

Pukka Pies Limited

Annual Report and Financial Statements
for the Period from 30 May 2021 to 28 May 2022

Robert Whowell & Partners
Chartered Accountants
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Pukka Pies Limited

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Pukka Pies Limited

Company Information

Directors A. J. Storer
T. D. Storer
V. C. Storer

Company secretary A. J. Storer

Registered office The Halfcroft
Syston
Leicester
LE7 1LD

Auditors Robert Whowell & Partners
Chartered Accountants
Westwood House
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Pukka Pies Limited

Strategic Report for the Period from 30 May 2021 to 28 May 2022

The directors present their strategic report for the period from 30 May 2021 to 28 May 2022.

Principal activity

The principal activity of the company is the manufacture of high quality savoury pastry products. There has been no change of activities during the year.

Fair review of the business

The directors are satisfied with performance over the last twelve months, given the demanding and volatile nature of the current market. The company's focus remains to meet all of the requirements of the customer base by delivering a superior quality product; offering excellent value for money; with best-in industry service levels.

Turnover increased to £65.2m from £58.1m over the last year, as a result of new product launches, improved distribution in existing customers and retail category growth.

Operating profit for the year was £4.4m, which was £1.5m lower than last year. The reduced profitability was because of the costs associated with launching two new product ranges. The company invested a significant amount in marketing in order to ensure these ranges were established into the market.

Over the course of the financial year the company has seen significant commodity inflation. This has been mitigated through increased pricing to customers along with further improvement in production efficiency.

The company is in the middle of a multi-year capex investment program, with the objective of continual improvement in production efficiency and maintaining our market leading facilities. Tangible capital expenditure was £4.0m for the year (2021 - £3.9m).

Pukka Pies Limited

Strategic Report for the Period from 30 May 2021 to 28 May 2022

Principal risks and uncertainties

Commodity Inflation

The single biggest risk facing the business is the sustained turbulence in commodity markets. The company is monitoring the markets closely, and strategically takes every opportunity to de-risk its procurement requirements.

Supply Chain

Security of supply is the most significant risk currently facing the company and the food industry in general, due to significant disruption of global supply chains over the last twelve months. To mitigate against this risk the company has increased levels of stock and has entered into long term trading agreements to safeguard supply, which has resulted in the company incurring additional costs, but has ensured we maintain extremely robust supply arrangements.

Food Safety

The directors, management and all employees make food safety their highest priority. The company operates from state-of-the-art premises and maintains grade A accreditation to the BRC Global Standard for Food Safety. This includes the operation of a robust HACCP system across all product lines. The onsite microbiological laboratory is also independently accredited by CLAS.

Section 172(1) statement

Our three-year strategy drives the success of the company and contributes to delivering both high-quality products and services to our customers and consumers to 2025 and beyond. We will continue to operate our business efficiently and in line with our regulatory duties.

Our employees are fundamental to the delivery of our strategy, with their safety, health and well-being as one of our primary considerations in the way we do business. We aim to be a responsible employer in our approach to pay and benefits.

Our duty is to provide a quality product which meets and exceeds our customers' and consumers expectations. Our strategy was informed by engagement with customers, consumers and market research, enabling us to gain an understanding of their views and priorities. We aim to act responsibly and fairly in how we engage with our suppliers who are integral to the successful delivery of our plan.

Our strategy considers the impact of the company's operations on the local community and environment and our wider social responsibilities.

Our marketing campaigns have been developed to maintain our number one market leading position. Who we are and how we act externally with our customers and consumers is what makes us 'The People's Pie' – the nations favourite pie brand.

The directors' intention is to behave responsibly and ensure the Senior Leadership Team also consistently operate the business in an ethical manner. We aim to maintain high levels of corporate governance and firmly believe our ESG strategy is entirely aligned with the overall delivery of our business strategy.

The directors' purpose is to behave responsibly toward our shareholders and treat them fairly, so they too may benefit from the successful delivery of our strategy.

Pukka Pies Limited

Strategic Report for the Period from 30 May 2021 to 28 May 2022

The directors of Pukka Pies Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) in the decisions taken during the year ended 28 May 2022. In particular, by reference to the continued implementation of our three year strategy covering the period to 2025.

Engagement with employees

We recognise that our employees are key to the success of our business and engaging with them is of critical importance in maintaining strong business delivery in times of change. We strive to maintain strong communication between all levels of our employees. We have an open-door policy with our directors and both the Senior Leadership Team and management regularly engage with the employees through a range of formal and informal channels, including employee forums, regular company briefs and senior management and director walk arounds.

The directors consider effective engagement a key element of its understanding of the company's ability to create value as it recognises that our people are our greatest asset. Employee views can help inform the Board on matters such as operational effectiveness, culture, risk identification and strategy development and delivery.

The Board considers the current employee engagement approach to be effective.

Engagement with suppliers, customers and other relationships

Delivering our strategy requires strong mutually beneficial relationships with both our suppliers and customers.

Pukka Pies Limited seeks to promote the high level of and application of certain general principles in such relationships, and these shared beliefs help to underpin the relationship.

The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships.

Approved and authorised by the Board on 26 September 2022 and signed on its behalf by:

.....
A. J. Storer

Company secretary

Pukka Pies Limited

Directors' Report for the Period from 30 May 2021 to 28 May 2022

The directors present their report and the financial statements for the period from 30 May 2021 to 28 May 2022.

Directors of the company

The directors who held office during the period were as follows:

A. J. Storer

T. D. Storer

V. C. Storer

Treasury and Financial Risk Management

The company's activities expose it to financial risks mainly categorised as commodity price volatility, credit, liquidity and foreign exchange risk.

Commodity volatility, price risk, credit risk, liquidity risk and cash flow risk

Commodity price volatility has been particularly problematic over the last twelve months. It is managed through entering fixed term contracts with trusted supply partners. The company's procurement strategy is to de-risk based upon projected volume requirements.

The directors consider credit risk to be relatively low, as the company's largest customers are blue chip retail companies. All new customers are credit checked with credit only awarded where considered appropriate. During the financial year the company has implemented a credit insurance policy to further mitigate the credit risk.

In respect of bank balances, the liquidity risk is managed by maintaining a healthy cash balance throughout the year.

Trade creditor creditors liquidity risk is managed by ensuring sufficient funds are available to meet all amounts as they fall due for payment.

Foreign exchange risk is minimal, as most purchases are from UK companies. Any exposure is mitigated by seeking to fix the exchange risk through forward contracts.

Equal opportunity employment

Pukka Pies Limited is committed to equality of opportunity in all its employment practices, policies and procedures. This means that no employee, or potential employee, will receive less favourable treatment due to their gender, sexual orientation, marital status, race, disability, political or religious beliefs. The company maintains a company policy for ensuring employee involvement in matters of concern to them and providing employees with relevant information.

Pukka Pies Limited

Directors' Report for the Period from 30 May 2021 to 28 May 2022

Environmental report

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Pukka Pies Limited supports these recommendations and are committed to disclosing the relevant information which can be found below.

Governance

Climate change and risks resulting from greenhouse gas emissions have been identified as a significant consideration for Pukka Pies Limited

These considerations arising from climate change and risks resulting from greenhouse gas emissions are managed in accordance with the Board.

Strategy

Our strategy to assess and manage risks and opportunities resulting from climate change includes consideration of different time horizons and specific risks:

- commercial risk: the potential for structural shifts in demand profiles for our products;
- regulatory risks: the potential for strengthening of existing, and introduction of new, regulations;
- physical risk: the potential impact on our facilities and the community in which we operate to changing physical conditions; and
- societal risk: the potential for a deteriorating relationship with the public and other companies with which Pukka Pies Limited operates.

We categorise different time horizons and the relevance for the identification of risks and business planning:

- Short term (up to three years): detailed financial projections are developed and used to manage performance and expectations on a three-year cycle;
- Medium term (three to ten years): the majority of production and earnings would be expected to be generated in this period from our existing assets;
- Long term (over ten years); it is expected that Pukka Pies Limited will go through changes and evolution with the energy transition. Decision making and risk identification will be guided by the pace of progress of society and in step with society as it moves towards the goals of the Paris Agreement.

Pukka Pies Limited

Directors' Report for the Period from 30 May 2021 to 28 May 2022

Emissions and energy consumption

The organisation has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and HH/AMR data, where available. For suppliers where there wasn't complete twelve month energy usage available, flat profile estimation techniques were used to complete the annual consumption. Transport mileage and/or fuel usage data was provided for our company owned vehicles. CO2e emissions were calculated using the appropriate emissions factors from the UK Government GHG conversion information.

During the period from 30 May 2021 to 28 May 2022, Pukka Pies Limited recorded greenhouse gas emissions from:

- Combustion of gas of 2,016.00 tonnes of CO2e per year (2021 - 2,179.00).
- Purchased electricity of 2,404.00 tonnes of CO2e per year (2021 - 2,140.00).
- Combustion of fuel for transport of 728.00 tonnes of CO2e per year (2021 - 844.00).
- Emissions from employee owned vehicles of 24.00 tonnes of CO2e per year (2021 - 4.00).

Summary of energy consumption for the period from 30 May 2021 to 28 May 2022:

Description	Unit of measurement	2022	2021
Combustion of gas	Kwh	10,958,763	11,895,327
Combustion of fuel for transport	Kwh	1,739,586	1,465,140
Purchased electricity	Kwh	10,309,800	10,076,815
Emissions from employee owned vehicles	Kwh	72,938	17,444

Pukka Pies Limited

Directors' Report for the Period from 30 May 2021 to 28 May 2022

Intensity ratio

Production tonnage

The tonnes of CO₂e produced per production tonnage. During the period from 30 May 2021 to 28 May 2022 this was 0.22% (2021 - 0.28%).

During the year we continued our progress with achieving energy efficiencies with significant investment and improved working practices in the following areas:

- reducing the number of vehicles
- running full lines
- reducing the number of change overs
- installation of LED lighting on proximity sensors
- replacing single pane windows with double glazed windows
- replacing old boilers with new energy efficient gas boilers with economisers fitted
- replacing old vessels with fewer vessels of higher capacity with cooling by vacuum instead of chiller units

Environmental matters

Pukka Pies Limited has for many years emphasised: waste reduction; energy efficiency; minimisation of packaging; recycling and emission control.

Social and community issues

Pukka Pies Limited's charity policy is to support local registered charities operating in the immediate vicinity of the business.

In particular, Pukka Pies support local young people in sport and outdoor healthy activities are areas of special emphasis. During the year the company contributed £30,691 to charities.

In addition to monetary donations the company has donated 280,920 pies, pasties and sausage rolls through the Fare Share network, The Bread and Butter Thing and Open Hands. Fare Share redistribute surplus food from the UK food industry to charities and community groups who otherwise would be buying this food. Open Hands provide assistance to the most vulnerable and disadvantaged in society by providing weekly hot meals to those in need in Leicester. The Bread and Butter Thing is a community-led charity based in the North of England with the purpose to reduce waste by identifying edible surplus food in the UK food sector and redistributing it.

Pukka Pies Limited

Directors' Report for the Period from 30 May 2021 to 28 May 2022

Future developments

The company continues to build brand awareness and the directors expect the business to grow over the coming years. This is supported by our planned continuation in investment in advertising and our media campaigns in 2022/23 building on our successful previous campaigns.

We are continuing to invest in our bakery during 2022/23, with an annual investment identified of circa £2.6m.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 26 September 2022 and signed on its behalf by:

.....

A. J. Storer

Company secretary

Pukka Pies Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

Pukka Pies Limited

Independent Auditor's Report to the Members of Pukka Pies Limited

Opinion

We have audited the financial statements of Pukka Pies Limited (the 'company') for the period from 30 May 2021 to 28 May 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 May 2022 and of its profit for the period 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Pukka Pies Limited

Independent Auditor's Report to the Members of Pukka Pies Limited

Other information

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

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Pukka Pies Limited

Independent Auditor's Report to the Members of Pukka Pies Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 10], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- we obtained an understanding of the legal and regulatory frameworks applicable to the company based on our understanding of the company, sector experience and discussions with management. The most significant considerations for the company are the Companies Act 2006, Corporate and VAT legislation, Employment Taxes, Health and Safety, Food Safety laws and the Bribery Act 2010.

- discussing amongst the engagement team, who also undertook the audit testing on significant components, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: management override of control; and revenue recognition, specifically the manipulation of revenue using fraudulent journals.

- we tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements.

Pukka Pies Limited

Independent Auditor's Report to the Members of Pukka Pies Limited

- we reviewed the company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- we critically assessed the appropriateness and tested the application of the revenue policies.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

.....
Ian Agar FCA (Senior Statutory Auditor)

For and on behalf of:

Robert Whowell & Partners, Statutory Auditor

Westwood House

78 Loughborough Road

Quorn

Loughborough

Leicestershire

LE12 8DX

22 December 2022

Pukka Pies Limited

Profit and Loss Account for the Period from 30 May 2021 to 28 May 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	65,215,066	58,127,169
Cost of sales		<u>(42,045,477)</u>	<u>(36,576,859)</u>
Gross profit		23,169,589	21,550,310
Administrative expenses		(18,884,136)	(15,984,421)
Other operating income	<u>4</u>	<u>127,850</u>	<u>339,740</u>
Operating profit	<u>5</u>	<u>4,413,303</u>	<u>5,905,629</u>
Other interest receivable and similar income	<u>7</u>	4,013	11,696
Interest payable and similar expenses	<u>8</u>	<u>(62,000)</u>	<u>(69,008)</u>
		<u>(57,987)</u>	<u>(57,312)</u>
Profit before tax		4,355,316	5,848,317
Tax on profit	<u>12</u>	<u>(839,356)</u>	<u>(709,891)</u>
Profit for the financial period		<u><u>3,515,960</u></u>	<u><u>5,138,426</u></u>

The above results were derived from continuing operations.

The notes on pages 20 to 37 form an integral part of these financial statements.

Pukka Pies Limited

Statement of Comprehensive Income for the Period from 30 May 2021 to 28 May 2022

	Note	2022 £	2021 £
Profit for the period		3,515,960	5,138,426
Surplus on property, plant and equipment revaluation		1,416,601	-
Remeasurement gain on defined benefit pension scheme	<u>21</u>	5,404,000	1,448,000
Income tax effect on other comprehensive income	<u>21</u>	(990,090)	(236,930)
		<u>5,830,511</u>	<u>1,211,070</u>
Total comprehensive income for the period		<u>9,346,471</u>	<u>6,349,496</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

Pukka Pies Limited

(Registration number: 01008747)

Balance Sheet as at 28 May 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>13</u>	26,348,437	23,210,500
Current assets			
Stocks	<u>14</u>	7,128,199	5,704,544
Debtors	<u>15</u>	9,991,867	9,187,226
Cash at bank and in hand	<u>16</u>	8,384,365	11,041,600
		25,504,431	25,933,370
Creditors: Amounts falling due within one year	<u>17</u>	(6,603,081)	(5,325,212)
Net current assets		18,901,350	20,608,158
Total assets less current liabilities		45,249,787	43,818,658
Provisions for liabilities	<u>18</u>	(878,766)	(573,198)
Net assets excluding pension liability		44,371,021	43,245,460
Net pension asset/(liability)		1,832,980	(2,387,930)
Net assets		46,204,001	40,857,530
Capital and reserves			
Called up share capital	<u>20</u>	50,000	50,000
Revaluation reserve	<u>21</u>	4,831,997	3,415,396
Profit and loss account	<u>21</u>	41,322,004	37,392,134
Total equity		46,204,001	40,857,530

Approved and authorised by the Board on 26 September 2022 and signed on its behalf by:

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T. D. Storer
Director

The notes on pages 20 to 37 form an integral part of these financial statements.

Pukka Pies Limited

Statement of Changes in Equity for the Period from 30 May 2021 to 28 May 2022

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 30 May 2021	50,000	3,415,396	37,392,134	40,857,530
Profit for the period	-	-	3,515,960	3,515,960
Other comprehensive income	-	1,416,601	4,413,910	5,830,511
Total comprehensive income	-	1,416,601	7,929,870	9,346,471
Dividends	-	-	(4,000,000)	(4,000,000)
At 28 May 2022	50,000	4,831,997	41,322,004	46,204,001
	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 26 May 2020	50,000	3,493,019	32,965,015	36,508,034
Profit for the period	-	-	5,138,426	5,138,426
Other comprehensive income	-	(77,623)	1,288,693	1,211,070
Total comprehensive income	-	(77,623)	6,427,119	6,349,496
Dividends	-	-	(2,000,000)	(2,000,000)
At 29 May 2021	50,000	3,415,396	37,392,134	40,857,530

The notes on pages 20 to 37 form an integral part of these financial statements.

Pukka Pies Limited

Statement of Cash Flows for the Period from 30 May 2021 to 28 May 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the period		3,515,960	5,138,426
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	2,164,253	1,875,570
Financial instrument net losses through profit and loss	<u>9</u>	131,000	132,000
Loss on disposal of tangible assets	<u>5</u>	139,386	60,665
Finance income	<u>7</u>	(4,013)	(11,696)
Finance costs	<u>8</u>	62,000	69,008
Income tax expense	<u>12</u>	839,356	709,891
		6,847,942	7,973,864
Working capital adjustments			
Increase in stocks	<u>14</u>	(1,423,655)	(618,326)
Increase in trade debtors	<u>15</u>	(804,641)	(39,741)
Increase in trade creditors	<u>17</u>	1,504,055	253,573
Increase in retirement benefit obligation net of actuarial changes	<u>8</u>	62,000	69,000
Cash generated from operations		6,185,701	7,638,370
Income taxes paid		(759,974)	(839,991)
Net cash flow from operating activities		5,425,727	6,798,379
Cash flows from investing activities			
Interest received	<u>7</u>	4,013	11,696
Acquisitions of tangible assets	<u>13</u>	(4,029,975)	(3,921,353)
Proceeds from sale of tangible assets		5,000	66,649
Net cash flows from investing activities		(4,020,962)	(3,843,008)
Cash flows from financing activities			
Interest paid	<u>8</u>	(62,000)	(69,008)
Dividends paid	<u>22</u>	(4,000,000)	(2,000,000)
Net cash flows from financing activities		(4,062,000)	(2,069,008)
Net (decrease)/increase in cash and cash equivalents		(2,657,235)	886,363
Cash and cash equivalents at 30 May 2021		11,041,600	10,155,237
Cash and cash equivalents at 28 May 2022	<u>16</u>	8,384,365	11,041,600

The notes on pages 20 to 37 form an integral part of these financial statements.

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Halfcroft
Syston
Leicester
LE7 1LD

These financial statements were authorised for issue by the Board on 26 September 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible fixed assets. The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets and see the policy below for the useful economic lives of each class of asset.

(ii) Defined benefit pension scheme. The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 19 for the disclosures relating to the defined benefit pension scheme.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	2% straight line
Fixtures, fittings and equipment	15% to 30% reducing balance
Motor vehicles	25% reducing balance

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of raw materials, finished goods and work in progress 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, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the profit and loss account.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Defined benefit pension obligation

The company recognises a defined benefit pension asset or liability in the balance sheet as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the defined benefit asset or liability arising from employee service are recognised in comprehensive income as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in comprehensive income in the period in which they occur.

Net interest is determined by multiplying the defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in comprehensive income.

3 Turnover

The analysis of the company's revenue for the period from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	<u>65,215,066</u>	<u>58,127,169</u>

The analysis of the company's turnover for the period by market is as follows:

	2022	2021
	£	£
UK	64,775,257	57,796,460
Europe	434,222	280,824
Rest of world	<u>5,587</u>	<u>49,885</u>
	<u>65,215,066</u>	<u>58,127,169</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	2022	2021
	£	£
Rental income	127,850	118,665
Job retention scheme grant	-	221,075
	<u>127,850</u>	<u>339,740</u>

5 Operating profit

Arrived at after charging:

	2022	2021
	£	£
Depreciation	2,164,253	1,875,570
Loss on disposal of property, plant and equipment	<u>139,386</u>	<u>60,665</u>

6 Government grants

Government grants, included in other operating income, which were received under the Coronavirus Job Retention Scheme are recognised on an accruals basis.

The amount of grants recognised in the financial statements was £Nil (2021 - £221,075).

7 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	<u>4,013</u>	<u>11,696</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest expense on other finance liabilities	-	8
Pension scheme finance costs	<u>62,000</u>	<u>69,000</u>
	<u>62,000</u>	<u>69,008</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	13,988,110	13,725,164
Social security costs	1,329,353	1,198,343
Pension costs, defined contribution scheme	634,334	516,701
Pension costs, defined benefit scheme	190,483	190,483
Defined benefit pension service costs	131,000	132,000
Staff training and welfare	166,664	143,452
	<u>16,439,944</u>	<u>15,906,143</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2022	2021
	No.	No.
Staff	395	383
Directors	3	3
	<u>398</u>	<u>386</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

10 Directors' remuneration

The directors' remuneration for the period was as follows:

	2022 £	2021 £
Remuneration	<u>749,550</u>	<u>718,069</u>

During the period the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	<u>298,407</u>	<u>281,918</u>

11 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>27,416</u>	<u>23,357</u>
Other fees to auditors		
Taxation compliance services	6,783	4,874
All other tax advisory services	15,437	14,926
All other assurance services	5,934	4,421
All other services relating to corporate finance transactions on behalf of the company	31,174	11,418
All other non-audit services	<u>6,987</u>	<u>5,080</u>
	<u>66,315</u>	<u>40,719</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

12 Taxation

Tax charged in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	538,194	969,287
UK corporation tax adjustment to prior periods	(4,406)	4,406
	<u>533,788</u>	<u>973,693</u>
Deferred taxation		
Arising from origination and reversal of timing differences	305,568	(263,802)
	<u>839,356</u>	<u>709,891</u>
Tax expense in the income statement		

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>4,355,316</u>	<u>5,848,317</u>
Corporation tax at standard rate	827,510	1,111,180
Effect of expense not deductible in determining taxable profit (tax loss)	35,396	36,691
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(4,406)	4,406
Tax decrease from effect of capital allowances and depreciation	(324,712)	(178,584)
Tax increase/(decrease) from other short-term timing differences	<u>305,568</u>	<u>(263,802)</u>
Total tax charge	<u>839,356</u>	<u>709,891</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2022		
Accelerated capital allowances	-	878,766
Pension benefit obligations	-	429,970
	<u>-</u>	<u>1,308,736</u>

	Asset £	Liability £
2021		
Accelerated capital allowances	-	573,198
Pension benefit obligations	560,120	-
	<u>560,120</u>	<u>573,198</u>

Tax relating to items recognised in other comprehensive income or equity

	2022 £	2021 £
Deferred tax related to items recognised as items of other comprehensive income	<u>(990,090)</u>	<u>(236,930)</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

13 Tangible assets

	Land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 30 May 2021	15,026,849	31,964,048	1,570,274	48,561,171
Revaluations	(403,399)	-	-	(403,399)
Additions	1,550	4,028,425	-	4,029,975
Disposals	-	(3,195,082)	-	(3,195,082)
At 28 May 2022	14,625,000	32,797,391	1,570,274	48,992,665
Depreciation				
At 30 May 2021	1,560,000	22,639,173	1,151,498	25,350,671
Charge for the period	260,000	1,799,559	104,694	2,164,253
Eliminated on disposal	-	(3,050,696)	-	(3,050,696)
Revaluation	(1,820,000)	-	-	(1,820,000)
At 28 May 2022	-	21,388,036	1,256,192	22,644,228
Carrying amount				
At 28 May 2022	14,625,000	11,409,355	314,082	26,348,437
At 29 May 2021	13,466,849	9,324,875	418,776	23,210,500

Included within the net book value of land and buildings above is £14,625,000 (2021 - £13,466,849) in respect of freehold land and buildings.

Revaluation

The fair value of the company's freehold property was revalued on 21 April 2022 by an independent valuer. The freehold property was revalued by Charterfields, Chartered Surveyors of Centurion House, 129 Deansgate, Manchester. The valuation was carried out using a fair value basis. Had this class of asset been measured on a historical cost basis the carrying amount would have been £8,836,309 (2021 - £9,104,979).

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

14 Stocks

	2022	2021
	£	£
Raw materials	4,657,880	4,514,145
Work in progress	66,055	61,051
Finished goods	2,404,264	1,129,348
	<u>7,128,199</u>	<u>5,704,544</u>

15 Debtors

	2022	2021
	£	£
Current		
Trade debtors	8,749,754	8,374,392
Other debtors	901,628	685,945
Prepayments	340,485	126,889
	<u>9,991,867</u>	<u>9,187,226</u>

16 Cash and cash equivalents

	2022	2021
	£	£
Cash on hand	6,809	13,008
Cash at bank	28,134	1,000
Short-term deposits	8,349,422	11,027,592
	<u>8,384,365</u>	<u>11,041,600</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

17 Creditors

	Note	2022 £	2021 £
Due within one year			
Trade creditors		3,834,806	2,323,755
Social security and other taxes		466,283	390,407
Accruals and deferred income		2,058,890	2,141,762
Income tax liability	<u>12</u>	<u>243,102</u>	<u>469,288</u>
		<u>6,603,081</u>	<u>5,325,212</u>

18 Provisions for liabilities

	Deferred tax £	Total £
At 30 May 2021	573,198	573,198
Additional provisions	<u>305,568</u>	<u>305,568</u>
At 28 May 2022	<u>878,766</u>	<u>878,766</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £634,334 (2021 - £516,701).

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Defined benefit pension schemes

Pukka Pies Limited Pension Scheme

Pukka Pies Limited operate a defined benefit pension arrangement called the Pukka Pies Limited Pension Scheme. The company currently pays 10% of the pensionable salaries to cover the benefit accrual for active members.

The date of the most recent comprehensive actuarial valuation was 5 April 2019. The surplus shown for this FRS 102 valuation represents an update of the latest triennial actuarial valuation as at 5 April 2019 with allowance made for further benefit accrual, interest on the scheme liabilities, benefits that have been paid out of the scheme and changes in market conditions. In addition, allowance has been made for benefit increases over the period compared to the assumed increases at the start of the period.

The total cost relating to the defined benefit scheme for the period recognised in the profit and loss account as an expense was £383,483 (2021 - £391,483).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022	2021
	£	£
Fair value of scheme assets	29,229,000	33,482,000
Present value of defined benefit obligation	<u>(26,966,000)</u>	<u>(36,430,000)</u>
Defined benefit pension scheme surplus/(deficit)	<u><u>2,263,000</u></u>	<u><u>(2,948,000)</u></u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022 £
Present value at start of period	36,430,000
Current service cost	226,000
Interest cost	743,000
Actuarial gains and losses	(9,787,000)
Benefits paid	(741,000)
Contributions by scheme participants	95,000
	<hr/>
Present value at end of period	<u>26,966,000</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £
Fair value at start of period	33,482,000
Interest income	681,000
Return on plan assets, excluding amounts included in interest income/(expense)	(4,383,000)
Actuarial gains and losses	95,000
Contributions by scheme participants	95,000
Benefits paid	(741,000)
	<hr/>
Fair value at end of period	<u>29,229,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £	2021 £
Cash and cash equivalents	(13,000)	127,000
Equity instruments	7,616,000	6,880,000
Debt instruments	<u>21,626,000</u>	<u>26,475,000</u>
	<u>29,229,000</u>	<u>33,482,000</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

Return on scheme assets

	2022 £	2021 £
Return on scheme assets	681,000	526,000

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	3.45	2.05
Future salary increases	2.85	2.60
Future pension increases	3.00	3.00
Inflation	3.30	3.25

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	22	22
Current UK pensioners at retirement age - female	24	24
Future UK pensioners at retirement age - male	23	23
Future UK pensioners at retirement age - female	26	26

20 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

21 Reserves

Share capital

There is a single class of ordinary shares. All the shares hold full voting rights and there are no restrictions on the distribution of dividends and the repayment of capital.

Revaluation reserve

The revaluation reserve arose on the revaluation of certain fixed assets prior to transition to FRS 102 and in subsequent revaluations. The amounts representing the equivalent depreciation are transferred to the profit and loss account reserve each year.

Profit and loss account

The profit and loss account reserve represents accumulated comprehensive income for the period and prior periods, transfers from the revaluation reserve relating to depreciation realised on revaluations, remeasurement of the net defined benefit plan and the associated tax effects less dividends paid.

The changes to each component of equity resulting from items of other comprehensive income for the current period were as follows:

	Revaluation reserve £	Retained earnings £	Total £
Surplus on property, plant and equipment revaluation	1,416,601	-	1,416,601
Remeasurement gain on defined benefit pension scheme	-	5,404,000	5,404,000
Income tax effect on other comprehensive income	-	(990,090)	(990,090)
	<u>1,416,601</u>	<u>4,413,910</u>	<u>5,830,511</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior period were as follows:

	Revaluation reserve £	Retained earnings £	Total £
Surplus on property, plant and equipment revaluation	(77,623)	77,623	-
Remeasurement gain on defined benefit pension scheme	-	1,448,000	1,448,000
Income tax effect on other comprehensive income	-	(236,930)	(236,930)
	<u>(77,623)</u>	<u>1,288,693</u>	<u>1,211,070</u>

Pukka Pies Limited

Notes to the Financial Statements for the Period from 30 May 2021 to 28 May 2022

22 Dividends

	2022	2021
	£	£
Interim dividend of £80 (2021 - £40) per ordinary share	4,000,000	2,000,000

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £857,883 (2021 - £2,008,736).

24 Related party transactions

Key management compensation

	2022	2021
	£	£
Salaries and other short term employee benefits	1,274,883	1,248,319

Summary of transactions with other related parties

During the year the directors received dividends amounting to £2,234,240.

Members of the directors' immediate family, The Storer Family Trust and the TKS Will Trust, whose beneficiaries are members of the directors' immediate family, received dividends amounting to £1,765,760.

Pukka Pies Limited rents a property from a limited liability partnership controlled by two of the directors and an immediate family member. The company paid rent amounting to £125,000.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.