

Warrens Bakery Limited

**Annual Report and Financial Statements
Year Ended 30 June 2017**

Registration number: 01451668

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Warrens Bakery Limited

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Warrens Bakery Limited

Company Information

Directors	M Sullivan S D Toft A L Martin N B Straw J Jobling
Registered office	The Bakery Boswedden Road St Just Penzance Cornwall TR19 7JP
Solicitors	Foot Anstey LLP High Water House Malpas Road Truro Cornwall TR1 1QH
Bankers	Santander The Senate Southernhay Gardens Exeter Devon EX1 1UG
Auditors	PKF Francis Clark Statutory Auditor Lowin House Tregolls Road Truro Cornwall TR1 2NA

Warrens Bakery Limited

Strategic Report

Year Ended 30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

Principal activity

The principal activity of the company is the production and supply of bakery products to both wholesalers and the public via its chain of retail outlets

Fair review of the business

The Company has made very good progress during the year having completed the rebranding of all 51 outlets by the year end. Retail turnover achieved growth of 10.8% in the year.

Trade and wholesale sales continue to expand in both domestic and international markets. Growth of 16.1% has been achieved this year.

This continued growth resulted in a further increase in profitability at the EBITDA level.

A further two Company outlets are expected to open in Spring 2018. In addition, the first two franchise shops were opened during the year and a further twenty seven are expected to open by June 2018. The Franchise business is operated by Warrens Bakery Franchise Limited but products are supplied by this Company via a wholesale distributor and therefore growth in the franchise estate will result in increased wholesale sales.

In order to advance our expansion plans, work to extend and re-equip the bakery at St Just was completed in March 2017.

In the KPIs below EBITDA represents earnings before interest, tax, depreciation, amortisation and profit or loss on disposal.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£	16,251,522	14,585,813
Turnover growth	£	1,665,709	1,008,275
Earnings before interest, tax, depreciation and amortisation (EBITDA)	£	708,298	622,551

Warrens Bakery Limited

Strategic Report

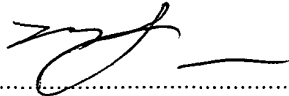
Year Ended 30 June 2017

Principal risks and uncertainties

As a manufacturer the company is exposed to price fluctuations both in key overheads such as power and also in ingredient prices such as movements in the price of flour. The directors seek to manage these risks by negotiating robustly with suppliers to obtain the most advantageous terms possible within the limitation of the company's working capital constraints.

As a retailer the company is exposed to the risks and uncertainties posed by general economic conditions and the effect that this has on consumer spending as well as general consumer trends. The directors seek to manage these risks via close monitoring of shops performance and by taking appropriate action based upon this performance.

Approved by the Board on ~~21/2/18~~ and signed on its behalf by:



M Sullivan
Director

Warrens Bakery Limited

Directors' Report

Year Ended 30 June 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Directors of the company

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

M Sullivan

S D Toft

A L Martin

N B Straw

J Jobling

Financial instruments

Objectives and policies

The company's principal financial instruments comprise bank balances, bank overdraft, trade creditors, trade debtors and finance lease agreements. The main objective of these instruments is to raise funds for the company's operations and to finance these operations.

Price risk, credit risk, liquidity risk and cash flow risk

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned are shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

The company has funded the purchase of assets by the use of hire purchase agreements. The liquidity risk is managed by ensuring there are sufficient funds to meet the repayments.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Employment of disabled persons

The company provides employees with information considering the company's results and regular meetings are held to discuss other matters of interest to them as employees through the Company Employee Forum. Full and fair consideration is given to suitable applications from disabled persons for employment, and opportunities also exist for employees who become disabled to continue in their employment or to be re-trained for other positions so far as it is practicable.

We continue to have an equal opportunities employment policy. Within the limitations of its trading activities, the company's policy is that all employees, including disabled persons, are treated equally in matters relating to recruitment, training, personal development and promotion. The company seeks to take all reasonably practicable precautions to ensure the health, safety and welfare at work of its employees. It is the policy of the company that training and career development are fundamental to our employment strategy. The company's policy is to consult and discuss with employees, by way of meetings, and through personal contact by directors and management, matters likely to affect employees' interests. Information concerning the company on matters of interest and concern to employees is communicated through normal management channels.

Warrens Bakery Limited

Directors' Report

Year Ended 30 June 2017

Going concern

At the balance sheet date the company had net current liabilities of £844,597 (2016 - £860,509) and during the year ended 30 June 2017 incurred a loss for the financial period of £31,222 (2016 - £10,958).

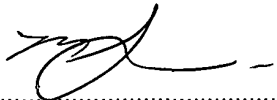
These financial statements are prepared on the going concern basis and the directors of the company consider this to be appropriate due to the planned development of the company's activities and the continued support of its parent company

Subsequent to the balance sheet date the company received approximately £381,000 of additional funding from its parent company via an unsecured loan.

Disclosure of information to the auditors

Each director has taken all the 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 by the Board on 21/2/18 and signed on its behalf by:



.....
M Sullivan
Director

Warrens Bakery 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 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.

Warrens Bakery Limited

Independent Auditor's Report to the Members of Warrens Bakery Limited

Opinion

We have audited the financial statements of Warrens Bakery Limited (the 'company') for the year ended 30 June 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Use of this 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.

Conclusions relating to going concern

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

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

Warrens Bakery Limited

Independent Auditor's Report to the Members of Warrens Bakery 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 year 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

Warrens Bakery Limited

Independent Auditor's Report to the Members of Warrens Bakery Limited

Auditor's responsibilities for the audit of the financial statements

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

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

PKF Francis Clark

Michael Bentley ACA DChA (Senior Statutory Auditor)
For and on behalf of PKF Francis Clark, Statutory Auditor

Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA

Date: *26/2/18*

Warrens Bakery Limited

Profit and Loss Account

Year Ended 30 June 2017

	Note	2017 £	2016 £
Turnover	3	16,251,522	14,585,813
Cost of sales		<u>(7,281,430)</u>	<u>(6,431,394)</u>
Gross profit		8,970,092	8,154,419
Distribution costs		(7,095,162)	(6,546,717)
Administrative expenses		(1,699,304)	(1,496,396)
Other operating income	4	<u>72,192</u>	<u>67,900</u>
Operating profit	5	247,818	179,206
Interest payable and similar charges	11	(219,778)	(190,164)
Other exceptional item	6	<u>(59,262)</u>	<u>-</u>
Loss before tax		<u>(31,222)</u>	<u>(10,958)</u>
Loss for the financial year		<u><u>(31,222)</u></u>	<u><u>(10,958)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

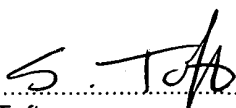
Warrens Bakery Limited

Balance Sheet

30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	18,176	8,865
Tangible assets	14	3,236,159	2,784,945
Other financial assets	15	360	360
		<u>3,254,695</u>	<u>2,794,170</u>
Current assets			
Stocks	16	469,670	455,172
Debtors	17	1,115,809	829,057
Cash at bank and in hand		20,041	71,757
		<u>1,605,520</u>	<u>1,355,986</u>
Creditors: Amounts falling due within one year	19	<u>(2,450,117)</u>	<u>(2,216,495)</u>
Net current liabilities		<u>(844,597)</u>	<u>(860,509)</u>
Total assets less current liabilities		2,410,098	1,933,661
Creditors: Amounts falling due after more than one year	19	(2,286,621)	(1,927,909)
Deferred income	7	<u>(148,947)</u>	-
Net (liabilities)/assets		<u>(25,470)</u>	<u>5,752</u>
Capital and reserves			
Called up share capital	24	56,573	60,099
Share premium reserve		262,053	262,053
Profit and loss account		<u>(344,096)</u>	<u>(316,400)</u>
Total equity		<u>(25,470)</u>	<u>5,752</u>

Approved and authorised by the Board on 21.12.18 and signed on its behalf by:



 S D Toft
 Director

Company Registration Number: 01451668

Warrens Bakery Limited

Statement of Changes in Equity

Year Ended 30 June 2017

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2016	60,099	262,053	(316,400)	5,752
Total comprehensive income	-	-	(31,222)	(31,222)
Cancellation of shares	(3,526)	-	3,526	-
At 30 June 2017	<u>56,573</u>	<u>262,053</u>	<u>(344,096)</u>	<u>(25,470)</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2015	60,099	262,053	(305,442)	16,710
Total comprehensive income	-	-	(10,958)	(10,958)
At 30 June 2016	<u>60,099</u>	<u>262,053</u>	<u>(316,400)</u>	<u>5,752</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

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 Bakery
Boswedden Road
St Just
Penzance
Cornwall
TR19 7JP

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 UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

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

Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, which are subject to certain conditions being adhered to. The company has therefore taken advantage of the following exemptions:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated financial statements of Provenance Brands Limited include the cash flows of this company;
- From the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information is provided in the consolidated financial statement disclosures;
- From disclosing the company key management personnel compensation, as required by FRS102 paragraph 33.7.

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

Going concern

At the balance sheet date the company had net current liabilities of £844,597 (2016 - £860,509) and during the year ended 30 June 2017 incurred a loss for the financial period of £31,222 (2016 - £10,958).

These financial statements are prepared on the going concern basis and the directors of the company consider this to be appropriate due to the planned development of the company's activities and the continued support of its parent company.

Subsequent to the balance sheet date the company received approximately £381,000 of additional funding from its parent company via an unsecured loan.

Revenue recognition

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods to customers.

Rental income is recognised on an accruals basis.

Government grants

Government grants in respect of capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to the profit and loss account so as to match them with the expenditure to which they relate.

Intangible assets

Intangible assets are stated in the statement of financial position at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

The cost of intangible assets includes directly attributable incremental costs incurred in their acquisition.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Website and computer software development	20% per annum on cost

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

Tangible assets

Tangible assets are stated in the statement of financial position 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, other than land and assets under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% per annum on cost
Leasehold property	By equal instalments over the remaining period of the lease. Due to the number of sites this is estimated at 10% per annum on cost
Plant and equipment	10% per annum on cost
Motor vehicles	20% per annum on cost

Stocks

The cost of stocks comprises of 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 profit or loss. Cost is determined using the first-in, first-out (FIFO) method.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

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

Related parties

The company discloses transactions with related parties which are not wholly owned within the same group.

Transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is required in order to understand the transactions and their impact on the financial statements of the company.

Exceptional items

Items which are material either because of their size or their nature, or which are non-recurring, are presented within their relevant income statement category. The separate reporting of exceptional items helps provide a better picture of the company's underlying performance.

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

Financial instruments

Classification

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.

Recognition and measurement

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, which include trade and other receivables, cash and bank balances, and loans to related parties, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, including trade and other payables, loans and borrowings, and loans from related parties 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.

Impairment

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

Critical accounting judgements and estimation uncertainty

Management evaluate estimates and judgements on an annual basis, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates applied by management are as outlined below:

Depreciation and useful economic lives of tangible assets

Management have carefully considered the depreciation estimates applied on the tangible assets held by the company. This assessment is performed on an annual basis, and would be amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of each asset.

3 Revenue

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

	2017	2016
	£	£
Sale of goods	<u>16,251,522</u>	<u>14,585,813</u>

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

	2017	2016
	£	£
UK	16,032,653	14,474,353
Europe	93,901	79,862
Rest of world	<u>124,968</u>	<u>31,598</u>
	<u>16,251,522</u>	<u>14,585,813</u>

4 Other operating income

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

	2017	2016
	£	£
Government grants	3,819	-
Rental income	<u>68,373</u>	<u>67,900</u>
	<u>72,192</u>	<u>67,900</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	458,426	443,345
Amortisation expense	2,054	-
Operating lease expense - plant and machinery	303,961	330,253
Operating lease expense - other assets	<u>1,271,211</u>	<u>1,234,471</u>

6 Exceptional items

During the year a VAT inspection was undertaken that highlighted certain retail products were incorrectly being sold as zero rated as oppose to standard rated for VAT purposes. The total VAT due as a result of this inspection amounted to £59,262 of which £51,044 related to sales made in previous accounting periods.

7 Government grants

Government grants of £152,766 where received against the cost of tangible fixed asset additions acquired in the year.

During the year government grants of £3,819 (2016 - £nil) were amortised and released to the profit and loss account.

8 Staff costs

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

	2017 £	2016 £
Wages and salaries	6,333,253	5,759,715
Social security costs	386,232	336,168
Pension costs, defined contribution scheme	<u>73,164</u>	<u>63,828</u>
	<u>6,792,649</u>	<u>6,159,711</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

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

	2017 No.	2016 No.
Production	139	126
Administration and support	18	19
Sales	359	344
	<u>516</u>	<u>489</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	<u>139,523</u>	<u>126,773</u>

10 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	<u>7,250</u>	<u>7,000</u>

11 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	166,467	159,754
Interest on obligations under finance leases and hire purchase contracts	13,846	11,820
Interest expense on other finance liabilities	39,465	18,590
	<u>219,778</u>	<u>190,164</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

12 Taxation

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Loss before tax	(31,222)	(10,958)
Corporation tax at standard rate	(5,932)	(2,192)
Effect of disallowable expenses	16,641	15,330
Accelerated capital allowances	31,645	(16,303)
Tax losses (utilised) generated	(29,363)	3,165
Tax increase (decrease) arising from group relief	(12,991)	-
Total tax charge/(credit)	-	-

Deferred tax

Deferred tax assets and liabilities

	Asset £
2017	
Tax losses available for future periods	190,810
Capital allowances in excess of depreciation	(165,810)
	<u>25,000</u>
2016	
Tax losses available for future periods	222,455
Capital allowances in excess of depreciation	(197,455)
	<u>25,000</u>

The company has an unrecognised deferred tax asset arising on tax losses carried forward. The amount not recognised in the period was £98,944 (2016 - £96,543).

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

13 Intangible assets

	Goodwill £	Website and computer software development £	Total £
Cost or valuation			
At 1 July 2016	338,315	8,865	347,180
Additions	-	11,365	11,365
At 30 June 2017	338,315	20,230	358,545
Amortisation			
At 1 July 2016	338,315	-	338,315
Amortisation charge	-	2,054	2,054
At 30 June 2017	338,315	2,054	340,369
Carrying amount			
At 30 June 2017	-	18,176	18,176
At 30 June 2016	-	8,865	8,865

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

14 Tangible assets

	Freehold land and buildings £	Short leasehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
Cost or valuation					
At 1 July 2016	688,089	1,277,154	80,857	5,884,058	7,930,158
Additions	331,425	101,388	-	476,827	909,640
At 30 June 2017	<u>1,019,514</u>	<u>1,378,542</u>	<u>80,857</u>	<u>6,360,885</u>	<u>8,839,798</u>
Depreciation					
At 1 July 2016	48,466	536,755	74,291	4,485,701	5,145,213
Charge for the year	17,684	106,367	5,355	329,020	458,426
At 30 June 2017	<u>66,150</u>	<u>643,122</u>	<u>79,646</u>	<u>4,814,721</u>	<u>5,603,639</u>
Carrying amount					
At 30 June 2017	<u>953,364</u>	<u>735,420</u>	<u>1,211</u>	<u>1,546,164</u>	<u>3,236,159</u>
At 30 June 2016	<u>639,623</u>	<u>740,399</u>	<u>6,566</u>	<u>1,398,357</u>	<u>2,784,945</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Plant and equipment	493,214	252,612
Motor vehicles	-	5,099
	<u>493,214</u>	<u>257,711</u>

15 Other investments

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 July 2016	<u>360</u>	<u>360</u>
At 30 June 2017	<u>360</u>	<u>360</u>
Carrying amount		
At 30 June 2017	<u>360</u>	<u>360</u>
At 30 June 2016	<u>360</u>	<u>360</u>

16 Stocks

	2017 £	2016 £
Raw materials and consumables	143,669	133,634
Finished goods and goods for resale	<u>326,001</u>	<u>321,538</u>
	<u>469,670</u>	<u>455,172</u>

The cost of stocks recognised as an expense in the year amounted to £4,073,803 (2016 - £3,472,924).

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

17 Debtors

	Note	2017 £	2016 £
Trade debtors		275,972	278,919
Amounts owed by group undertakings	25	188,897	-
Other debtors		17,124	48,041
Prepayments		608,816	477,097
Deferred tax		25,000	25,000
		<u>1,115,809</u>	<u>829,057</u>

Trade debtors are stated after provisions for impairment of £9,272 (2016 - £2,397) at the year end. Impairment losses recognised as an expense in the year amounted to £7,236 (2016 - £2,955).

18 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	12,049	32,896
Cash at bank	<u>7,992</u>	<u>38,861</u>
	20,041	71,757
Bank overdrafts	<u>(138,427)</u>	<u>(211,313)</u>
Cash and cash equivalents in statement of cash flows	<u>(118,386)</u>	<u>(139,556)</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

19 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	20	417,160	408,182
Trade creditors		1,034,114	1,028,631
Amounts due to group undertakings	25	74,981	96,540
Social security and other taxes		179,421	88,260
Outstanding defined contribution pension costs		3,887	2,274
Other creditors		123,249	169,092
Accrued expenses		617,305	423,516
		<u>2,450,117</u>	<u>2,216,495</u>
Due after one year			
Loans and borrowings	20	1,870,961	1,585,399
Amounts due to group undertakings		382,671	282,671
Other creditors		32,989	59,839
		<u>2,286,621</u>	<u>1,927,909</u>

20 Loans and borrowings

	2017 £	2016 £
Current loans and borrowings		
Bank borrowings	66,668	16,667
Bank overdrafts	138,427	211,313
Finance lease liabilities	162,065	80,202
Other borrowings	50,000	100,000
	<u>417,160</u>	<u>408,182</u>
Non-current loans and borrowings		
Bank borrowings	1,488,287	1,275,471
Finance lease liabilities	182,674	109,928
Other borrowings	200,000	200,000
	<u>1,870,961</u>	<u>1,585,399</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

The bank loan and overdraft is secured by way of a debenture (including a fixed and floating charge over leasehold premises) from the company.

The finance lease liabilities are secured against the underlying assets.

The other borrowings are secured by way of debenture and charge over the assets of the company.

21 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	162,065	80,202
Later than one year and not later than five years	182,674	109,928
	<u>344,739</u>	<u>190,130</u>

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	1,182,545	1,312,863
Later than one year and not later than five years	2,220,072	2,544,201
Later than five years	840,329	1,099,667
	<u>4,242,946</u>	<u>4,956,731</u>

The amount of operating lease payments recognised as an expense during the year was £1,462,080 (2016 - £1,387,661).

22 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 July 2016	<u>(25,000)</u>	<u>(25,000)</u>
At 30 June 2017	<u>(25,000)</u>	<u>(25,000)</u>

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

23 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £73,164 (2016 - £63,828).

Contributions totalling £3,887 (2016 - £2,274) were payable to the scheme at the end of the year and are included in creditors.

24 Share capital

Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
Ordinary shares of £1 each	56,474	56,474	60,000	60,000
Ordinary B shares of £0.01 each	9,870	99	9,870	99
	<u>66,344</u>	<u>56,573</u>	<u>69,870</u>	<u>60,099</u>

The ordinary shares carry full voting rights, rights to participate in dividends as declared by the company and rights to share in assets on a winding up.

The ordinary B shares carry equal voting rights as the ordinary shares and holders are entitled to participate pari passu and pro-rata with the ordinary shares, in dividend payments and rights to shares in assets on a winding up.

On 9 November 2016 Mr R J Warren's remaining shareholding of 3,526 Ordinary shares of £1.00 each were cancelled in consideration for £1.00.

25 Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A "Related Party Disclosures" of FRS102 from disclosing transactions with other wholly owned members of the group.

Companies controlled by directors

During the prior year Warrens Bakery Limited made purchases from companies controlled by directors of £14,363.

During the prior year amounts due to one of these companies of £85,000 were transferred to the parent company.

Director

During the prior year amounts due to one of the directors of £85,000 were transferred to the parent company.

Warrens Bakery Limited

Notes to the Financial Statements

Year Ended 30 June 2017

A subsidiary company to the parent company

During the year Warrens Bakery Limited made purchases from a subsidiary company of £3,365 (2016 - £13,268).

In addition Warrens Bakery Limited made sales to a subsidiary company of £nil (2016 - £353).

At the balance sheet date the amount due to the subsidiary company was £3,120 (2016 - £4,074).

Parent company

At the beginning of the year the parent company owned 95% of the issued ordinary share capital and 100% of the ordinary B share capital of the company. During the year the parent company became the 100% shareholder in Warrens Bakery Limited.

Prior to Warrens Bakery Limited becoming a wholly owned subsidiary it made purchases from the parent company of £151,968 (2016 - £160,606).

At 30 June 2016 the amount due to the parent company was £379,211. £282,671 of this balance was due after more than one year.

26 Parent and ultimate parent undertaking

The company's immediate parent is Provenance Brands Limited, incorporated in England and Wales.

The registered office of the immediate parent company is:

Ocean House

Lower Quay

Gweek

Helston

TR12 6UD

Consolidated group financial statements for Provenance Brands Limited are available upon request from Companies House.