

Company Registration No. 07037738 (England and Wales)

REGAL FOOD PRODUCTS GROUP PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

WEDNESDAY



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REGAL FOOD PRODUCTS GROUP PLC

COMPANY INFORMATION

Directors	Mr M Younis Mr M A Chaudhry
Secretary	Mr M Younis
Company number	07037738
Registered office	Regal House Wallis Street Bradford BD8 9RR
Auditor	Henton & Co LLP Northgate 118 North Street Leeds West Yorkshire LS2 7PN
Business address	Regal House Wallis Street Bradford BD8 9RR
Bankers	Yorkshire Bank Plc 4 Victoria Place Leeds LS11 5AE

REGAL FOOD PRODUCTS GROUP PLC

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REGAL FOOD PRODUCTS GROUP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2016

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

Fair review of the business

Company Performance 2015/16

We have been able to extract the maximum benefit in 2016 from our investments of the past few years on infrastructure, which has given us the ability to develop new products and brand extensions from a well invested manufacturing base.

The consumer environment remained tough however, with consumers facing uncertain employment prospects and government spending cuts which in effect curtailed their spending habits. We continued to demonstrate our ability to perform well in these conditions and showed exemplary growth in 2016 which is reflected by the company's closing net assets position.

Trading has been respectable for 2015/16. While we have not been immune to adverse economic conditions, the distribution side of the business bearing the brunt with some key independent retail customers falling into administration, overall we have demonstrated a resilient performance in 2016 with turnover on an upward trend.

We have had good growth in sales and net income along with a significant asset growth, and have seen a noteworthy increase in sales with the multiples despite the decline in Retail sales across the markets, with our international sales also delivering a robust performance.

Considering the continuing global financial downturn, the uncertainty over Brexit and recent election results in the USA, our International sales have been respectable throughout 2015/16.

We continue to trade with existing international customer bases in Denmark, Norway, Germany, France, Spain and Italy in line with our expectations, whilst making strong progress in driving growth by making headway into the North American market, with the addition of a distributing partner on the east coast of the USA in late 2015 to the existing distributing partner/s in Canada.

We also look forward to strong growth from the North American markets once we introduce our broader range of products there.

Asset Growth

Asset growth has been particularly strong this year with further investment in the adjacent land and warehousing space which was acquired in 2015, along with further increases in our manufacturing facilities. With the current increase in business we expect 2016/17 to see further growth with investment in infrastructure, especially the manufacturing facilities.

Summary

We set ourselves a vision of being recognised throughout the world as a progressive brand. Work continues to realise this vision, and we are getting ever closer to our goal.

Once again in closing I would like to reiterate my belief that it is because of the hard work and efforts of all concerned with Regal Food Products Group Plc - the customers, suppliers, staff and management - that Regal Food products Group Plc continues to thrive and prosper. I would therefore like to take this opportunity to thank all those involved for their hard work during the year.

On behalf of the board



Mr M Younis

Director

29 November 2016

REGAL FOOD PRODUCTS GROUP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2016

The directors present their annual report and financial statements for the year ended 31 May 2016.

Principal activities

The principal activity of the company continued to be that of wholesale of food and confectionery products.

Directors

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

Mr M Younis

Mr M A Chaudhry

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £162,156. The directors do not recommend payment of a final dividend.

Supplier payment policy

It is the company's policy to agree appropriate terms and conditions in advance with its suppliers and to make payment in accordance with those terms and conditions, provided that the supplier has complied with them.

Auditor

The auditor, Henton & Co LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 company's auditor is aware of that information.

On behalf of the board



Mr M Younis

Director

29 November 2016

REGAL FOOD PRODUCTS GROUP PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2016

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REGAL FOOD PRODUCTS GROUP PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REGAL FOOD PRODUCTS GROUP PLC

We have audited the financial statements of Regal Food Products Group plc for the year ended 31 May 2016 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

REGAL FOOD PRODUCTS GROUP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REGAL FOOD PRODUCTS GROUP PLC

Matters on which we are required to report by exception

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

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

Mr Nadeem Ahmed (Senior Statutory Auditor)
for and on behalf of Henton & Co LLP

29 November 2016

Chartered Accountants
Statutory Auditor

Northgate
118 North Street
Leeds
West Yorkshire
LS2 7PN

REGAL FOOD PRODUCTS GROUP PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2016

	Notes	2016 £	2015 £
Turnover	3	9,395,128	7,024,039
Cost of sales		(7,190,250)	(5,530,010)
Gross profit		2,204,878	1,494,029
Distribution costs		(113,609)	(128,544)
Administrative expenses		(1,025,376)	(774,346)
Operating profit	4	1,065,893	591,139
Interest payable and similar charges	7	(86,343)	(173,705)
Profit before taxation		979,550	417,434
Taxation	8	(197,920)	(48,685)
Profit for the financial year		781,630	368,749

The profit and loss account has been prepared on the basis that all operations are continuing operations.

REGAL FOOD PRODUCTS GROUP PLC

BALANCE SHEET

AS AT 31 MAY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	10		12,181		26,768
Tangible assets	11		2,696,245		2,211,752
Investment properties	12		432,000		-
Investments	13		184,730		184,730
			<u>3,325,156</u>		<u>2,423,250</u>
Current assets					
Stocks	16		359,572		401,736
Debtors	17		1,952,994		1,240,120
Cash at bank and in hand			83,998		10,301
			<u>2,396,564</u>		<u>1,652,157</u>
Creditors: amounts falling due within one year	18		<u>(2,578,064)</u>		<u>(2,272,314)</u>
Net current liabilities			<u>(181,500)</u>		<u>(620,157)</u>
Total assets less current liabilities			<u>3,143,656</u>		<u>1,803,093</u>
Creditors: amounts falling due after more than one year	19		<u>(1,652,642)</u>		<u>(963,134)</u>
Provisions for liabilities	23		<u>(119,718)</u>		<u>(88,137)</u>
Net assets			<u><u>1,371,296</u></u>		<u><u>751,822</u></u>
Capital and reserves					
Called up share capital	25		50,008		50,008
Revaluation reserve			435,032		435,032
Profit and loss reserves			886,256		266,782
Total equity			<u><u>1,371,296</u></u>		<u><u>751,822</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 November 2016 and are signed on its behalf by:


Mr M Younis
Director

Company Registration No. 07037738

REGAL FOOD PRODUCTS GROUP PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 June 2014		50,008	435,032	45,931	530,971
Year ended 31 May 2015:					
Profit and total comprehensive income for the year		-	-	368,749	368,749
Dividends	9	-	-	(147,898)	(147,898)
Balance at 31 May 2015		50,008	435,032	266,782	751,822
Year ended 31 May 2016:					
Profit and total comprehensive income for the year		-	-	781,630	781,630
Dividends	9	-	-	(162,156)	(162,156)
Balance at 31 May 2016		50,008	435,032	886,256	1,371,296

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

Company information

Regal Food Products Group plc is a company limited by shares incorporated in England and Wales. The registered office is Regal House, Wallis Street, Bradford, BD8 9RR.

1.1 Accounting convention

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

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

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

These financial statements for the year ended 31 May 2016 are the first financial statements of Regal Food Products Group plc prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 June 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Under the transitional provisions of FRS 102 the company has elected to treat previously revalued property fixed assets as the deemed cost on transition and to apply a historical cost method of valuation for all non investment property assets going forward.

The company has applied the disclosure exemptions available within FRS 102 as a result of it being a subsidiary of RFPG Holdings Limited, a company which has prepared consolidated accounts to 31 May 2016. As a result, these financial statements do not include a statement of cash flows or certain disclosures relating to classification of financial instruments.

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

Regal Food Products Group plc is a wholly owned subsidiary of RFPG Holdings Limited and the results of Regal Food Products Group plc are included in the consolidated financial statements of RFPG Holdings Limited which are available from Companies House.

1.2 Going concern

At the year end the company had net current liabilities of £181,500 (2015: £620,157). The company has again been profitable and cash generative both in the year and post year end, and has the ongoing support of its major trade creditor and of the company's directors. Over the previous five years the company has invested heavily in capital to support the on-going growth of the business, with a large proportion coming from self generated resources, thus impacting on the cash position of the company. The directors are confident that the investment made will generate significant cash inflows going forward, against an appropriately structured bank funding position, therefore based on the factors described above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and before trade discounts.

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

(Continued)

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

1.4 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.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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:

Development Costs	33.33% straight line
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1.5 Tangible fixed assets

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

Depreciation 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:

Land and buildings Freehold	2% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	33.33% straight line

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

Freehold land is not depreciated.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Fixed asset investments

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

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Impairment of financial assets

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

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.17 Government grants

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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

1 Accounting policies

(Continued)

1.19 Employee Benefit Trusts

The Company has created a trust whose beneficiaries will include employees of the Company and their dependents. Assets held under this trust will be controlled by trustees who will be acting independently and entirely at their own discretion.

Where assets are held in the trust and these are considered by the Company to be in respect of services already provided by employees to the Company, the Company will account for these as assets of the trust when payment is made to the trust. The value transferred will be charged in the Company's profit and loss account for the year to which it relates.

2 Judgements and key sources of estimation uncertainty

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

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

Key areas of judgement and estimation relate to provisions against stocks and doubtful debt, but the directors are satisfied that there is no significant risk of material misstatement arising.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sales of food and confectionery products	9,395,128	7,024,039
	<u>9,395,128</u>	<u>7,024,039</u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	8,718,709	6,188,423
Overseas	676,419	835,616
	<u>9,395,128</u>	<u>7,024,039</u>

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	15,682	5,531
Fees payable to the company's auditor for the audit of the company's financial statements	10,950	8,350
Depreciation of owned tangible fixed assets	250,313	194,957
Depreciation of tangible fixed assets held under finance leases	2,336	15,745
Amortisation of intangible assets	11,434	9,844
Cost of stocks recognised as an expense	6,695,113	5,098,376
	<u> </u>	<u> </u>

5 Employees

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

	2016 Number	2015 Number
Administration	6	5
Sales	7	7
Warehouse	9	12
Drivers	4	4
	<u> </u>	<u> </u>
	26	28
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	313,444	309,897
Social security costs	14,501	13,734
Pension costs	384	-
	<u> </u>	<u> </u>
	328,329	323,631
	<u> </u>	<u> </u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	15,161	15,180
	<u> </u>	<u> </u>

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

7 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	77,981	26,045
Interest on invoice finance arrangements	-	(169)
Other interest on financial liabilities	8,362	147,829
	<u>86,343</u>	<u>173,605</u>

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	168,729	26,054
Adjustments in respect of prior periods	(2,390)	(1,552)
Total current tax	<u>166,339</u>	<u>24,502</u>
Deferred tax		
Origination and reversal of timing differences	31,581	24,183
Total tax charge	<u>197,920</u>	<u>48,685</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>979,550</u>	<u>417,434</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	195,910	83,487
Tax effect of expenses that are not deductible in determining taxable profit	20,001	499
Tax effect of utilisation of tax losses not previously recognised	-	(20,782)
Adjustments in respect of prior years	(2,390)	(1,552)
Research and development tax credit	(15,601)	(13,531)
Tax at marginal rate	-	564
Tax expense for the year	<u>197,920</u>	<u>48,685</u>

9 Dividends

	2016 £	2015 £
Interim paid	<u>162,156</u>	<u>147,898</u>

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

10 Intangible fixed assets

	Development Costs £
Cost	
At 1 June 2015	60,280
Additions - separately acquired	1,651
Disposals	(4,804)
At 31 May 2016	57,127
Amortisation and impairment	
At 1 June 2015	33,512
Amortisation charged for the year	11,434
At 31 May 2016	44,946
Carrying amount	
At 31 May 2016	12,181
At 31 May 2015	26,768

11 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, Motor vehicles fittings & equipment £	£	Total £
Cost					
At 1 June 2015	1,450,000	621,276	668,416	115,869	2,855,561
Additions	288,000	312,344	127,903	11,295	739,542
Disposals	-	-	-	(7,100)	(7,100)
At 31 May 2016	1,738,000	933,620	796,319	120,064	3,588,003
Depreciation and impairment					
At 1 June 2015	8,700	193,376	367,219	74,514	643,809
Depreciation charged in the year	13,020	77,311	142,165	20,153	252,649
Eliminated in respect of disposals	-	-	-	(4,700)	(4,700)
At 31 May 2016	21,720	270,687	509,384	89,967	891,758
Carrying amount					
At 31 May 2016	1,716,280	662,933	286,935	30,097	2,696,245
At 31 May 2015	1,441,300	427,900	301,197	41,355	2,211,752

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	17,072	19,409
Depreciation charge for the year in respect of leased assets	2,336	15,745

12 Investment property

	2016 £
Fair value	
At 1 June 2015	-
Additions through external acquisition	432,000
At 31 May 2016	432,000

Investment property comprises the element of the company's buildings which are not occupied and used in the operation of the business. The property was acquired on an arms length basis during the year and the split of value between freehold land and buildings and investment properties has been assessed based on occupation and usage. The directors have no reason to think the fair value at acquisition has changed by the year end.

13 Fixed asset investments

	Notes	2016 £	2015 £
Investments in associates	15	1	1
Loans to associates	15	184,729	184,729
		184,730	184,730

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

13 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests £	Loans to group undertakings and participating interests £	Total £
Cost or valuation			
At 1 June 2015 & 31 May 2016	1	184,729	184,730
Carrying amount			
At 31 May 2016	1	184,729	184,730
At 31 May 2015	1	184,729	184,730

14 Subsidiaries

Details of the company's subsidiaries at 31 May 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Regal Food Products Limited UK	Dormant	Ordinary	100.00	

15 Associates

Details of the company's associates at 31 May 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
The Baking Company LLP UK	Production of bakery food products	None		

16 Stocks

	2016 £	2015 £
Finished goods and goods for resale	359,572	401,736

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

17 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,659,039	1,160,948
Other debtors	277,110	75,156
Prepayments and accrued income	16,845	4,016
	<u>1,952,994</u>	<u>1,240,120</u>

18 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	20	275,635	307,555
Obligations under finance leases	21	3,730	4,971
Trade creditors		1,311,224	1,160,487
Amounts due to group undertakings		138,479	138,851
Corporation tax		192,393	26,054
Other taxation and social security		10,442	8,113
Other creditors		538,990	611,963
Accruals and deferred income		107,171	14,320
		<u>2,578,064</u>	<u>2,272,314</u>

19 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	20	1,542,642	959,233
Obligations under finance leases	21	-	3,901
Government grants	24	110,000	-
		<u>1,652,642</u>	<u>963,134</u>

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

20 Loans and overdrafts

	2016 £	2015 £
Bank loans	1,696,628	1,160,541
Bank overdrafts	121,649	106,247
	<u>1,818,277</u>	<u>1,266,788</u>
Payable within one year	275,635	307,555
Payable after one year	<u>1,542,642</u>	<u>959,233</u>

The long-term loans are secured by fixed and floating charges over the company and all assets.

21 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	3,730	4,971
In two to five years	-	3,901
	<u>3,730</u>	<u>8,872</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	119,718	88,137
	<u>119,718</u>	<u>88,137</u>

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	<u>119,718</u>	<u>88,137</u>

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

23 Deferred taxation

(Continued)

	2016 £
Movements in the year:	
Liability at 1 June 2015	88,137
Charge to profit or loss	31,581
Liability at 31 May 2016	<u>119,718</u>

24 Government grants

During the year the company has received grant funding of £110,000 to contribute towards the purchase of its new property in order to increase both manufacturing capacity and employee numbers.

The grant is to be released to the profit and loss account of the company over the useful economic life of the property.

25 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
1 B share of £1 each	1	1
1 C share of £1 each	1	1
1 D share of £1 each	1	1
1 E share of £1 each	1	1
1 F share of £1 each	1	1
1 G share of £1 each	1	1
2 H share of £1 each	2	2
	<u>50,008</u>	<u>50,008</u>

26 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	384	-

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £384 (2015 - £-).

27 Related party transactions

Transactions with related parties

REGAL FOOD PRODUCTS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2016

27 Related party transactions

(Continued)

The Company has taken advantage of the exemptions available under FRS 102 not to disclose transactions with group undertakings.

At the balance sheet date the company owed £613,911 (2015 - £519,949) to The Baking Company LLP, an LLP of which the company is a member, for products supplied. During the period the partnership made sales of £4,094,917 (2015 - £2,781,278) to this company. Regal Food Products Group plc charged the LLP £62,004 (2015 - £62,004) for rent and rates for the year.

Dividends of £162,156 (2015: £147,898) were paid during the year to the directors and their close families.

The director, M Younis, has given a personal guarantee in order to support the overdraft facility on one of the Company's bank accounts.

28 Controlling party

The ultimate parent company is RFPG Holdings Limited, a company incorporated in England and Wales.

The ultimate controlling party is the director, Mr M Younis by virtue of his 100% shareholding in the parent company.