

**WILKIN & SONS LIMITED**  
**REPORT AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2016**



# WILKIN & SONS LIMITED

## COMPANY INFORMATION

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**Directors** Walter W. Scott B.Sc.  
Peter J. Wilkin B.Sc. (Hort.), M.S  
Stuart A. James B.Sc., F.C.A.  
Christopher W. Newenham B.Sc., M.B.A.  
Scott P. Goodfellow B.Eng.  
R. Georgina Offord B.A., F.C.C.A.

**Secretary** R. Georgina Offord B.A., F.C.C.A.

**Company number** 26233

**Registered office** Trewlands Farm,  
Tiptree,  
Colchester,  
Essex,  
CO5 0RF.

**Auditors** RSM UK Audit LLP,  
Marlborough House,  
Victoria Road South,  
Chelmsford,  
Essex,  
CM1 1LN.

**Bankers** Barclays Bank Plc,  
59 Newland Street,  
Witham,  
Essex,  
CM8 2AJ.

# **WILKIN & SONS LIMITED**

## **CHAIRMAN'S STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

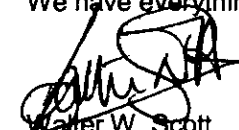
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This is my first report as Chairman of Wilkin & Sons Limited, a position I am proud to hold. The chance to continue to help this wonderful British company is indeed an honour, I hope to prove worthy of the task.

As stated in the 2015 Chairman's report several events significantly affected our business in 2016. A tough year both politically and commercially, the "Brexit" effect, the subsequent fall in the value of the pound and the ever increasing competitiveness of the major multiples. When coupled with turmoil in our export markets due to the change of four of our distributors the situation was not improved. Further details of these events can be found elsewhere in this annual report. However we finished the year in a stronger position than it seemed possible at the half way point. Tiptree jam division had a particularly difficult year, proving to us the benefit of our diversification policy of some years ago. The Farm was the star of the show this year along with another strong performance from the Bakery division. The Tea Rooms proved to be an increasingly important part of the whole and we have high hopes and exciting plans for the future of this area. The directors are recommending that the dividend on the A and B shares should remain the same.

Extensive work continued on the Tiptree site following last year's decision not to continue with our new factory build but to refurbish the existing 'iconic' buildings. This will continue as funds allow throughout 2017. The anticipated retirement at the end of June of Mr Peter Wilkin as Chairman and my subsequent appointment went ahead as planned. The Board would like to thank Peter for his 50 years' service to the Company. He has been a huge asset to our business and luckily has agreed to remain a non-executive director for the foreseeable future for which the Board are grateful. Peter has been not only the custodian of the business but also the custodian of the culture of the business. As planned Mr Ian Thurgood retired after 40 years' service with the company, we miss his keen eye for detail and insightfulness. We had many successful years working together and I along with the rest of the Board wish him well in the future.

It remains our task now to continue to build on the strong ethics and principles of this wonderful family business, to maintain and, if possible, improve the high standards set by the Wilkin family for over 130 years. We have everything and everybody in place to do just this.



Walter W. Scott  
Chairman

6 April 2017

# **WILKIN & SONS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present the strategic report for the year ended 31 December 2016.

Political events in 2016 have conspired to make the world a more uncertain place; even more reason why we must continue to operate a medium to long term strategy rather than making short term decisions. Following the "Brexit" vote, Sterling dropped in value; on the positive side, this should benefit us in export markets, however price pressures from imports are becoming visible leading to increased costs as many of our ingredients and materials are either priced or linked to the Euro. The Directors continue to monitor the long term business plan and work on ways to mitigate the risk as appropriate. The Board recognises that some fundamental decisions involving change are necessary, but in general the plan is to continue with a consistently positive approach.

The Directors continue to rely strongly on their experience of the core business; ensuring that appropriate management is in place to develop for the future, both with existing customers and in sectors with previously untapped potential. The management team has been strengthened by key appointments in specific areas, helping the business to grow as we find new ways and areas in which to capitalise upon our existing brand strengths.

#### **Fair review of the business**

Revenue for the group increased by 1.7% in the year to £41.3m (2015: £40.6m). However, as mentioned above, the group has been impacted by an increase in the cost of both ingredients and materials which has resulted in a 0.6% reduction in gross margin to 22.8% (2015: 23.4%). Operating profit after exceptional items has increased by 64% to £1.5m (2015: £0.9m), but this is primarily due to a reduction in the factory redevelopment costs expensed in the year, which were lower by some £1.2m. The group is a diverse one, and a fair review has been given below of each of these areas.

'Tiptree' jam (our core business), has traditionally been split into three key areas: retail, catering and ingredients. Those categories can then be split into further segments of sweet and savoury. If the 2016 trend continues, we may need to add two further segments of beverages and homeware following the successful introduction of fruit gin liqueurs and candles. 82% of our business in this area was in the UK, with 8% in the EU and 10% outside Europe. Sales in this area were down when compared to the previous year, yet are still the second highest that we have ever achieved; this really highlights what an exceptional performance 2015 was. The retail sector was relatively static while catering and ingredients channels continued to grow. Recent moves to pack and focus more on retail honey have stood us in good stead, but it is a potentially volatile market due to government concerns about sugar and some doubts about the health benefits of manuka honey.

'Tiptree' jam export sales remain strong but, as mentioned last year, there were some concerns about the stability of some of our partners, which unfortunately came to fruition and saw us successfully replace distributors in four of our key markets, a major exercise that we hope will not be repeated for some time. We mitigate these concerns by maintaining close contact with our partners, and understanding their greatest concerns and market drivers.

Thursday Cottage built upon its reputation for hand-filled branded and private label preserves and has reviewed its core strengths, resulting in efficiency savings and increased awareness of sales growth that also improved margins. In a mature and saturated market it is crucial to recognise and take advantage of perceived benefits, in particular maintaining a difference that has value for the consumer.

Tiptree Patisserie has had another outstanding year. Continued focus on product mix and production consistency, aligned with a structured approach to developing relationships with existing and new customers has delivered results in terms of sales, profits and confidence. The earlier move to larger premises in Witham has ensured this business is well placed to continue building sales with a reputation for consistently competitive premium products.

# **WILKIN & SONS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Fair review of the business (continued)**

Cole's Puddings had a good year with earlier development work on strategy and focus bringing results that bode well for the future. In particular this business is listening to its customer and adjusting its offering to accommodate even the most demanding requirements, whilst doing so in a way that enhances overall profitability. There is work to be done yet on range extensions that take the business beyond the risks of being a single-market producer, but it does have a stable base with a good reputation and recognised commercial stability.

In an historic context, our farming business has improved beyond recognition. Hampered by the vagaries of English weather and the consequential challenge of finding fruit pickers at precisely the right time, continuing investment in modern growing methods is helping to bring consistency to cropping and the means to maximise profitable sales in a highly competitive market. In particular, this was the first year that we reaped the benefits of our investment in the New Growing System (a video of the system can be viewed on YouTube <https://www.youtube.com/watch?v=q3XUXH76YBE>). Sales and profits broke all previous records despite bad weather at certain key periods of the year. The main challenges remain the sourcing of fruit-pickers (severely affected by government policy and uncertainty caused by "Brexit") and supply of water for irrigation.

The tea rooms had a year of consolidation in preparation for accelerated growth in 2017 and beyond. The latter part of 2016 was spent in negotiations for a high profile location in Chelmsford City centre and we hope to open shortly after Easter of this year. Throughout 2016, we spent time looking at the branding of our tea rooms and have together with the main business come up with an updated approach. By the end of the year we had ten operating tea rooms. One of the new locations at Barleylands Farm is already vying with Tiptree to be the largest tea room in terms of sales. The retail experience at the Tiptree Visitor Centre has been updated with new layouts and better presentation of goods as well as stripping out certain gift categories that we felt did not meet the visitor experience that we are trying to achieve. The Red Moped online site has been improved and linked into our accounts software which has improved our administrative efficiency and accuracy. The Red Moped packing and despatch area was relocated to our Beckingham premises, a move which has improved our picking speed and accuracy. During 2017, it is intended that Red Moped as a name will be replaced by Tiptree.com.

#### **Other information**

Having halted the new factory development in 2015, the company has been working through a renovation plan for the existing building. Flexible plans have been presented, and work is being carried out in a controlled manner ensuring that the company can always afford the stage being developed. In 2016, we commenced work on improving our infrastructure, which included a new site road and drainage work (due to be completed in early 2017).

One of the unfortunate consequences of the factory renovation has been the closure at the end of December of the Garage business. The site that the Garage occupied had been identified as the only realistic location for the new Energy Centre and despite our best efforts we were unable to find a suitable new site for the Garage at an acceptable cost. Four members of staff were regrettably made redundant; we are grateful for their contribution and we wish them every success in the future.

Staff are better informed through general availability of minutes of group meetings and regular briefings; the legal aspects of employment are covered by making policies available for all to see, up-to-date payroll software, health and safety auditing and consolidated risk assessments. On a more paternalistic level, staff are encouraged to understand and make use of the benefits of Employee Ownership and maximise use of their skills for the benefit of all.

Our focus on energy reduction and waste handling improvements continue. New production lines and processes meant that both gas and electricity consumption rose in the year. However, the plan to renovate the factory includes replacement boilers which will certainly help towards meeting our energy saving targets in the next few years. Following an ESOS audit in 2015, a number of energy savings opportunities were identified and subsequently implemented during the year, such as insulating the Line 1 boiling pans, replacing a number of pumps and motors and replacing lighting in the Filling Room with new LED lights.

# WILKIN & SONS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Other information (continued)

91% of our Tiptree site waste was either recycled, re-used or sent to anaerobic digestion outlets (2015: 91%) and we declared 100% landfill diversion. Work continued on 'right first time' production resulting in a cost reduction in excess of 5% for the main Tiptree site.

Whilst the decision regarding the new factory development had the potential to disrupt our friendly relations with the local community, we continue to work hard at maintaining genuine relationships with Tiptree and the wider local community. We support local charitable organisations and leisure and sporting activities, in particular those that benefit local youth, and we have a growing involvement in cultural events and initiatives. 2016 saw us hosting the 1st Little Scarlet Music Festival, an event which we hope will become a regular date in local diaries.

On a broader level, we continued to work with Rodda (another long-established English business) to promote the Cream Tea Society and continued our support of the National Cream Tea Day, both aimed at raising funds nationally for charity and increasing awareness of our products and the business philosophy of Wilkin & Sons. Employees are encouraged to take part in charitable and other initiatives that benefit local and regional communities. Look out for announcements in 2017 about our involvement in a major fund raising exercise with the Rotary Club.

#### Outlook

With volatile conditions in many world markets and lack of confidence in BRIC nations, to maintain recent overseas sales growth will be a challenge. New relationships in key markets such as Italy, USA, Japan and Germany will take time to show positive results although some markets, notably the Middle East, are expected to remain buoyant. UK retail sales are expected to remain static due to saturation, and growth in the home market must come predominantly from sales in new categories and new product development.

Our commitment to becoming an exemplary business continues to drive changes and the Board believes this is the key to continuing sustainable growth. The core values that have stood us in good stead remain paramount, but we fully intend to extend our experience into new areas. This brings with it some risks, but can have commensurate rewards if we succeed.

Although the new factory project will not be progressed, we have embarked upon a long-term programme of improvement on all sites, in particular at Tiptree. In consequence financial risk levels are significantly reduced, but the total cost is likely to be higher than that of a new build project. The benefit of this approach is that we can move at a pace that the business can afford, adjusting our rate of progress to match changing market and economic conditions.

As always, we are optimistic for the future of the business, both in the medium and long-term. As we continue to work on being a remarkable business, we have three simple guiding principles firmly in mind: **quality, integrity and independence.**

#### Principal risks and uncertainties

##### *Price Risk*

The Group is exposed to commodity, oil and gas price risk. The Group fixes certain commodity prices with suppliers for periods of varying lengths; we pass on long-term cost increases to our customers but temper such changes with an awareness of more general market conditions. Price risk is mitigated by growing a large proportion of our own fruit and by maintaining long-term working relationships with suppliers.

##### *Foreign Currency Risk*

The Group sells in more than one currency, and is therefore subject to movements in foreign exchange. This risk is largely mitigated through the use of natural hedging, whereby we offset exports denominated in Euros against certain imported products such as oranges from Seville, purchased in Euros.

# WILKIN & SONS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Principal risks and uncertainties (continued)

##### *Credit Risk*

The Group's credit risk is primarily attributed to its trade debtors; the amounts shown in the balance sheet are net of allowances for bad and doubtful debts and provisions for credit notes.

##### *Liquidity Risk*

The Group regularly reviews its funding position to ensure that there is sufficient working capital to meet its future obligations and development plans. Funding on long-term projects is matched with long-term debt finance. Short-term funding requirements are financed through bank overdrafts where necessary. Although borrowing is expected to increase as a result of our expansion and redevelopment plans, the board and its financial advisors consider this extra risk to be well within acceptable levels when related to the asset strength of the business.

##### *Interest Rate Risk*

We monitor the cost of interest rates and review methods of reducing the risk. The directors take the view that under the current circumstances, the cost of securely mitigating the risk of increased interest rates exceeds the cost of servicing the increase.

##### *Operational Risk*

Political uncertainty is probably the main risk for 2017 and for the foreseeable future, brought about by the "Brexit" vote. There is uncertainty in relation to:-

- Access to sufficient numbers of fruit pickers (in recent years this has mainly been from Bulgaria and Romania);
- Exchange rate movements and the weakness of Sterling against the Euro and U.S. Dollar; and
- Freedom of access to current export markets and the possible implementation of tariffs.

Inflationary pressures are an obvious source of concern, due to a combination of wage increases and cost of materials (as several significant purchases lines, even though they are from UK based suppliers are priced in Euros).

##### *The National Living Wage*

Without doubt, the National Living Wage will continue to have far-reaching implications for UK-based businesses, especially those where skill levels cover a broad range. Increased costs must be borne by the consumer or mitigated by increased efficiency, something that we are continuing to address in order to maintain competitive market prices whilst continuing to employ staff appropriate for the needs of the business in a fair and safe manner.

By order of the board



Stuart A. James

6 April 2017

# WILKIN & SONS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

The directors have pleasure in presenting their report and financial statements of the group for the year ended 31 December 2016, being the one hundred and twenty ninth Statement of Financial Position and Statement of Comprehensive Income.

#### Principal activities

Wilkin & Sons Limited is a private company based in Tiptree, Essex, with subsidiaries on a number of other sites in Essex. The company and its subsidiaries grow fruit, operate tea rooms and manufacture high quality food products for sale in the UK and over 60 different world markets. Its aim is to be a remarkable business.

#### Results and dividends

The results for the year are set out on page 11. Particulars of the dividends paid are detailed in note 13.

#### Directors

The directors who held office and served the company during the year and up to the date of signature of the financial statements together with their beneficial interests, and those of their families, in the shares of the company at 31 December 2016 were as follows:

		Preference			Ordinary	
		3.5%	4.2%	'B'	2.5%	'A'
Peter J. Wilkin	2016	1,124	166	70,637	2,422	13,164
	2015	1,124	166	70,637	2,422	13,164
Ian K. Thurgood	2016	80	123	1,827	-	-
	2015	80	123	1,827	-	-
Walter W. Scott	2016	-	-	24,657	-	2,500
	2015	-	-	24,657	-	2,500
Stuart A. James	2016	1	50	12,683	-	2,500
	2015	1	50	12,683	-	2,500
Christopher W. Newenham	2016	4,690	-	5,986	-	4,500
	2015	4,690	-	5,986	-	4,500
Scott P. Goodfellow	2016	-	33	135	-	2,500
	2015	-	-	-	-	2,500
R. Georgina Offord	2016	-	-	-	-	-
	2015	-	-	-	-	-

Ian K. Thurgood retired as Joint Managing Director on 31 March 2016. On the same date, Stuart A. James was appointed Joint Managing Director and R. Georgina Offord was appointed Finance Director. Ian K. Thurgood retired as a director on 30 April 2016. Peter J. Wilkin retired as Chairman on 1 July 2016. On the same date, Walter W. Scott retired as Joint Managing Director and was appointed Chairman. Christopher W. Newenham succeeded Walter W. Scott and was appointed as Joint Managing Director on 1 July 2016.

The directors retiring by rotation this year are Walter W. Scott and Scott P. Goodfellow who, being eligible, offer themselves for re-election.

#### Employment policy

The group encourages the involvement of its employees through regular staff briefings; these involve question and answer sessions designed to ensure that employees are able to express their opinions.

All permanent employees are members of a profit-related bonus scheme.

Wilkin & Sons Limited set up an Employee Benefit Trust in 1989; the Trust, which holds 47.14% (2015: 47.19%) of the votes in Wilkin & Sons Limited, holds shares on behalf of the employees of the group. There are currently seven trustees, three of whom represent the interests of the employees. There is also a Share Incentive Plan where shares are allocated to qualifying employees twice a year, which holds 2.98% (2015: 2.79%) of the company's votes.



# **WILKIN & SONS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Disabled persons**

The group will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. Every effort is made to accommodate any employee who has been injured or disabled whilst in our employment to continue in their role.

#### **Group policy**

The directors are committed to a policy of implementing the best current practice in all areas of the group's activities, and in its attitude to its employees, its customers, its suppliers, the community and the environment.

#### **Independence**

Wilkin & Sons Limited values its independence, and is determined that this shall continue for the future.

#### **Qualifying third party indemnity provisions**

The group has directors and officers liability insurance in place for the benefit of its directors and senior managers. *These provisions remain in force at the reporting date.*

#### **Matters of strategic importance**

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on page 2 under S414c(11) of the Companies Act 2006.

#### **Charitable donations**

During the year the group made charitable donations of £11,107 (2015: £35,823).

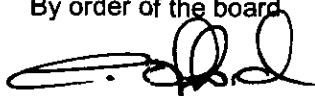
#### **Auditor**

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the next Annual General Meeting.

#### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

By order of the board



R. Georgina Offord

Company Secretary

6 April 2017

# **WILKIN & SONS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors are responsible for preparing the Directors' Report, 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 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 group and the company and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 WILKIN & SONS LIMITED**

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## **Opinion on financial statements**

We have audited the group and parent company financial statements (the "financial statements") on pages 11 to 36. 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 FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2016 and of the group's 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.

## **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](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

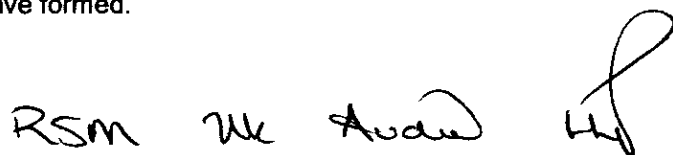
# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILKIN & SONS LIMITED

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## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 8, 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 (APB's) Ethical Standards for Auditors.

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.

Handwritten signature of Andrew Monteith, consisting of the letters 'RSM' followed by a stylized signature.

Andrew Monteith (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

10 April 2017

# WILKIN & SONS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	41,288	40,608
Cost of sales		(31,870)	(31,099)
Gross profit		9,418	9,509
Other operating expenses (net)	4	(7,625)	(7,097)
Exceptional items	5	(295)	(1,497)
Operating profit		1,498	915
Profit on disposal of land and buildings		123	583
Interest receivable and similar income	9	4	4
Interest payable and similar charges	10	(46)	(30)
Profit on ordinary activities before taxation	11	1,579	1,472
Taxation	12	(275)	(610)
Profit for the financial year		1,304	862
Total comprehensive income for the year		1,304	862

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**WILKIN & SONS LIMITED**

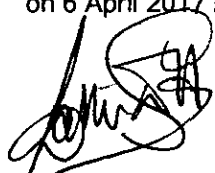
Company Registration No. 26233

**STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	Group 2016 £'000	2015 £'000	Company 2016 £'000	2015 £'000
<b>Fixed assets</b>					
Intangible assets	14	3	129	-	125
Tangible assets	15	11,091	10,546	10,851	10,283
Investments	16	1	1	3,555	3,555
		<u>11,095</u>	<u>10,676</u>	<u>14,406</u>	<u>13,963</u>
<b>Current assets</b>					
Stocks	18	6,416	6,898	5,397	5,937
Debtors due within one year	19	5,483	6,334	5,112	5,781
Cash at bank and in hand		2,668	1,232	1,951	818
		<u>14,567</u>	<u>14,464</u>	<u>12,460</u>	<u>12,536</u>
<b>Creditors: amounts falling due within one year</b>	20	(4,471)	(4,709)	(4,165)	(4,341)
Net current assets		<u>10,096</u>	<u>9,755</u>	<u>8,295</u>	<u>8,195</u>
<b>Total assets less current liabilities</b>		<u>21,191</u>	<u>20,431</u>	<u>22,701</u>	<u>22,158</u>
<b>Creditors: Amounts falling due after more than one year</b>	21	(2,156)	(2,552)	(2,156)	(2,552)
<b>Provisions for liabilities</b>	24	(695)	(776)	(698)	(775)
<b>Net assets</b>		<u>18,340</u>	<u>17,103</u>	<u>19,847</u>	<u>18,831</u>
<b>Capital and reserves</b>					
Called up share capital	27	1,000	1,000	1,000	1,000
Other reserves	28	17,340	16,103	18,847	17,831
<b>Shareholders' funds</b>		<u>18,340</u>	<u>17,103</u>	<u>19,847</u>	<u>18,831</u>


The company's profit for the year and total comprehensive income for the year was £1,083k (2015: £797k).

The financial statements on pages 11 to 36 were approved by the board of directors and authorised for issue on 6 April 2017 and are signed on its behalf by:



Walter W. Scott

Director



Stuart A. James

Director

# WILKIN & SONS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	General Reserve £'000	Own Shares Held £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2015</b>		1,000	120	1,000	(1,683)	15,858	16,295
<b>Year ended 31 December 2015:</b>							
Profit and total comprehensive income for the year		-	-	-	-	862	862
Transactions with owners:							
Dividends	13	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	28	-	-	-	(1)	-	(1)
<b>Balance at 31 December 2015</b>		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,684)</u>	<u>16,667</u>	<u>17,103</u>
<b>Year ended 31 December 2016:</b>							
Profit and total comprehensive income for the year		-	-	-	-	1,304	1,304
Transactions with owners:							
Dividends	13	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	28	-	-	-	(14)	-	(14)
<b>Balance at 31 December 2016</b>		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,698)</u>	<u>17,918</u>	<u>18,340</u>

# WILKIN & SONS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	General Reserve £'000	Own Shares Held £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2015</b>		1,000	120	1,000	(1,683)	17,651	18,088
<b>Year ended 31 December 2015:</b>							
Profit and total comprehensive income for the year		-	-	-	-	797	797
Transactions with owners:							
Dividends	13	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	28	-	-	-	(1)	-	(1)
<b>Balance at 31 December 2015</b>		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,684)</u>	<u>18,395</u>	<u>18,831</u>
<b>Year ended 31 December 2016:</b>							
Profit and total comprehensive income for the year		-	-	-	-	1,083	1,083
Transactions with owners:							
Dividends	13	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	28	-	-	-	(14)	-	(14)
<b>Balance at 31 December 2016</b>		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,698)</u>	<u>19,425</u>	<u>19,847</u>



# WILKIN & SONS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	34	4,085	1,383
Interest paid		(46)	(30)
Income taxes paid		(289)	(664)
<b>Net cash from operating activities</b>		<u>3,750</u>	<u>689</u>
<b>Investing activities</b>			
Purchase of intangible assets		(9)	(111)
Purchase of tangible fixed assets		(2,003)	(3,658)
Proceeds on disposal of tangible fixed assets		210	622
Interest received		4	4
<b>Net cash used in investing activities</b>		<u>(1,798)</u>	<u>(3,143)</u>
<b>Financing activities</b>			
Proceeds of new bank loans		-	2,100
Repayment of bank loans		(464)	(350)
Dividends paid		(53)	(53)
<b>Net cash (used in)/from financing activities</b>		<u>(517)</u>	<u>1,697</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,435</u>	<u>(757)</u>
<b>Cash and cash equivalents at beginning of year</b>		1,232	1,989
<b>Cash and cash equivalents at end of year</b>		<u><u>2,667</u></u>	<u><u>1,232</u></u>
Relating to:-			
Bank balances included in cash at bank and in hand		2,668	1,232
Overdrafts included in "creditors: amounts falling due within one year"		(1)	-
		<u><u>2,667</u></u>	<u><u>1,232</u></u>

# **WILKIN & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1 Accounting policies**

##### **Company information**

Wilkin & Sons Limited ("the company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office and principal place of business is Trewlands Farm, Tiptree, Colchester, Essex, CO5 0RF.

The group consists of Wilkin & Sons Limited, the Wilkin & Sons Limited Employee Benefit Trust and all of its subsidiaries.

The company's and the group's principal activities 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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

As permitted by s408 Companies Act 2006, the company has not presented its own Statement of Comprehensive Income as it prepares group accounts.

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements in relation to the individual company financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The individual financial statements of the parent company, Wilkin & Sons Limited, are included within the consolidated amounts of these financial statements.

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Wilkin & Sons Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies (continued)

##### Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the group and the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Turnover

Turnover is measured at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. Turnover is shown net of Value Added Tax.

Turnover is recognised when both the significant risks and rewards of ownership have been passed to the customer and turnover can be reliably measured, which is generally upon the despatch of goods.

##### Intangible fixed assets - purchased goodwill

Goodwill in the group accounts represents the excess of the consideration for an acquired undertaking above the fair value of the net assets acquired and is written off evenly over five years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits.

Goodwill in the company accounts represents past purchased goodwill and is written off evenly over its useful economic life of between one and ten years.

##### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

Customer relationships	Over 2 years
------------------------	--------------

##### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at historic cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly to its estimated residual value over its expected useful life, as follows:

Freehold buildings	Ten to fifty years
Leasehold buildings	Over the life of the lease
Plant and machinery	Three to twenty years

The gain and 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 recognised in the statement of comprehensive income.

##### 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 indicators of impairment at each reporting date. If any such indicators exist then the recoverable amount is estimated and any impairment losses or reversals of impairment losses are recognised immediately in the statement of comprehensive income.

# **WILKIN & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

---

#### **1 Accounting policies (continued)**

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.

##### **Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

##### **Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

##### **Employee Benefit Trust**

On 20 December 1989, the company established the Wilkin & Sons Employee Benefit Trust for the benefit of employees. Monies held in this trust are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of, the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified beneficiaries.

##### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1 Accounting policies (continued)

##### **Financial assets**

###### *Trade, group and other debtors*

Trade, group and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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 group after deducting all of its liabilities.

###### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

###### *Own shares*

The fair value of consideration given for shares repurchased by the company, through the Employee Benefit Trust, is deducted from equity.

###### *Trade, group and other creditors*

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

###### *Bank overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

###### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

###### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# **WILKIN & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

---

#### **1 Accounting policies (continued)**

##### **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 tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. 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 is not discounted.

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.

Deferred tax is recognised on income or expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

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 a net basis or to realise the asset and settle the liability simultaneously.

##### **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.

##### **Retirement benefits**

The company operates two defined contribution pension schemes and the pension charges to the comprehensive statement of income represents the contributions payable by the company in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# **WILKIN & SONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

---

#### **1 Accounting policies (continued)**

##### **Leases (continued)**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

##### **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.

##### **Dividends**

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

#### **2 Critical accounting estimates and judgements**

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, if the revision affects only that period. If the revision affects both current and future periods then the revision is recognised in the current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined on the following page.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 2 Critical accounting estimates and judgements (continued)

##### Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the group's inventory. Factors taken into consideration in reaching such a decision include not only the maintenance of stock values at the lower of cost and net realisable value, but also the current, and future anticipated, rate of sale.
- Determine whether there are indicators of impairment of the group's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the Employee Benefit Trust (EBT) should be considered to be under the control or de facto control of the parent company. The judgement that the parent company does exert de facto control has resulted in the EBT's assets and liabilities being recognised on the parent company and consolidated Statements of Financial Position.

#### 3 Turnover

The analysis of turnover by class of business has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the group. All turnover is derived from the sale of goods.

Turnover analysed by geographical market	2016 £'000	2015 £'000
United Kingdom	34,499	33,376
Rest of European Union	3,980	3,088
Rest of the World	2,809	4,144
	<u>41,288</u>	<u>40,608</u>

4 Other operating expenses (net)	2016 £'000	2015 £'000
Distribution costs	(3,824)	(3,916)
Administrative expenses	(4,327)	(3,589)
Other operating income - rents receivable	400	386
Other operating income - grants	112	22
Other operating income - other revenue	14	-
	<u>(7,625)</u>	<u>(7,097)</u>

5 Exceptional items	2016 £'000	2015 £'000
Operating profit is stated after charging the following:		
Factory redevelopment costs expensed	295	1,497



# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

<b>6</b>	<b>Auditor's remuneration</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	Fees payable to the company's auditor and its associates		
	<b>For audit services:</b>		
	Audit of the group's and company's financial statements	28	29
	<b>For other services:</b>		
	All other non-audit services	6	6
<b>7</b>	<b>Employees</b>		
	The average monthly number of persons (including directors) employed by the group during the year was:		
		<b>2016 No.</b>	<b>2015 No.</b>
	Factory	343	323
	Farm	107	124
	Tearooms and shop	108	101
		558	548
	Their aggregate remuneration comprised:		
		<b>2016 £'000</b>	<b>2015 £'000</b>
	Wages and salaries	12,869	11,591
	Social security costs	1,058	908
	Pension costs	347	395
		14,274	12,894
<b>8</b>	<b>Directors' remuneration</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	Remuneration for qualifying services	1,043	974
	Company contributions to defined contribution pension schemes	161	86
		1,204	1,060

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 8 Directors' remuneration (continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2015: 5). Remuneration above includes ex gratia payments for loss of office on retirement totalling £145k.

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016 £'000	2015 £'000
Remuneration	232	231
Company contributions to defined contribution pension schemes	22	-
	<u>254</u>	<u>231</u>

#### 9 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest on bank deposits	4	4

#### 10 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on bank loans	46	30

#### 11 Profit before tax

	2016 £'000	2015 £'000
--	---------------	---------------

Profit before tax is stated after charging/(crediting):

Exchange (gains)/ losses	(66)	72
Depreciation of owned tangible fixed assets	1,405	1,251
Depreciation of tangible fixed assets held under finance leases	1	1
Profit on disposal of tangible fixed assets (including amounts shown below operating profit on page 11)	(158)	(600)
Amortisation of intangible assets	135	181
Inventory impairment losses reversed	(138)	(36)
Operating lease charges	474	468

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

12	Taxation	2016 £'000	2015 £'000
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	443	633
	Adjustments in respect of prior periods	(87)	(72)
	FRS 102 transitional adjustment	-	(18)
	Total current tax	356	543
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(39)	127
	Adjustment in respect of prior periods	1	25
	Effect of decreased tax rate on opening liability	(43)	(85)
	Total deferred tax	(81)	67
	Total tax charge	275	610

During the year, as a result of the change in the UK main corporation tax rate from 18% to 17%, that was substantively enacted on 15 September 2016 and which will be effective from 1 April 2020, the relevant deferred tax balances have been remeasured on this basis.

The charge for the year can be reconciled to the profit per the statement of total comprehensive income as follows:

	2016 £'000	2015 £'000
Profit before taxation	1,579	1,472
Expected tax charge based on a corporation tax rate of 20% (2015: 20%)	316	294
Expenses that are not deductible for tax purposes	69	363
Effect of capital gains	(3)	82
Adjustments in respect of prior years	(86)	(47)
Effect of change in corporation tax rate	(36)	(27)
Depreciation in excess of capital allowances	15	(37)
FRS 102 transitional adjustment	-	(18)
Tax expense for the year	275	610

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

13

Dividends

2016  
£'000

2015  
£'000

Ordinary:

Interim paid on ordinary shares

34

34

Interim paid on preference shares

24

24

Less: Dividends paid to Wilkin & Sons Employee Benefit Trust

(5)

(5)

53

53

14

Intangible assets

Group

Goodwill  
£'000

Customer  
relationships  
£'000

Total  
£'000

Cost

1 January 2016

3,428

37

3,465

Additions

-

9

9

31 December 2016

3,428

46

3,474

Amortisation and impairment

1 January 2016

3,304

32

3,336

Amortisation charged in the year

124

11

135

31 December 2016

3,428

43

3,471

Carrying amount

31 December 2016

-

3

3

31 December 2015

124

5

129

Company

Goodwill  
£'000

Cost

1 January 2016 and 31 December 2016

298

Amortisation and impairment

1 January 2016

173

Amortisation charged in the year

125

31 December 2016

298

Carrying amount

31 December 2016

-

31 December 2015

125

Amortisation charged during the year is included within administrative expenses.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 15 Tangible fixed assets

Group	Freehold property £'000	Leasehold property £'000	Plant and machinery £'000	Total £'000
<b>Cost or valuation</b>				
1 January 2016	6,964	108	17,485	24,557
Additions	783	12	1,208	2,003
Disposals	(198)	-	(384)	(582)
31 December 2016	<u>7,549</u>	<u>120</u>	<u>18,309</u>	<u>25,978</u>
<b>Depreciation and impairment</b>				
1 January 2016	1,446	58	12,507	14,011
Depreciation charged in the year	227	13	1,166	1,406
Eliminated in respect of disposals	(155)	-	(375)	(530)
31 December 2016	<u>1,518</u>	<u>71</u>	<u>13,298</u>	<u>14,887</u>
<b>Carrying amount</b>				
31 December 2016	<u>6,031</u>	<u>49</u>	<u>5,011</u>	<u>11,091</u>
31 December 2015	<u>5,518</u>	<u>50</u>	<u>4,978</u>	<u>10,546</u>

Included in the above are the following amounts in respect of assets held under hire purchase contracts:

	NBV 2016 £'000	NBV 2015 £'000
Plant and machinery	<u>2</u>	<u>3</u>

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 15 Tangible fixed assets (continued)

Company	Freehold property £'000	Leasehold property £'000	Plant and machinery £'000	Total £'000
<b>Cost or valuation</b>				
1 January 2016	6,964	16	16,463	23,443
Additions	783	9	1,162	1,954
Disposals	(198)	-	(345)	(543)
31 December 2016	7,549	25	17,280	24,854
<b>Depreciation and impairment</b>				
1 January 2016	1,446	2	11,712	13,160
Depreciation charged in the year	227	3	1,104	1,334
Eliminated in respect of disposals	(155)	-	(336)	(491)
31 December 2016	1,518	5	12,480	14,003
<b>Carrying amount</b>				
31 December 2016	6,031	20	4,800	10,851
31 December 2015	5,518	14	4,751	10,283

#### *Security against land and buildings*

The Group has pledged land and buildings, having a net book value of £2.6m, to secure its bank loans (note 23) by way of a fixed charge.

16	Fixed asset investments	2016 £'000	2015 £'000
<b>Group</b>			
Investments in subsidiaries		1	1

#### Movements in fixed asset investments

	Investments in subsidiaries £'000
<b>Cost and carrying amount</b>	
At 31 December 2015 and 31 December 2016	1

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 16 Fixed asset investments (continued)

	2016 £'000	2015 £'000
<b>Company</b>		
Investments in subsidiaries	3,555	3,555

#### Movements in fixed asset investments

	Investments in subsidiaries £'000
<b>Cost and carrying amount</b>	
At 31 December 2015 and 31 December 2016	3,555

#### 17 Subsidiary undertakings

Details of the group and company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shares held	% held direct
Group subsidiary undertakings:				
The Britannia Fruit Preserving Company Limited	England and Wales	Dormant	Ordinary	100%
The Burnham Mustard Company Limited	England and Wales	Dormant	Ordinary	100%
Tiptree Jam Company	England and Wales	Dormant	Ordinary	100%
Company subsidiary undertakings:				
The Britannia Fruit Preserving Company Limited	England and Wales	Dormant	Ordinary	100%
The Burnham Mustard Company Limited	England and Wales	Dormant	Ordinary	100%
Tiptree Jam Company	England and Wales	Dormant	Ordinary	100%
Tiptree Patisserie Limited	England and Wales	Manufacture and sale of high quality food products	Ordinary	100%
Thursday Cottage Limited	England and Wales	Manufacture and sale of high quality food products	Ordinary	100%
Cole's Puddings Limited	England and Wales	Manufacture and sale of high quality food products	Ordinary	100%

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 17 Subsidiary undertakings (continued)

The aggregate amount of capital and reserves and the results of the group undertakings which are not consolidated for the last relevant financial year were as follows:

	Principal activity	Capital and reserves £	Profit for the year £
The Britannia Fruit Preserving Company Limited	Dormant	27	-
The Burnham Mustard Company Limited	Dormant	2	-
Tiptree Jam Company	Dormant	607	-

Tiptree Jam Company is an unlimited company of which Wilkin & Sons Limited is the sole member.

The Britannia Fruit Preserving Company Limited, The Burnham Mustard Company Limited and Tiptree Jam Company are not consolidated as in the opinion of the directors the figures are immaterial to the group.

The following subsidiary companies have taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirements in the Act for their individual accounts to be audited:

- Tiptree Patisserie Limited (registered number 5544329)
- Thursday Cottage Limited (registered number 01241242)
- Cole's Puddings Limited (registered number 02207321)

#### 18 Stocks

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Raw materials and consumables	2,969	3,256	2,315	2,604
Work in progress	346	356	346	356
Finished goods and goods for resale	3,101	3,286	2,736	2,977
	<u>6,416</u>	<u>6,898</u>	<u>5,397</u>	<u>5,937</u>

#### 19 Debtors

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	4,927	5,302	4,423	4,679
Amounts due from subsidiary undertakings	-	-	213	170
Other debtors	156	699	114	633
Prepayments and accrued income	400	333	362	299
	<u>5,483</u>	<u>6,334</u>	<u>5,112</u>	<u>5,781</u>



# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

<b>20</b>	<b>Creditors: Amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
		<b>2016 £'000</b>	<b>2015 £'000</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	Bank loans and overdrafts	390	457	389	457
	Trade creditors	1,870	2,133	1,703	1,997
	Corporation tax payable	208	141	55	-
	Other taxation and social security	254	245	226	219
	Amounts due to subsidiary undertakings	-	-	93	-
	Other creditors	294	207	266	142
	Accruals and deferred income	1,455	1,526	1,433	1,526
		<u>4,471</u>	<u>4,709</u>	<u>4,165</u>	<u>4,341</u>
<b>21</b>	<b>Creditors: Amounts falling due after more than one year</b>	<b>Group</b>		<b>Company</b>	
		<b>2016 £'000</b>	<b>2015 £'000</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	Bank loans	2,127	2,523	2,127	2,523
	Other creditors	29	29	29	29
		<u>2,156</u>	<u>2,552</u>	<u>2,156</u>	<u>2,552</u>
<b>22</b>	<b>Financial instruments</b>	<b>Group</b>		<b>Company</b>	
		<b>2016 £'000</b>	<b>2015 £'000</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	<b>Carrying amount of financial assets</b>				
	Debt instruments measured at amortised cost	4,969	5,406	4,662	4,908
	Equity instruments measured at cost less impairment	1	1	3,555	3,555
		<u>4,970</u>	<u>5,407</u>	<u>8,217</u>	<u>8,463</u>
	<b>Carrying amount of financial liabilities</b>				
	Measured at amortised cost	6,164	6,875	6,040	6,674

Financial asset debt instruments measured at amortised cost are comprised of trade debtors, amounts due from subsidiary undertakings and other debtors excluding corporation tax and other taxes and social security.

Financial asset equity instruments measured at cost less impairment are comprised of fixed asset investments.

Financial liabilities measured at amortised cost are comprised of bank loans, trade creditors, amounts due to subsidiary undertakings, accruals, and other creditors.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

23	Borrowings	Group		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
	Bank overdraft	1	-	-	-
	Bank loans	2,516	2,980	2,516	2,980
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Payable within one year	390	457	389	457
	Payable after one year	2,127	2,523	2,127	2,523
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Amounts included above which fall due after five years:				
	Payable by instalments	651	983	651	983
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Included within bank loans due within and after one year are three bank loans bearing interest at 1.25% above the bank of England base rate. One loan is repayable in full within 4 years, and two in 8 years. The bank loans are secured by fixed charges over certain freehold property within the company.

24	Provisions for liabilities	Group		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
	Deferred tax liabilities	695	776	698	775
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

25	Deferred taxation	Group		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
	1 January	776	709	775	710
	(Credit)/charge to the profit or loss	(81)	67	(77)	65
	31 December	<u>695</u>	<u>776</u>	<u>698</u>	<u>775</u>

The major deferred tax liabilities and assets recognised are:

Deferred tax liabilities:	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Accelerated capital allowances	206	256	209	255
Short term timing differences	(8)	(8)	(8)	(8)
Tax deferred via roll over relief	497	528	497	528
Total	<u>695</u>	<u>776</u>	<u>698</u>	<u>775</u>

The majority of deferred tax liabilities are expected to unwind in future tax periods after 1 year. The amount and timing of the crystallisation of deferred tax liabilities depends on future tax rates and reliefs, and the timing of future purchases and disposals of assets.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 26 Retirement benefits schemes

##### Defined contribution schemes

The group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The contributions payable by the group charged to profit or loss amounted to £347k (2015: £395k). Contributions totalling £47,049 were outstanding (2015: £1,364 prepaid) to the fund at the year end and are included in creditors and debtors respectively.

27 Share capital	2016 £'000	2015 £'000
260,000 'A' Ordinary shares of £1 each	260	260
150,000 2.5% Cumulative Ordinary shares of £1 each	150	150
54,000 3.5% Cumulative Preference shares of £1 each	54	54
16,000 4.2% Cumulative Preference shares of £1 each	16	16
520,000 'B' Non-cumulative Preference shares of £1 each	520	520
	<u>1,000</u>	<u>1,000</u>

##### Voting rights

Each 2.5% Cumulative Ordinary share has six votes per share. The remaining Ordinary and Preference shares have one vote per share.

##### Priority on winding up

The holder of any class of Preference share is entitled to the nominal value of the paid up amount on each share on winding up. Subject to the repayment of Preference shares, the balance is distributable amongst the holders of the 2.5% Cumulative Ordinary and 'A' Ordinary shares according to the amounts paid up on the shares.

##### Dividend rights

Distributions made by the company out of the profits by way of dividend are on amounts paid up on shares held. Dividends for holders of each class of Cumulative Preference shares are paid in priority over other shares. The dividend on the Cumulative Ordinary shares rank next for payment. Dividends for 'A' Ordinary and 'B' Non-Cumulative Preference shares rank last.

#### 28 Reserves

##### Other reserves

Other reserves is comprised of the following reserves:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Capital redemption reserve	120	120	120	120
General reserve	1,000	1,000	1,000	1,000
EBT Shares in Wilkin & Sons	(1,698)	(1,684)	(1,698)	(1,684)
Profit and loss account	17,918	16,667	19,425	18,395
Other reserves	<u>17,340</u>	<u>16,103</u>	<u>18,847</u>	<u>17,831</u>

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 28 Reserves (continued)

##### Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

##### General reserve

This reserve includes certain retained profits from the early 1900's, and represents distributable profits.

##### Profit and loss reserve

This includes all current and prior period retained profits.

##### Own shares

Wilkin & Sons Limited operates an Employee Benefit Trust (EBT), which has the following interest in the shares of the company:

	2016 £'000	2015 £'000
1 January	1,684	1,683
Shares acquired	19	5
Shares disposed of by gift	(5)	(4)
31 December	<u>1,698</u>	<u>1,684</u>

Shares are acquired and held by the Wilkin & Sons Limited EBT for distribution to the Wilkin & Sons Share Incentive Plan in accordance with the aims of the trust, as directed by the company.

At the year end the EBT held the following shares, and had the following assets and liabilities, which had not vested unconditionally with employees by the year end:

	2016 No. of shares 000's	Cost of shares £'000	2015 No. of shares 000's	Cost of shares £'000
<b>'A' Ordinary shares</b>				
Balance as at 1 January	13	20	14	19
Shares acquired	6	19	2	5
Shares disposed of by gift	(3)	(5)	(3)	(4)
Balance as at 31 December	<u>16</u>	<u>34</u>	<u>13</u>	<u>20</u>
	2016 No. of shares 000's	Cost of shares £'000	2015 No. of shares 000's	Cost of shares £'000
<b>2.5% Cumulative Ordinary shares</b>				
Balance as at 1 January	135	1,664	135	1,664
Balance as at 31 December	<u>135</u>	<u>1,664</u>	<u>135</u>	<u>1,664</u>

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 28 Reserves (continued)

Net (liabilities)/assets of the EBT	2016 £'000	2015 £'000
Cash at bank	10	10
Other debtors	5	5
Other creditors	(32)	(16)
Balance as at 31 December	(17)	(1)

#### 29 Contingent liabilities

The company is contingently liable in respect of a group VAT agreement with Thursday Cottage Limited. At 31 December 2016 the group VAT debtor was £86,229 (2015: £589,554).

Wilkin & Sons Limited have guaranteed the overdraft facility of its subsidiary undertaking Cole's Pudding Limited. There is also a cross guarantee between Wilkin & Sons Limited and Cole's Puddings Limited, with Barclays Bank PLC. At the year end there was £1k (2015: £Nil) due to Barclays Bank PLC.

#### 30 Operating lease commitments

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

	2016 £'000	2015 £'000
Within one year	390	358
Between one and five years	959	1,362
After five years	400	307
	1,749	2,027

#### 31 Commitments

At 31 December 2016 the group had capital commitments as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Contracted for but not provided for in the financial statements	427	70	427	70

In addition, at 31 December 2016 the group and company were committed to a further £Nil (2015: £255k) of factory redevelopment costs that will be charged as an expense.

# WILKIN & SONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 32 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, which includes the directors of all group companies, is as follows:

	2016 £'000	2015 £'000
Aggregate compensation	1,531	1,485

Other creditors includes loans from directors and employees totalling £94,298 (2015: £89,003). Interest of £247 (2015: £227) was paid in the year.

#### 33 Controlling party

The directors do not consider there to be an ultimate controlling party due to the widespread nature of the shareholdings.

#### 34 Cash generated from operations

	2016 £'000	2015 £'000
Profit for the year	1,304	862
<b>Adjustments for:</b>		
Income tax expense recognised in profit or loss	275	610
Finance costs recognised in profit or loss	46	30
Investment income recognised in profit or loss	(4)	(4)
Profit on disposal of tangible fixed assets	(158)	(600)
Amortisation of intangible assets	135	181
Depreciation of tangible fixed assets	1,406	1,252
Share transactions by EBT	(14)	(1)
<b>Operating cash flows before movements in working capital</b>	<b>2,990</b>	<b>2,330</b>
Decrease/(increase) in stock	482	(214)
Decrease/(increase) in trade and other debtors	851	(726)
Decrease in trade and other creditors	(238)	(7)
<b>Cash generated from operations</b>	<b>4,085</b>	<b>1,383</b>