

WILKIN & SONS LIMITED
REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

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COMPANIES HOUSE

WILKIN & SONS LIMITED

COMPANY INFORMATION

Directors	Walter W. Scott B.Sc. (Chairman) Peter J. Wilkin B.Sc. (Hort.), M.S (Non Executive Director) Stuart A. James B.Sc., F.C.A. (Non Executive Director) Christopher W. Newenham B.Sc., M.B.A. (Joint Managing Director) Scott P. Goodfellow B.Eng. (Joint Managing Director) R. Georgina Offord B.A., F.C.C.A. (Finance Director)
Secretary	R. Georgina Offord B.A., F.C.C.A.
Company number	00026233
Registered office	Trewlands Farm, Tiptree, 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 2019

Once again, I am very happy to report on another successful year for our Company. As ever details of our performance appear elsewhere in this report. We are very pleased with a moderate increase in sales, but delighted with a greater percentage increase in profit, surely the benchmark by which we can judge and be judged. Once again, all facets of our business have performed well in a very demanding market, we feel our policy of careful growth has been vindicated. The directors are recommending an unchanged 12p dividend on the 'A' Ordinary Shares.

The Directors met in April for a Strategy Target Meeting, reviewing our business metrics for the foreseeable future. When we started this particular journey the year 2030 seemed a long way away but it is now just around the corner. We can say with some satisfaction that by and large we have achieved the previous targets and we look forward to the demands associated with achieving the future numbers, however, nothing would be achieved without the wholehearted support from our excellent staff. The Employee Benefit Trust remains a central part of our philosophy as does employing good people to join our family style business. This is not as simple as it sounds; the right people for our company are critical for a successful future.

Whilst all our companies have performed well in difficult markets I feel it appropriate to single out our Farm and Thursday Cottage for particular mention. The New Growing System is at the cutting edge of growing technology, its most appealing factor for me is the near self-sufficiency in water use. Thursday Cottage has truly found its niche as a specialist own label producer and is showing an outstanding performance.

We had several noteworthy occasions during the year, our support of the centenary celebrations of the RAF were highlighted with a fly past by a BE2e aircraft during Open Farm Sunday. A streamer was dropped into an adjacent field, recreating the activity of the First World War when aeroplanes from the Stow Maris airfield dropped their jam orders into the factory. The theme of our support for the RAF was Preserving the Peace. Another noteworthy event occurred during the Lord Mayor's Curry Lunch at the Guildhall in London. Several members of our staff met HRH Prince Harry (the Duke of Sussex) where, I am reliably informed, he tasted Little Scarlet.

Finally, on a particularly happy and typically Tiptree note, we celebrated with David Cross, who completed 60 years service with the company at the end of the year. At the presentation, we noted that when he started with our company in 1960 we only had two television channels and they were both black and white. How things change.



Walter W. Scott
Chairman

12 August 2020

WILKIN & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

2019 has seen a continuation of the encouraging results of recent years, it has not been without its challenges however. We have contended with two Brexit deadlines which have come and gone, the attendant fluctuations in sterling, senior staffing transitions and the ongoing long-term planning for the future of the site. Notable highlights have included the addition to our property portfolio of 13 new employee homes, the growth of our business in the USA, some notable successes within the UK grocers and continued growth of our savouries business more generally within the UK grocery sector. The Strawberry Race, held this year in July, saw a fly-past and banner drop from a 1st World War BE2e bi-plane, re-enacting requests to “send more jam” from the RAF of 100 years ago. The directors continue to have confidence in the future of our business and will continue to carefully pursue a long term sustainable strategy for growth.

Development of new products has continued apace with notable additions this year including tartar sauce, a range of speciality mayonnaise, further fruit infused liqueurs as well as straight Tiptree alcohols. Our fresh fruit business continues to flourish with further growth aspirations currently tempered by longer term concerns over the security of labour. Our bakeries have again performed well in what are challenging markets. With a strengthened factory management team, there is a strong focus on achieving appropriate efficiency gains as well as an enhanced spotlight on the safety and wellbeing of our staff.

Fair review of the business

Tiptree business is split between retail and catering, which in turn divides into several distinct categories including: sweet spreads, chutneys, mustards, sauces and other treats. 86% of our business was in the UK, with 7% in the EU and 7% in the rest of the world. Following a strong year in 2018 sales growth slowed in 2019 with the retail sector remaining tough.

Export growth slowed generally with notable peaks as we headed towards various Brexit deadlines. We saw further success in the US, a slowing of growth in China and encouraging growth in France. We continue to work closely with our distribution partners to drive successful growth and where possible, to open new territory. 2019 saw us exporting to 35 countries outside the EU.

Thursday Cottage had an exceptional year with sales growth of 25%, a turnover in excess of £3.3m. Its continuing focus is on hand-filled branded and private label preserves. Driving efficiency and a strong focus on cost of sales has helped to maintain margins. The business has successfully retained existing customers and seen encouraging growth from key own label customers. Export has proved challenging however and the board are considering the longer term strategy for export.

Tiptree Patisserie has seen an improvement in its fortunes. While sales were marginally down, profit before tax was up nearly 30%. The turnaround in performance has resulted from the closure of its loss making bread division and promising growth amongst both core and new customers. The business remains firmly focussed on producing quality patisserie products and cakes. The Witham site sees the business well placed to continue building sales with a reputation for consistently competitive premium treats.

Cole's Puddings had another solid year with sales flat and profits slightly down. The seasonal nature of the business will continue to present challenges, but with a settled and focussed team, a stable base and an excellent reputation, the potential for growth remains strong.

Our Farm has had another strong year. In spite of difficult market conditions, crops have performed well and this division continues to reap the rewards of a structured investment strategy. A secure long term harvest labour solution will be key to future confidence and growth, with this in mind work is ongoing with the University of Essex to find a cost effective robotic harvesting solution.

Our tearoom division has made steady progress and we were delighted to open our first outside of Essex in Southwold, Suffolk in June. The casual dining sector continues to suffer and we are pleased with performance when set in this wider context. It has been a similar story with our retail outlets focus, where we continue to ensure that we have a desirable consumer proposition. Tiptree.com has made steady progress with streamlined operations and improving results. It provides an important opportunity to engage directly with consumers.

WILKIN & SONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Other information

We were delighted to take possession and see the first occupation of 13 new employee homes in May. This was a significant milestone continuing the historic Wilkin tradition of providing subsidised accommodation for staff. Elsewhere, work has continued on preparation for our new nut butter facility, a new fruit preparation room, an extension to our Tiptree tearoom and modifications to Trewlands farmhouse. In March we secured planning permission to convert Gatehouse Barns to residential. Our goal is to leave the business fit for purpose for the long term, with modern facilities and flexible production lines. The Directors will continue to take a cautious approach ensuring that financial exposure is minimal. Ongoing commitments are matched to available reserves, while continuing to maintain a programme of wider investment across the rest of our business.

As we continue to grow, effective communication with staff is critically important. Generally staff are well informed through the availability of meeting minutes, monthly team briefs, tool box talks, Directors' briefings and the effective use of noticeboards.

We remain focussed on energy and waste reduction. We continue to fine-tune our new Bosch boilers and our previous roof top solar installation has been complimented by a further solar and battery storage solution, which has been installed to run all of our irrigation systems at Goldhanger.

89% of our Tiptree site waste was either recycled, re-used or sent to anaerobic digestion and we again achieved 100% landfill diversion.

We continue to play our part within the local and wider community, supporting charitable endeavours and events. 2019's marketing highlights included the BE2e flypast, the launch of the pop-up Tiptree tearoom bus, meeting Prince Harry at the Lord Mayors Big Curry Lunch fundraiser, several television opportunities including Phil Vickery on ITV breakfast and marking the occasion of David Cross' 60 years of service. We continued to support the World Bread Awards (UK and USA), as well as again running Open Farm Sunday and the Little Scarlet Festival.

Outlook

We still await clarity regarding the terms on which the UK will leave the EU, until then confidence will remain subdued and our investment intentions cautious. We will continue to seek appropriate export growth, while hoping for a strengthening of domestic markets. The pace of new product introductions will be slower with a focus on the launch of nut butters in early 2021.

Our commitment to becoming an exemplary business continues to drive changes, which the Board believes is key to supporting on-going 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 when we succeed.

As our onsite developments have not been without their challenges and continue to progress slowly but steadily. We will continue to take a cautious approach and ensure financial risk levels are minimal. We will cut our cloth according to our means; by so doing we can move at a pace that the business can afford, adjusting our rate of progress to match changing market and economic conditions.

Following the declaration by the World Health Organisation (WHO) of Covid-19 as a global pandemic, and the restrictions implemented during the first half of 2020, there has naturally been an impact to the operation of the group and the company subsequent to the year under review. Whilst it is too early to understand the full implications of the Covid-19 pandemic, we have implemented plans aimed at protecting the interests of its staff, the group, the company our customers and wider stakeholders whilst prioritising the need to keep our workplaces as safe as possible for our people, supply chain partners and clients. The Board have implemented a number of actions to ensure that the group and the company can meet this priority. Whilst Covid-19 does create some uncertainty for the remainder of the financial year, the Board believe that the actions taken will mitigate this and we are confident that the group has sufficient working capital and facilities to maintain operations.

WILKIN & SONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

We remain optimistic for the future of the business, both in the medium and long-term. Guided always by our overarching principles of quality, integrity, independence and innovation.

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 meaningful proportion of our own fruit and by maintaining long-term 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.

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 mitigating 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

The terms on which the UK finally leave the EU is the principle risk for 2020. This is particularly manifest in the cases of:-

- access to sufficient numbers of fruit pickers,
- exchange rate movements and the fluctuations in sterling against the euro, 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 are priced in Euros).

Key performance indicators

The Company's Directors are of the opinion that the information provided in the Chairman's Statement and Directors' Report is sufficient for an understanding of the development, performance and position of the business.

Section 172 (1) of the Companies Act 2006

Company Directors are required to act in "good faith" to promote the long term success of the business with regard all stakeholders. As a Board, the Directors remain mindful of the significance of matters under their consideration from the point of view of materiality to the shareholders. Section 172 (1) of the Companies Act 2006 now requires that businesses and their Directors report on their duty to promote the success of the company with regard to the following matters:

WILKIN & SONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

(A) The likely consequence of any decision in the long term.

As an employee owned business with its staff collectively the single largest shareholder, Wilkin & Sons Limited has significant regard to the ongoing and long-term success of the business. While ongoing success is important, it is long term security and success which is of paramount importance. Shareholders understand this approach and value our careful approach to our longer-term strategy.

(B) The interests of the Company's employees.

As a pioneering employee owned business of some 30 years standing, our staff are always front of mind. While not employee run, the staff have an important voice via direct representation on our Employee Benefit Trust (EBT). Communication with staff is important and structures/mechanisms have already been covered elsewhere in the annual report. Since 2019 an annual Staff Cultural Survey canvasses opinion and views directly from staff. This in turn allows us to take constructive feedback and adapt/improve culture and processes as a result, in particular around the areas of food safety and quality. The Company has recently introduced a comprehensive staff wellbeing policy including initiatives such as mental health support.

(C) The need to foster the company's business relationships with suppliers, customers and others.

Given the Company's long-term approach, the relationships which we build throughout our supply chains have always been of paramount importance. We have for example sourced our oranges from the same Seville orchards (and supplier) for more than 50 years. It is an absolute principle that our bills are paid on time. Details of community initiatives have been supplied elsewhere in the annual report.

(D) The impact of the company's operations on the community and the environment.

Our Tiptree brand is synonymous with the village in which we live and work, the vast majority of our staff either live within the village (more than 70 of them in subsidised company homes) providing easy access to work. We work closely with the local community and run several annual events for their benefit including a music festival, an open farm as well as facilitating many visits for local schools. Environmental matters are dealt with elsewhere in the annual report

(E) The desirability of the company maintaining a reputation for high standards of business conduct.

The Company is held in high regard locally, nationally and internationally. Our reputation is of paramount importance and the Directors and staff work hard to carefully guard this hard-won respect in everything we do. From the authenticity of our cherished recipes to ensuring the integrity of our supply chains, we strive to be an exemplary business ever mindful that there will always be room for improvement.

(F) The need to act fairly between members of the company.

Our shareholders sit at the heart of our business and particularly so as this encompasses all of our full-time staff. The Directors continue to pursue what they believe to be the most prudent long-term strategy for the business and modest annual dividends are returned to shareholders while ensuring that there is an appropriate surplus to reinvest in our long-term future.

It is the view of the Directors that they continue to run the business in the best long term interest of all relevant stakeholders.

By order of the board



Christopher W. Newnham

12 August 2020

WILKIN & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors have pleasure in presenting their report and financial statements of the group for the year ended 31 December 2019, being the one hundred and thirty second 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 12.

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 2019 were as follows:

		Preference			Ordinary	
		3.5%	4.2%	'B'	2.5%	'A'
Peter J. Wilkin	2019	1,124	166	70,637	2,422	13,164
	2018	1,124	166	70,637	2,422	13,164
Walter W. Scott	2019	132	50	25,398	-	2,500
	2018	132	50	25,398	-	2,500
Stuart A. James	2019	1	50	12,683	-	2,500
	2018	1	50	12,683	-	2,500
Christopher W. Newenham	2019	4,823	50	8,156	-	4,500
	2018	4,823	50	8,156	-	4,500
Scott P. Goodfellow	2019	132	83	876	-	2,500
	2018	132	83	876	-	2,500
R. Georgina Offord	2019	133	50	2,171	-	-
	2018	133	50	2,171	-	-

The director retiring by rotation this year is Walter W. Scott who, being eligible, offers himself 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 49.22% (2018: 48.84%) 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 2.88% (2018: 2.77%) of the company's votes.

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.

WILKIN & SONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

This information is 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 £15,931 (2018: £75,286).

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.

Going Concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future, which is a period of 12 months from the approval of the financial statements. As part of their assessment, the directors have prepared detailed profit and loss and cashflow forecasts for the company which take in to account the anticipated impact of Covid-19 on the business, and these demonstrate that the company can continue to operate within its existing facilities for the foreseeable future. The group's existing facilities have financial covenants which have been met to date. The group has received confirmation from its bankers that they will remain supportive with regards to covenant compliance in future periods and the board is confident it has the ability to mitigate any breaches in a worst-case scenario. It is therefore not expected that the post year end impact of Covid-19 will have a material effect on the ability of the group and the company to continue to operate as a going concern. As such, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements

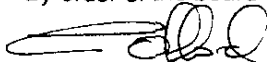
Post Balance Sheet Events

The outbreak of the Covid-19 pandemic has been unprecedented. Its impact on world markets has been reflected in foreign exchange volatility, economic downturn and supply chain interruption. However, the majority of the activities of the Group and the Company have been classified as "essential business" and have continued trading safely. The Group has benefited from its wide range of both suppliers and customers, and strong supply chain as well. The Directors continue to monitor the situation and will act accordingly, however given the inherent uncertainties it is not practical to determine what impact Covid-19 will have on the Group or the Company or provide a quantitative estimate of the future impact. As explained on page 17, despite the above, the directors believe the company and group has sufficient resources in place to continue operating as a going concern for a period of at least 12 months from the approval of the financial statements.

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

12 August 2020

WILKIN & SONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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; and
- 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

Opinion on financial statements

We have audited the financial statements of Wilkin & Sons Limited (the 'parent company') and its subsidiaries ('the group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements Of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILKIN & SONS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

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

13 August 2020

WILKIN & SONS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	49,202	47,890
Cost of sales		(36,954)	(36,781)
Gross profit		<u>12,248</u>	<u>11,109</u>
Other operating expenses (net)	4	(8,321)	(7,430)
Operating profit		<u>3,927</u>	<u>3,679</u>
Interest receivable and similar income	8	75	32
Interest payable and similar charges	9	(48)	(50)
Profit on ordinary activities before taxation	10	<u>3,954</u>	<u>3,661</u>
Taxation	11	(822)	(778)
Profit for the financial year		<u><u>3,132</u></u>	<u><u>2,883</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

WILKIN & SONS LIMITED

Company Registration No. 00026233

STATEMENTS OF FINANCIAL POSITION**AS AT 31 DECEMBER 2019**

	Notes	Group		Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible assets	13	-	-	-	-
Tangible assets	14	18,663	16,000	18,441	15,742
Investments	15	1	1	3,555	3,555
		<u>18,664</u>	<u>16,001</u>	<u>21,996</u>	<u>19,297</u>
Current assets					
Stocks	18	11,754	9,578	10,486	8,591
Debtors due within one year	19	6,228	8,461	5,667	7,768
Investments	16	3,000	5,000	3,000	5,000
Cash at bank and in hand		3,809	2,050	2,963	1,381
		<u>24,791</u>	<u>25,089</u>	<u>22,116</u>	<u>22,740</u>
Creditors: amounts falling due within one year	20	(5,082)	(5,659)	(4,753)	(5,388)
Net current assets		<u>19,709</u>	<u>19,430</u>	<u>17,363</u>	<u>17,352</u>
Total assets less current liabilities		<u>38,373</u>	<u>35,431</u>	<u>39,359</u>	<u>36,649</u>
Creditors: Amounts falling due after more than one year	21	(1,647)	(1,942)	(1,647)	(1,942)
Provisions for liabilities	23	(2,446)	(2,277)	(2,463)	(2,290)
Net assets		<u>34,280</u>	<u>31,212</u>	<u>35,249</u>	<u>32,417</u>
Capital and reserves					
Called up share capital	26	1,000	1,000	1,000	1,000
Other reserves	27	33,280	30,212	34,249	31,417
Shareholders' funds		<u>34,280</u>	<u>31,212</u>	<u>35,249</u>	<u>32,417</u>

The company's profit for the year and total comprehensive income for the year was £2.896k (2018 £2.713k).

The financial statements on pages 11 to 36 were approved by the board of directors and authorised for issue on 12 August 2020 and are signed on its behalf by:



R. Georgina Offord

Director



Christopher W. Newenham

Director

WILKIN & SONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	General Reserve £'000	Own Shares Held £'000	Profit and Loss Reserves £'000	Total £'000
Balance at 1 January 2018		1,000	120	1,000	(1,766)	28,101	28,455
Year ended 31 December 2018:							
Profit and total comprehensive income for the year		-	-	-	-	2,883	2,883
Transactions with owners:							
Dividends	12	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	27	-	-	-	(73)	-	(73)
Balance at 31 December 2018		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,839)</u>	<u>30,931</u>	<u>31,212</u>
Year ended 31 December 2019:							
Profit and total comprehensive income for the year		-	-	-	-	3,132	3,132
Transactions with owners:							
Dividends	12	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	27	-	-	-	(11)	-	(11)
Balance at 31 December 2019		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,850)</u>	<u>34,010</u>	<u>34,280</u>

WILKIN & SONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	General Reserve £'000	Own Shares Held £'000	Profit and Loss Reserves £'000	Total £'000
Balance at 1 January 2018		1,000	120	1,000	(1,766)	29,476	29,830
Year ended 31 December 2018:							
Profit and total comprehensive income for the year		-	-	-	-	2,713	2,713
Transactions with owners:							
Dividends	12	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	27	-	-	-	(73)	-	(73)
Balance at 31 December 2018		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,839)</u>	<u>32,136</u>	<u>32,417</u>
Year ended 31 December 2019:							
Profit and total comprehensive income for the year		-	-	-	-	2,896	2,896
Transactions with owners:							
Dividends	12	-	-	-	-	(53)	(53)
Share transactions by Employee Benefit Trust	27	-	-	-	(11)	-	(11)
Balance at 31 December 2019		<u>1,000</u>	<u>120</u>	<u>1,000</u>	<u>(1,850)</u>	<u>34,979</u>	<u>35,249</u>

WILKIN & SONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	33	5,376	2,617
Interest paid		(48)	(50)
Income taxes paid		(815)	(704)
Net cash from operating activities		<u>4,513</u>	<u>1,863</u>
Investing activities			
Purchase of tangible fixed assets		(4,545)	(3,918)
Proceeds on disposal of tangible fixed assets		16	52
Maturity of long term deposits held as current asset investments		2,000	-
Interest received		75	32
Net cash used in investing activities		<u>(2,454)</u>	<u>(3,834)</u>
Financing activities			
Proceeds of new bank loans		259	-
Repayment of bank loans		(505)	(450)
Dividends paid		(53)	(53)
Net cash used in financing activities		<u>(299)</u>	<u>(503)</u>
Net increase/(decrease) in cash and cash equivalents		<u>1,760</u>	<u>(2,474)</u>
Cash and cash equivalents at beginning of year		2,048	4,522
Cash and cash equivalents at end of year		<u>3,808</u>	<u>2,048</u>
Relating to:-			
Bank balances included in cash at bank and in hand		3,809	2,050
Overdrafts included in "creditors: amounts falling due within one year"		(1)	(2)
		<u>3,808</u>	<u>2,048</u>
Analysis of changes in net funds - group			
	1 January 2019	Cash flows	31 December 2019
	£'000	£'000	£'000
Cash at bank and in hand	2,050	1,758	3,809
Bank overdrafts	(2)	1	(1)
Borrowings excluding overdrafts	(2,255)	246	(2,009)
	<u>(207)</u>	<u>2,005</u>	<u>1,799</u>

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The 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 2019.

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.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (continued)

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.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future, which is a period of 12 months from the approval of the financial statements. As part of their assessment, the directors have prepared detailed profit and loss and cashflow forecasts for the company which take in to account the anticipated impact of Covid-19 on the business, and these demonstrate that the company can continue to operate within its existing facilities for the foreseeable future. The group's existing facilities have financial covenants which have been met to date. The group has received confirmation from its bankers that they will remain supportive with regards to covenant compliance in future periods and the board is confident it has the ability to mitigate any breaches in a worst-case scenario. It is therefore not expected that the post year end impact of Covid-19 will have a material effect on the ability of the group and the company to continue to operate as a going concern. As such, the Directors 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 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 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

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (continued)

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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.

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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Deposits held with banks with a maturity period of more than three months are classified as short term investments and are included in current assets

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (continued)

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' and Section 12 'Other Financial Instruments Issues' of FRS 102 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.

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.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (continued)

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.

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 statement of comprehensive 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.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (continued)

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.

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.

Grants

Income from government grants is presented within other operating income. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to assets are classified as deferred income and recognised in other operating expenses over the expected useful life of the asset to which they relate.

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 2019

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 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 in 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	2019 £'000	2018 £'000
United Kingdom	43,142	39,384
Rest of European Union	3,170	3,262
Rest of the World	2,890	5,244
	<u>49,202</u>	<u>47,890</u>

4 Other operating expenses (net)	2019 £'000	2018 £'000
Distribution costs	(4,266)	(3,732)
Administrative expenses	(4,532)	(4,050)
Other operating income - rents receivable	418	272
Other operating income - grants	59	80
	<u>(8,321)</u>	<u>(7,430)</u>

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5	Auditor's remuneration	2019 £'000	2018 £'000
	Fees payable to the company's auditor and its associates		
	For audit services:		
	Audit of the group's and company's financial statements	30	29
	For other services:		
	All other non-audit services	7	7

6 Employees

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

	Group		Company	
	2019 No.	2018 No.	2019 No.	2018 No.
Factory	396	377	321	295
Farm	107	86	107	86
Tearooms and shop	141	140	141	140
	644	603	569	521

Their aggregate remuneration comprised:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	14,782	13,551	12,935	11,679
Social security costs	1,208	1,245	1,060	1,088
Pension costs	515	354	443	292
	16,505	15,150	14,438	13,059

7	Directors' remuneration	2019 £'000	2018 £'000
	Remuneration for qualifying services	885	884

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration (continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2018: 0).

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

	2019 £'000	2018 £'000
Remuneration	275	264

8 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest on bank deposits	75	32

9 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest on bank loans and overdrafts	48	50

10 Profit before tax

	2019 £'000	2018 £'000
Profit before tax is stated after charging/(crediting):		
Exchange losses	13	31
Depreciation of owned tangible fixed assets	1,869	1,827
Profit on disposal of tangible fixed assets	(3)	(23)
Inventory impairment losses recognised	191	324
Operating lease charges	508	601

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11	Taxation	2019 £'000	2018 £'000
	Current tax		
	UK corporation tax on profits for the current period	691	769
	Adjustments in respect of prior periods	(38)	2
	Total current tax	653	771
	Deferred tax		
	Origination and reversal of timing differences	136	(3)
	Adjustment in respect of prior periods	33	10
	Total deferred tax	169	7
	Total tax charge	822	778

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

	2019 £'000	2018 £'000
Profit before taxation	3,954	3,661
Expected tax charge based on a corporation tax rate of 19% (2018: 19%)	751	696
Expenses that are not deductible for tax purposes	27	10
Adjustments in respect of prior years	(5)	12
Income not taxable	(3)	(3)
Effect of change in deferred tax rate	(16)	-
Depreciation in excess of capital allowances	68	63
Tax expense for the year	822	778

12	Dividends	2019 £'000	2018 £'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

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Intangible assets

Group

	Goodwill £'000	Customer Relationships £'000	Total £'000
Cost			
1 January 2019 and 31 December 2019	3,428	46	3,474
Amortisation and impairment			
1 January 2019 and 31 December 2019	3,428	46	3,474
Carrying amount			
31 December 2019	-	-	-
31 December 2018	-	-	-

Company

	Goodwill £'000
Cost	
1 January 2019 and 31 December 2019	298
Amortisation and impairment	
1 January 2019 and 31 December 2019	298
Carrying amount	
31 December 2019	-
31 December 2018	-

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Tangible fixed assets

Group	Freehold property £'000	Leasehold property £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
1 January 2019	10,095	926	22,372	33,393
Additions	2,475	210	1,860	4,545
Disposals	-	-	(393)	(393)
31 December 2019	12,570	1,136	23,839	37,545
Depreciation and impairment				
1 January 2019	2,089	164	15,140	17,393
Depreciation charged in the year	316	85	1,468	1,869
Eliminated in respect of disposals	-	-	(380)	(380)
31 December 2019	2,405	249	16,228	18,882
Carrying amount				
31 December 2019	10,165	887	7,611	18,663
31 December 2018	8,006	762	7,232	16,000
Company				
Freehold property £'000				
Leasehold property £'000				
Plant and machinery £'000				
Total £'000				
Cost or valuation				
1 January 2019	10,095	819	21,149	32,063
Additions	2,475	210	1,802	4,487
Disposals	-	-	(389)	(389)
31 December 2019	12,570	1,029	22,562	36,161
Depreciation and impairment				
1 January 2019	2,089	75	14,157	16,321
Depreciation charged in the year	316	73	1,387	1,776
Eliminated in respect of disposals	-	-	(377)	(377)
31 December 2019	2,405	148	15,167	17,720
Carrying amount				
31 December 2019	10,165	881	7,395	18,441
31 December 2018	8,006	744	6,992	15,742

Security against land and buildings

The group has pledged land and buildings, having a net book value of £2.7m, to secure its bank loans (note 22) by way of a fixed charge.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Fixed asset investments

	2019 £'000	2018 £'000
--	---------------	---------------

Group

Investments in subsidiaries

1

1

Movements in fixed asset investments

Investments
in subsidiaries
£'000

Cost and carrying amount

At 31 December 2018 and 31 December 2019

1

2019
£'000

2018
£'000

Company

Investments in subsidiaries (note 17)

3,555

3,555

Movements in fixed asset investments

Investments
in subsidiaries
£'000

Cost and carrying amount

At 31 December 2018 and 31 December 2019

3,555

16 Current asset investments

2019
£'000

2018
£'000

Group and company

Long term bank deposits

3,000

5,000

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Subsidiary undertakings

Details of the group and company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% held direct
<i>Group subsidiary undertakings:</i>				
The Britannia Fruit Preserving Company Limited	Trewlands Farm, Tiptree, Colchester, Essex, CO5 0RF	Dormant	Ordinary	100%
The Burnham Mustard Co. Limited	As above	Dormant	Ordinary	100%
Tiptree Jam Company	As above	Dormant	Ordinary	100%
<i>Company subsidiary undertakings:</i>				
The Britannia Fruit Preserving Company Limited	As above	Dormant	Ordinary	100%
The Burnham Mustard Co. Limited	As above	Dormant	Ordinary	100%
Tiptree Jam Company	As above	Dormant	Ordinary	100%
Tiptree Patisserie Limited	As above	Manufacture and sale of high quality food products	Ordinary	100%
Thursday Cottage Limited	As above	Manufacture and sale of high quality food products	Ordinary	100%
Cole's Puddings Limited	As above	Manufacture and sale of high quality food products	Ordinary	100%

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 Co. 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 Co. 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 05544329)
- Thursday Cottage Limited (registered number 01241242)
- Cole's Puddings Limited (registered number 02207321)

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Stocks

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Raw materials and consumables	4,743	4,296	3,966	3,672
Work in progress	179	299	179	299
Finished goods and goods for resale	6,832	4,983	6,341	4,620
	<u>11,754</u>	<u>9,578</u>	<u>10,486</u>	<u>8,591</u>

19 Debtors

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	5,726	6,090	4,827	5,428
Amounts due from subsidiary undertakings	-	-	419	62
Other debtors	59	127	13	71
Prepayments and accrued income	443	2,244	408	2,207
	<u>6,228</u>	<u>8,461</u>	<u>5,667</u>	<u>7,768</u>

20 Creditors: Amounts falling due within one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans and overdrafts	468	447	467	445
Trade creditors	1,673	2,311	1,574	2,166
Corporation tax payable	357	519	202	408
Other taxation and social security	249	284	224	253
Amounts due to subsidiary undertakings	-	-	20	58
Other creditors	481	330	429	302
Accruals and deferred income	1,854	1,768	1,837	1,756
	<u>5,082</u>	<u>5,659</u>	<u>4,753</u>	<u>5,388</u>

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Creditors: Amounts falling due after more than one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans	1,542	1,810	1,542	1,810
Deferred income	105	132	105	132
	<u>1,647</u>	<u>1,942</u>	<u>1,647</u>	<u>1,942</u>

22 Borrowings

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank overdraft	1	2	-	-
Bank loans	2,009	2,255	2,009	2,255
	<u>468</u>	<u>447</u>	<u>467</u>	<u>445</u>
Payable within one year	468	447	467	445
Payable after one year	1,542	1,810	1,542	1,810
	<u>131</u>	<u>296</u>	<u>131</u>	<u>296</u>
Amounts included above which fall due after five years:				
Payable by instalments	131	296	131	296

Included within bank loans due within and after one year are five bank loans bearing interest at 1.25% above the Bank of England base rate. One loan is repayable in full within 1 year, three in 5 years and two in 8 years. The bank loans are secured by fixed charges over certain freehold property within the group.

23 Provisions for liabilities

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred tax liabilities	2,446	2,277	2,463	2,290

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24	Deferred taxation	Group		Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
	1 January	2,277	2,270	2,290	2,277
	Charge to profit or loss	169	7	173	13
	31 December	<u>2,446</u>	<u>2,277</u>	<u>2,463</u>	<u>2,290</u>

The major deferred tax liabilities and assets recognised are:

Deferred tax liabilities:	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Accelerated capital allowances	399	234	416	246
Short term timing differences	(14)	(17)	(13)	(16)
Tax deferred via roll over relief	2,060	2,060	2,060	2,060
Total	<u>2,446</u>	<u>2,277</u>	<u>2,463</u>	<u>2,290</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.

25 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 £515k (2018: £354k). Contributions totalling £84k were outstanding (2018: £64k) to the fund at the year end and are included in creditors and debtors respectively.

26	Share capital	2019 £'000	2018 £'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.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Share capital (continued)

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.

27 Reserves

Other reserves

Other reserves is comprised of the following reserves:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Capital redemption reserve	120	120	120	120
General reserve	1,000	1,000	1,000	1,000
EBT Shares in Wilkin & Sons	(1,850)	(1,839)	(1,850)	(1,839)
Profit and loss account	34,010	30,931	34,979	32,136
Other reserves	<u>33,280</u>	<u>30,212</u>	<u>34,249</u>	<u>31,417</u>

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:

	2019 £'000	2018 £'000
1 January	1,839	1,766
Shares acquired	19	79
Shares disposed of by gift	(8)	(6)
31 December	<u>1,850</u>	<u>1,839</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.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

27 Reserves (continued)

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:

	2019		2018	
	No. of Shares 000's	Cost of shares £'000	No. of Shares 000's	Cost of shares £'000
'A' Ordinary shares				
Balance as at 1 January	14	34	15	33
Shares acquired	1	4	2	7
Shares disposed of by gift	(4)	(8)	(3)	(6)
Balance as at 31 December	11	30	14	34

	2019		2018	
	No. of Shares 000's	Cost of shares £'000	No. of shares 000's	Cost of shares £'000
2.5% Cumulative Ordinary shares				
Balance as at 1 January	140	1,805	138	1,733
Shares acquired	2	15	2	72
Balance as at 31 December	142	1,820	140	1,805

Net liabilities of the EBT	2019	2018
	£'000	£'000
Cash at bank	55	6
Other creditors	(1)	(7)
Balance as at 31 December	54	(1)

28 Contingent liabilities

The company is contingently liable in respect of a group VAT agreement with Thursday Cottage Limited. At 31 December 2019 the group VAT debtor was £27,104 (2018: £21,304).

Wilkin & Sons Limited have guaranteed the overdraft facility of its subsidiary undertaking Cole's Puddings 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 (2018: £2k) due to Barclays Bank Plc.

In order for the subsidiary companies, Thursday Cottage Limited, Tiptree Patisserie Limited and Cole's Puddings Limited, to take the audit exemption in section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of those subsidiary companies at 31 December 2019 until those liabilities are satisfied in full.

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 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:

	2019 £'000	2018 £'000
Within one year	409	421
Between one and five years	1,389	1,474
After five years	1,472	1,797
	<u>3,270</u>	<u>3,692</u>

30 Commitments

At 31 December 2018 the group had capital commitments as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Contracted for but not provided for in the financial statements	734	149	734	149

31 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:

	2019 £'000	2018 £'000
Aggregate compensation	1,236	1,396

Other creditors includes loans from directors and immediate family totalling £96k (2018: £123k). Interest of £620 (2018: £588) was paid in the year.

32 Controlling party

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

WILKIN & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

33 Cash generated from operations

	2019 £'000	2018 £'000
Profit for the year	3,132	2,883
Adjustments for:		
Income tax expense recognised in profit or loss	822	778
Finance costs recognised in profit or loss	48	50
Investment income recognised in profit or loss	(75)	(32)
Profit on disposal of tangible fixed assets	(3)	(23)
Amortisation of intangible assets	-	-
Depreciation of tangible fixed assets	1,869	1,827
Share transactions by EBT	(11)	(73)
Operating cash flows before movements in working capital	5,782	5,410
Increase in stock	(2,176)	(1,552)
Decrease/(increase) in trade and other debtors	2,233	(826)
Decrease in trade and other creditors	(463)	(415)
Cash generated from operations	5,376	2,617

34 Post Balance Sheet Events

The outbreak of the Covid-19 pandemic has been unprecedented. Its impact on world markets has been reflected in foreign exchange volatility, economic downturn and supply chain interruption. However, the majority of the activities of the Group and the Company have been classified as "essential business" and have continued trading safely. The Group has benefited from its wide range of both suppliers and customers, and strong supply chain as well. The Directors continue to monitor the situation and will act accordingly, however given the inherent uncertainties it is not practical to determine what impact Covid-19 will have on the Group or the Company or provide a quantitative estimate of the future impact. As explained on page 17, despite the above, the directors believe the company and group has sufficient resources in place to continue operating as a going concern for a period of at least 12 months from the approval of the financial statements.