**	122
	34,979	30,157

The average number of employees of the company during the year were as follows:

	2016	2015
Directors	**2**	2
Production & other staff	**2,584**	2,298
Total	**2,586**	2,300

Notes to the financial statements (continued)

6 Directors and employees (continued)

Remuneration in respect of directors was as follows:

	2016 £'000	2015 £'000
Emoluments	**839**	552

During the year no directors (2015 - no directors) participated in money purchase pension schemes.

Emoluments of highest paid director:

	2016 £'000	2015 £'000
Emoluments	**499**	290

7 Tax on profit on ordinary activities

The tax charge represents:

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax	**2,957**	2,384
Adjustments in respect of previous periods	**12**	67
Total current tax	**2,969**	2,451
Deferred tax:		
Origination and reversal of timing differences	**233**	369
Tax on profit on ordinary activities	**3,202**	2,820

Factors affecting current tax charge
The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20.0% (2015 – 20.5%). The differences can be explained as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**15,938**	13,219
Profit on ordinary activities multiplied by the standard rate of tax	**3,188**	2,710
Effect of:		
Group relief	**(13)**	(17)
Other short term differences	**15**	60
Adjustments in respect of previous periods	**12**	67
Total tax charge for the year	**3,202**	2,820

Notes to the financial statements (continued)

Factors affecting future tax charges:
The UK main rate of corporation tax will fall from 20% to 19% with effect from 1 April 2017 and then to 17% from 1 April 2020. These rates were substantively enacted at the balance sheet date and will effect current tax in future years.

8 Dividends

	2016	2015
	£'000	£'000
Dividends on equity shares declared and paid in the year	**240**	4,614

9 Tangible fixed assets

	Leasehold improvements	**Plant, machinery & other assets**	**Total**
	£'000	**£'000**	**£'000**
Cost			
At 1 October 2015	10,192	30,765	40,957
Additions	363	7,308	7,671
At 30 September 2016	10,555	38,073	48,628
Depreciation			
At 1 October 2015	3,617	11,559	15,176
Provided in the year	515	3,452	3,967
At 30 September 2016	4,132	15,011	19,143
Net book amount at 30 September 2016	**6,423**	**23,062**	**29,485**
Net book amount at 30 September 2015	6,575	19,206	25,781

Impairment reviews have been carried out on fixed assets by reference to future expected cash flows over at least five years discounted at a rate of 12.9%. As a result of this review, an impairment charge of £nil was processed during the year (2015: £nil).

Notes to the financial statements (continued)

10 Stocks

	2016 £'000	2015 £'000
Raw materials	**3,921**	3,543
Work in progress	**396**	375
Finished goods	**346**	312
	4,663	4,230

Stock recognised in cost of sales during the year as an expense was £20,885k (2015: £17,782k). There are no provisions against stock nor impairment losses recognised in cost of sales in either 2016 or 2015 as stocks are fast moving and the company does not have a history of stock losses.

11 Debtors

	2016 £'000	2015 £'000
Trade debtors	**475**	36
Amounts owed by group undertakings	**3,542**	3,672
Corporation tax	**1,804**	2,017
Social security and other taxes	**-**	711
Other debtors	**69**	69
Prepayments	**8,767**	7,201
	14,657	13,706

There is no allowance for impaired receivables in the current or prior year. As at 30 September 2016 all trade debt was not past due its due date. There is no material difference between the fair value and the carrying value of these assets. The maximum credit risk exposure at the reporting date equated to the fair value of trade receivables. Standard payment terms are 30 days net. There are no concentrations of credit risk.

12 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**3,353**	2,578
Amounts owed to group undertakings	**2**	1,008
Corporation tax	**-**	-
Social security and other taxes	**671**	440
Accruals	**311**	411
	4,337	4,437

Notes to the financial statements (continued)

13 Deferred taxation

	£'000
At 1 October 2015	1,627
Provided during the year	233
At 30 September 2016	**1,860**

Deferred taxation provided for in the financial statements is set out below:

	2016 £'000	2015 £'000
Accelerated capital allowances	**1,860**	1,627

14 Share capital

	2016 £'000	2015 £'000
Authorised		
Equity shares		
151,000 Ordinary shares of £1 each	**151**	151
Allotted, called up and fully paid		
Equity shares		
150,100 Ordinary shares of £1 each	**150**	150

The company has one class of ordinary shares which carry no right to fixed income.

15 Leasing commitments

At 30 September 2016 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2016 £'000	2015 £'000
Expiry date:		
Within 1 year	**10,376**	10,567
Within 2 to 5 years	**30,591**	34,022
After more than 5 years	**19,488**	25,451
	60,455	70,040

Leases relate to the rental of stores and offices.

16 Capital commitments

The company had capital commitments of £600k at 30 September 2016 (2015 - £2,880k) relating to the purchase of assets.

Notes to the financial statements (continued)

17 Contingent liabilities

The company has a cross company guarantee with its connected companies, namely Patisserie Valerie Limited, Leonardo Limited, Patisserie Valerie Express Limited, Hewmark Limited, Spice Bakery Limited, Flour Power City Limited, Philpotts Limited, Patisserie Valerie Holdings Limited and Patisserie Acquisition Limited. This guarantees the Patisserie Holdings plc group bank loan of £3 million. If the group defaults on that loan the company will be required to make good. The directors believe the financial condition of the Group is such that this guarantee will not be called upon. There was £nil outstanding liability at the end of the current and prior year.

18 Ultimate Parent Company and Control

Patisserie Valerie Holdings Limited is the company's controlling related party by virtue of its shareholding. The ultimate controlling party of the company is Patisserie Holdings plc as a result of its shareholding in Patisserie Valerie Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Patisserie Holdings plc, incorporated in England and Wales. Copies of the group accounts can be obtained from Companies House.