

**Warrens Bakery Limited**  
**Annual Report and Financial Statements**  
**Year Ended 30 June 2020**  
**Registration number: 01451668**



# **Warrens Bakery Limited**

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# Warrens Bakery Limited

## Company Information

<b>Directors</b>	M Sullivan S D Toft A L Martin N B Straw
<b>Registered office</b>	Ocean House Lower Quay Gweek Helston Cornwall TR12 6UD
<b>Solicitors</b>	Foot Anstey LLP High Water House Malpas Road Truro Cornwall TR1 1QH
<b>Bankers</b>	Santander The Senate Southernhay Gardens Exeter Devon EX1 1UG
<b>Auditors</b>	PKF Francis Clark Statutory Auditor Lowin House Tregolls Road Truro Cornwall TR1 2NA

# Warrens Bakery Limited

## Strategic Report for the Year Ended 30 June 2020

The directors present their strategic report for the year ended 30 June 2020.

### Principal activity

The principal activity of the company is the production and supply of handcrafted bakery products to the public via its extensive estate of retail stores, as well as through trade and wholesale channels.

### Fair review of the business

During the year, sales for the majority of stores suffered a significant decline in line with other retailers putting pressure on liquidity. Further funding was made available by the parent company but this was insufficient to support the company through the winter low season. The Directors therefore proposed a Company Voluntary Arrangement that was approved by creditors on 23 December 2019. This has allowed the company to close the loss making production facilities as well as 18 loss making stores. Manufacture of our traditional savoury products is now being done to our traditional recipes, overseen by our team, in partnership with a trusted local manufacturer and other products have been sourced from a variety of other producers, providing greater flexibility.

In March 2020 the company also agreed extended 5 year loan facilities with the bank on improved terms in order to support cash flow going forward.

The Covid-19 pandemic followed and lock-down significantly impacted Warrens Bakery. At the end of March all shops other than the hospital sites were closed and the staff furloughed. In June 2020 some shops started to reopen on reduced hours.

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

	Unit	2020	2019
Turnover	£	12,822,615	18,574,953
Turnover movement	£	(5,752,338)	1,306,034
Operating loss	£	(2,726,416)	(387,458)

### Post year end trading

Given the pandemic's impact on the business and the restrictions to trade, further action was taken to negate the shortfall in trade over the traditionally buoyant summer 2020 period. This included a series of cost saving measures as well as the company seeking variations of the Company Voluntary Arrangement which were approved by creditors in July 2020. The company requested creditor approval to maintain payments of £5,000 per month for a period of 12 months until July 2021 rather than the originally proposed £24,000 a month previously agreed. The variation also sought approval that total contributions into the CVA is reduced by the value in reduction of payments in those 12 months (£228,000).

Post year end, the Company has continued to benefit from Government support in common with many retailers. In the year to June 2021 the Company has received Business Rates grants of around £0.17m and furlough payments of circa £1.0m. The company following its restructure has sold the Truthwall site for £160k in December 2020 and the St Just site for £400k in April 2021. Financial performance is much improved with an EBITDA forecast of £1,134k for the year ending 30 June 2021. Turnover as at April 2021 was £7.4m which was higher than originally forecast, but lower compared to the prior year due to lockdown restrictions.

Further disclosures with regard to going concern can be found in the Directors report and note 2 of the accounts.

# Warrens Bakery Limited

## Strategic Report for the Year Ended 30 June 2020

### 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 29 June 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M. Sullivan', is written over a horizontal dotted line.

M Sullivan  
Director

# Warrens Bakery Limited

## Directors' Report for the Year Ended 30 June 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

### **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 (resigned 1 April 2020)

### **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 for the Year Ended 30 June 2020

### Going concern

The financial statements have been prepared on a going concern basis.

At the balance sheet date the company had net current liabilities of £1,519,582 (2019 - £879,664) and during the year ended 30 June 2020 incurred a loss for the financial period of £2,980,293 (2019 - £689,175).

As referred to in the strategic report, sales for the majority of stores suffered a significant decline in line with other retailers putting pressure on liquidity. Further funding was made available by the parent company but this was insufficient to support the company through the 2019 winter low season. The Directors therefore proposed a Company Voluntary Arrangement (CVA) that was approved by creditors on 23 December 2019. This has allowed the company to close the loss making production facilities as well as 18 loss making stores. Manufacture of our traditional savoury products is now being done to our traditional recipes, overseen by our team, in partnership with a trusted local manufacturer and other products have been sourced from a variety of other producers, providing greater flexibility. The restructure has led to significant one off costs in the financial year that are not expected to be repeated.

In March 2020 the company along with other Provenance Brands group companies agreed and extended 5 year loan facilities with the bank on improved terms which was to support the cash flow going forward.

Subsequently the global Covid 19 pandemic and lock-down has significantly impacted Warrens Bakery. At the end of March 2020 all shops other than the hospital sites were closed and the staff furloughed. In June shops started to reopen on reduced hours, reopening fully for the mid to latter part of the summer period.

Given the pandemic's impact on the business and the restrictions to trade, further action was taken to negate the shortfall in trade over the traditionally buoyant summer 2020 period. This included a series of measures many of which remain ongoing:

- NHS supply with cost saving agreements
- Click & collect
- Delivery options
- Evening 'supper' options have been trialled
- Temporary 20% pay cuts for senior management
- Poorly performing units have been closed quickly and been closely monitored
- Store hours have been typically reduced with later openings, earlier closes and in general less trading days
- Staffing has been scaled back so there is one person in each store where possible
- Actively renegotiating store rentals across the estate

The company also sought variations to the Company Voluntary Arrangement which were approved by creditors in July 2020. The company requested creditor approval to maintain payments of £5,000 per month for a period of 12 months until July 2021 rather than the originally proposed £24,000 a month previously agreed. The variation also sought approval that total contributions into the CVA is reduced by £228,000.

# Warrens Bakery Limited

## Directors' Report for the Year Ended 30 June 2020

Post year end, the Company has continued to benefit from Government support in common with many retailers. In the year to June 2021 the Company has received Business Rates grants of around £0.17m and furlough payments of circa £1.0m. The company following its restructure has sold the Truthwall site for £160k in December 2020 and the St Just site for £400k in April 2021. Financial performance is much improved with an EBITDA forecast of £1,134k for the year ending 30 June 2021. Turnover as at April 2021 was £7.4m which was higher than originally forecast, but lower compared to the prior year due to lockdown restrictions. On a group level, performance has improved and the business are forecasting to meet all bank covenants for the next 12 months.

Following the vaccination programme and planned lifting of restrictions, the company is forecasting a profit for the year ending 30 June 2022 of £1.2m. In forecasting performance for the next 12 months, the company has assumed a continued improvement in trading with no further lockdowns.

As mentioned, the wider group had agreed new bank covenants in March 2020. Given the impact of the pandemic, Warrens Bakery proposed a variation in the CVA in July 2020, having initially entered into one in December 2019. Warrens Bakery Limited and therefore the group have been significantly impacted by the pandemic where shops were forced to close and the group was reliant on government support such as the furlough scheme and business rates support grant. Given this financial support is expected to come to an end and there remain doubts over the reopening of the economy there is significant uncertainty whether Warrens Bakery will achieve its latest forecasted figures. If Warrens Bakery was to default on its CVA terms, amounts would be payable on demand and there is also doubt whether all the group bank covenants will be met for the next 12 months if there are future lockdown periods which would significantly impact the financial performance of Warrens Bakery.

As a result and for the reasons set out above there is a material uncertainty in relation to going concern for Warrens Bakery Limited.

Despite the uncertainty in relation to going concern, management consider preparation of these financial statements on a going concern basis appropriate for the following reasons:

The directors have taken steps to reduce the cost structure of the business and continue to have active dialogue with the company's bankers and other funders who in March 2020 have been supportive in agreeing new and extended terms to facilities where appropriate and the group is currently forecasting compliance with bank covenants for the next 12 months.

The group's other significant trading entity Cornish Sea Salt Limited has been performing strongly, exceeding forecasts and providing a positive cash input to the group. Cornish Sea Salt EBITDA forecast has continued to perform well with an EBITDA forecast for the year ending 30 June 2021 of £1,224k, having reported an EBITDA of £1,082k as at 30 April 2021 in their management reporting. The level of cash generation by the company which can be used by the group is expected to continue and grow further in the year ending 30 June 2022. Such forecasts indicate continued strong cash generation which the directors believe will support the group's activities across its subsidiaries. The cash generation forecast from growth in Cornish Sea Salt is sufficient to service the group's current bank debt repayment requirements for the next 12 months.

Taking into account the above, the financial statements have been prepared on a going concern basis.



## Warrens Bakery Limited

### Directors' Report for the Year Ended 30 June 2020

#### 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 by the Board on 29 June 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M Sullivan', written over a dotted line.

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 2020, 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 2020 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.

### **Material uncertainty relating to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2 to the financial statements concerning Warrens Bakery Limited's ability to continue as a going concern. At the date of signing the accounts, the Board of Directors has identified that there are significant doubts about trading continuing to June 2022.

The Company entered into a Company Voluntary Arrangement in December 2019 which was revised in July 2020 and the business has been significantly impacted by the Covid-19 pandemic. Given that trading conditions over the next 12 months are unknown and future lockdowns may occur with government support not necessarily being made available at the same level as before, these conditions, along with the other matters explained in Note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the entity continuing as a going concern. The financial statements do not include any adjustments that would result if the entity was unable to continue as a going concern.

### **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.

# Warrens Bakery Limited

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

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 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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'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.


## Warrens Bakery Limited

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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



Michael Bentley ACA DChA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Lowin House  
Tregolls Road  
Truro  
Cornwall  
TR1 2NA

29 June 2021

## Warrens Bakery Limited

### Profit and Loss Account

Year Ended 30 June 2020

	Note	2020 £	2019 £
Turnover	3	12,822,615	18,574,953
Cost of sales		<u>(6,988,981)</u>	<u>(8,545,345)</u>
Gross profit		5,833,634	10,029,608
Distribution costs		(6,776,356)	(8,254,302)
Administrative expenses		(1,594,167)	(1,865,967)
Other exceptional item	6	(1,421,710)	(342,750)
Other operating income	4	<u>1,232,183</u>	<u>45,953</u>
Operating loss	5	(2,726,416)	(387,458)
Interest payable and similar charges	11	<u>(253,877)</u>	<u>(276,717)</u>
Loss before tax		(2,980,293)	(664,175)
Taxation	12	<u>-</u>	<u>(25,000)</u>
Loss for the financial year		<u><u>(2,980,293)</u></u>	<u><u>(689,175)</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.

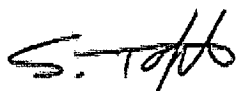
# Warrens Bakery Limited

## Balance Sheet

30 June 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	13	18,139	22,558
Tangible assets	14	1,775,724	2,639,202
Other financial assets	15	-	360
		<u>1,793,863</u>	<u>2,662,120</u>
<b>Current assets</b>			
Stocks	16	82,302	569,639
Debtors	17	482,424	1,279,402
Cash at bank and in hand		<u>92,149</u>	<u>137,447</u>
		656,875	1,986,488
<b>Creditors: Amounts falling due within one year</b>	19	<u>(2,176,457)</u>	<u>(2,866,152)</u>
<b>Net current liabilities</b>		<u>(1,519,582)</u>	<u>(879,664)</u>
<b>Total assets less current liabilities</b>		274,281	1,782,456
<b>Creditors: Amounts falling due after more than one year</b>	19	(4,825,902)	(3,210,948)
<b>Deferred income</b>	7	-	(142,836)
<b>Provisions for liabilities</b>	23	<u>(58,750)</u>	<u>(58,750)</u>
<b>Net liabilities</b>		<u>(4,610,371)</u>	<u>(1,630,078)</u>
<b>Capital and reserves</b>			
Called up share capital	26	56,573	56,573
Share premium reserve	25	262,053	262,053
Profit and loss account	25	<u>(4,928,997)</u>	<u>(1,948,704)</u>
<b>Total equity</b>		<u>(4,610,371)</u>	<u>(1,630,078)</u>

Approved and authorised by the Board on 29 June 2021 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 2020

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2019	56,573	262,053	(1,948,704)	(1,630,078)
Total comprehensive income	-	-	(2,980,293)	(2,980,293)
At 30 June 2020	<u>56,573</u>	<u>262,053</u>	<u>(4,928,997)</u>	<u>(4,610,371)</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2018	56,573	262,053	(1,259,529)	(940,903)
Total comprehensive income	-	-	(689,175)	(689,175)
At 30 June 2019	<u>56,573</u>	<u>262,053</u>	<u>(1,948,704)</u>	<u>(1,630,078)</u>



# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 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:

Ocean House  
Lower Quay  
Gweek  
Helston  
Cornwall  
TR12 6UD

These financial statements were authorised for issue by the Board on 29 June 2021.

### 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:

- (i) 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;
- (ii) 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;
- (iii) From disclosing the company key management personnel compensation, as required by FRS102 paragraph 33.7.

The company has also taken advantage of the exemption under FRS102 paragraph 33.1A in respect of transactions between members of the group, where the group companies are 100% owned.

# Warrens Bakery Limited

## Notes to the Financial Statements

### Year Ended 30 June 2020

#### Going concern

The financial statements have been prepared on a going concern basis.

At the balance sheet date the company had net current liabilities of £1,519,582 (2019 - £879,664) and during the year ended 30 June 2020 incurred a loss for the financial period of £2,980,293 (2019 - £689,175).

As referred to in the strategic report, sales for the majority of stores suffered a significant decline in line with other retailers putting pressure on liquidity. Further funding was made available by the parent company but this was insufficient to support the company through the 2019 winter low season. The Directors therefore proposed a Company Voluntary Arrangement (CVA) that was approved by creditors on 23 December 2019. This has allowed the company to close the loss making production facilities as well as 18 loss making stores. Manufacture of our traditional savoury products is now being done to our traditional recipes, overseen by our team, in partnership with a trusted local manufacturer and other products have been sourced from a variety of other producers, providing greater flexibility. The restructure has led to significant one off costs in the financial year that are not expected to be repeated.

In March 2020 the company along with other Provenance Brands group companies agreed and extended 5 year loan facilities with the bank on improved terms which was to support the cash flow going forward.

Subsequently the global Covid 19 pandemic and lock-down has significantly impacted Warrens Bakery. At the end of March 2020 all shops other than the hospital sites were closed and the staff furloughed. In June shops started to reopen on reduced hours, reopening fully for the mid to latter part of the summer period.

Given the pandemic's impact on the business and the restrictions to trade, further action was taken to negate the shortfall in trade over the traditionally buoyant summer 2020 period. This included a series of measures many of which remain ongoing:

- NHS supply with cost saving agreements
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# Warrens Bakery Limited

## Notes to the Financial Statements

### Year Ended 30 June 2020

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Following the vaccination programme and planned lifting of restrictions, the company is forecasting a profit for the year ending 30 June 2022 of £1.2m. In forecasting performance for the next 12 months, the company has assumed a continued improvement in trading with no further lockdowns.

As mentioned, the wider group had agreed new bank covenants in March 2020. Given the impact of the pandemic, Warrens Bakery proposed a variation in the CVA in July 2020, having initially entered into one in December 2019. Warrens Bakery Limited and therefore the group have been significantly impacted by the pandemic where shops were forced to close and the group was reliant on government support such as the furlough scheme and business rates support grant. Given this financial support is expected to come to an end and there remain doubts over the reopening of the economy there is significant uncertainty whether Warrens Bakery will achieve its latest forecasted figures. If Warrens Bakery was to default on its CVA terms, amounts would be payable on demand and there is also doubt whether all the group bank covenants will be met for the next 12 months if there are future lockdown periods which would significantly impact the financial performance of Warrens Bakery.

As a result and for the reasons set out above there is a material uncertainty in relation to going concern for Warrens Bakery Limited.

Despite the uncertainty in relation to going concern, management consider preparation of these financial statements on a going concern basis appropriate for the following reasons:

The directors have taken steps to reduce the cost structure of the business and continue to have active dialogue with the company's bankers and other funders who in March 2020 have been supportive in agreeing new and extended terms to facilities where appropriate and the group is currently forecasting compliance with bank covenants for the next 12 months.

The group's other significant trading entity Cornish Sea Salt Limited has been performing strongly, exceeding forecasts and providing a positive cash input to the group. Cornish Sea Salt EBITDA forecast has continued to perform well with an EBITDA forecast for the year ending 30 June 2021 of £1,224k, having reported an EBITDA of £1,082k as at 30 April 2021 in their management reporting. The level of cash generation by the company which can be used by the group is expected to continue and grow further in the year ending 30 June 2022. Such forecasts indicate continued strong cash generation which the directors believe will support the group's activities across its subsidiaries. The cash generation forecast from growth in Cornish Sea Salt is sufficient to service the group's current bank debt repayment requirements for the next 12 months.

Taking into account the above, the financial statements have been prepared on a going concern basis.

# Warrens Bakery Limited

## Notes to the Financial Statements

### Year Ended 30 June 2020

#### 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.

#### Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### 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 2020

### 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, 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.

### Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

### 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 2020**

#### **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 2020

### 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 2020

#### 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:

#### Creditors and accruals

The company entered into a company voluntary arrangement (CVA) during the year for which creditors have submitted claims. The claim process is ongoing and estimates have been made based on amounts owed to creditors taking into account claims received to date assessing their validity as well as anticipating any further claims which the company is expecting. The liability recorded under the CVA as at the year end is the total amount estimated being owed to creditors when the company entered into the CVA (December 2019). Per the current terms of the CVA, creditors are due to receive 36p per £1 owed plus 50% net profit above forecast on an annual basis over a 5 year term. Given the amount payable to creditors depends on the future financial performance of the company, the full amount owed to creditors is currently recognised (as opposed to the 36p per £1 owed).

#### 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:

	2020 £	2019 £
Sale of goods	<u>12,822,615</u>	<u>18,574,953</u>

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

	2020 £	2019 £
UK	12,809,659	18,492,683
Europe	9,684	28,142
Rest of world	<u>3,272</u>	<u>54,128</u>
	<u>12,822,615</u>	<u>18,574,953</u>

Included in the prior year 2019 revenue figure is a historic correction relating to prior year VAT errors on sales dating back 4 years from October 2015 to June 2018. The total cumulative adjustment relating to prior years from October 2015 to June 2018 totals £264,643. This is included in the 2019 revenue UK figure above.



# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 4 Other operating income

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

	2020 £	2019 £
Government grants	1,203,952	3,055
Rental income	28,231	42,898
	<u>1,232,183</u>	<u>45,953</u>

Government grant income in the year is primarily made up of Covid-19 financial support received. This includes £600k of business rates relief and £601k of Coronavirus Job Retention Scheme grants.

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 5 Operating loss

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	347,708	401,861
Amortisation expense	4,419	4,419
Operating lease expense - plant and machinery	150,847	308,474
Operating lease expense - other assets	1,357,827	1,516,459
Profit on disposal of property, plant and equipment	<u>(55,024)</u>	<u>-</u>

### 6 Exceptional items

	2020	2019
	£	£
Onerous lease	-	58,750
Write down of plant and equipment	163,503	284,000
Write down of leasehold	147,021	-
Business restructure	1,098,200	-
CVA adjustments to Profit and Loss account	12,986	-
	<u>1,421,710</u>	<u>342,750</u>

In 2019, as part of the restructure and closure of the Plymouth manufacturing site, the rental lease for the site was sublet. This gave rise to an onerous lease of £58,750 recognised in the previous year.

The write down of property, plant and equipment and the other restructuring costs are a result of the restructure and closure of manufacturing sites and a number of shops.

The amount relating to the Company Voluntary Arrangement (CVA) is the difference between the carrying amount of the financial liabilities extinguished and the new financial liabilities recognised under the agreement.

### 7 Government grants

During the year government grants of £3,056 (2019 - £3,056) were amortised and released to the profit and loss account.

During the year the company also received COVID-19 related government grants totalling £1,200,896 (2019: nil).

## Warrens Bakery Limited

### Notes to the Financial Statements

Year Ended 30 June 2020

#### 8 Staff costs

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

	2020	2019
	£	£
Wages and salaries	5,197,304	7,447,147
Social security costs	299,763	438,361
Pension costs, defined contribution scheme	74,874	126,984
Redundancy costs	15,179	-
	<u>5,587,120</u>	<u>8,012,492</u>

Within exceptional costs there is £716,800 recognised relating to termination benefits associated with the restructure during the year.

## Warrens Bakery Limited

### Notes to the Financial Statements

#### Year Ended 30 June 2020

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Production	48	157
Administration and support	16	24
Sales	343	401
	<u>407</u>	<u>582</u>

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>137,923</u>	<u>129,471</u>

#### 10 Auditor's remuneration

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>8,000</u>	<u>7,725</u>

#### 11 Interest payable and similar expenses

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	180,789	182,186
Interest on obligations under finance leases and hire purchase contracts	8,022	12,897
Interest expense on other finance liabilities	65,066	81,634
	<u>253,877</u>	<u>276,717</u>

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 12 Taxation

Tax charged/(credited) in the profit and loss account

	2020 £	2019 £
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	-	25,000

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	(2,980,293)	(664,175)
Corporation tax at standard rate	(566,256)	(126,193)
Accelerated capital allowances	83,188	(67,867)
Effect of disallowable expenses	27,913	2,172
Deferred tax expense from unrecognised tax loss or credit	-	25,000
Tax losses (utilised) generated	455,155	191,888
Total tax charge	-	25,000

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2019</b>		
Tax losses available for future periods	285,359	-
Capital allowances in excess of depreciation	-	285,359
	<u>285,359</u>	<u>285,359</u>

The company has an unrecognised deferred tax asset arising on tax losses carried forward. The amount not recognised in the period was £814,655 (2019 - £285,359).

## Warrens Bakery Limited

### Notes to the Financial Statements

Year Ended 30 June 2020

#### 13 Intangible assets

	<b>Website and computer software development £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 July 2019	32,606	32,606
At 30 June 2020	32,606	32,606
<b>Amortisation</b>		
At 1 July 2019	10,048	10,048
Amortisation charge	4,419	4,419
At 30 June 2020	14,467	14,467
<b>Carrying amount</b>		
At 30 June 2020	18,139	18,139
At 30 June 2019	22,558	22,558

## Warrens Bakery Limited

### Notes to the Financial Statements

Year Ended 30 June 2020

#### 14 Tangible assets

	Freehold land and buildings £	Short leasehold land and buildings £	Motor vehicles £	Plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2019	1,030,660	1,203,938	27,875	6,755,109	9,017,582
Additions	-	3,649	-	36,091	39,740
Disposals	(105,847)	-	-	-	(105,847)
At 30 June 2020	924,813	1,207,587	27,875	6,791,200	8,951,475
<b>Depreciation</b>					
At 1 July 2019	107,377	540,781	27,875	5,702,347	6,378,380
Charge for the year	20,613	97,907	-	229,188	347,708
Eliminated on disposal	(16,936)	-	-	-	(16,936)
Impairment	-	147,021	-	319,578	466,599
At 30 June 2020	111,054	785,709	27,875	6,251,113	7,175,751
<b>Carrying amount</b>					
At 30 June 2020	813,759	421,878	-	540,087	1,775,724
At 30 June 2019	923,283	663,157	-	1,052,762	2,639,202



# Warrens Bakery Limited

## Notes to the Financial Statements

### Year Ended 30 June 2020

#### 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:

	2020 £	2019 £
Plant and equipment	59,505	283,401
Leasehold improvements	29,708	21,148
	<u>89,213</u>	<u>304,549</u>

#### 15 Other investments

	Financial assets at cost less impairment £	Total £
<b>Non-current financial assets</b>		
<b>Cost or valuation</b>		
At 1 July 2019	360	360
Disposals	<u>(360)</u>	<u>(360)</u>
At 30 June 2020	<u>-</u>	<u>-</u>
<b>Carrying amount</b>		
At 30 June 2020	<u>-</u>	<u>-</u>
At 30 June 2019	<u>360</u>	<u>360</u>

#### 16 Stocks

	2020 £	2019 £
Raw materials and consumables	-	172,892
Finished goods and goods for resale	<u>82,302</u>	<u>396,747</u>
	<u>82,302</u>	<u>569,639</u>

The cost of stocks recognised as an expense in the year amounted to £5,124,062 (2019 - £5,150,317).

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 17 Debtors

	Note	2020 £	2019 £
Trade debtors		72,982	373,771
Amounts owed by group undertakings	28	14,114	4,346
Other debtors		275,044	327,828
Prepayments		120,284	573,457
		<u>482,424</u>	<u>1,279,402</u>

### 18 Cash and cash equivalents

	2020 £	2019 £
Cash on hand	81,966	134,021
Cash at bank	<u>10,183</u>	<u>3,426</u>
	92,149	137,447
Bank overdrafts	<u>(256,730)</u>	<u>(273,498)</u>
Cash and cash equivalents	<u>(164,581)</u>	<u>(136,051)</u>

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 19 Creditors

	Note	2020 £	2019 £
<b>Due within one year</b>			
Loans and borrowings	20	581,790	465,468
Trade creditors		590,300	1,702,802
Amounts due to group undertakings	28	-	18,901
Social security and other taxes		202,083	193,957
Outstanding defined contribution pension costs		5,093	16,132
Other creditors		160,986	89,461
Accrued expenses		636,205	379,431
		<u>2,176,457</u>	<u>2,866,152</u>
<b>Due after one year</b>			
Loans and borrowings	20	1,648,507	1,843,428
Amounts due to group undertakings		1,402,000	1,322,000
Other creditors		1,775,395	45,520
		<u>4,825,902</u>	<u>3,210,948</u>

### 20 Loans and borrowings

	2020 £	2019 £
<b>Current loans and borrowings</b>		
Bank borrowings	223,260	66,668
Bank overdrafts	256,730	273,498
HP and finance lease liabilities	50,958	125,302
Other borrowings	50,842	-
	<u>581,790</u>	<u>465,468</u>
<b>Non-current loans and borrowings</b>		
Bank borrowings	1,385,042	1,521,811
HP and finance lease liabilities	9,259	71,617
Other borrowings	254,206	250,000
	<u>1,648,507</u>	<u>1,843,428</u>

# **Warrens Bakery Limited**

## **Notes to the Financial Statements**

### **Year Ended 30 June 2020**

The finance lease liabilities are secured against the underlying assets.

The company along with the parent and subsidiary companies within the group has unconditionally guaranteed to Santander UK plc, both severally and jointly with each of the other group companies, that it will pay or discharge to the bank on demand all monies, obligations and liabilities owed to the bank by any of the group companies.

#### **Bank borrowings**

The bank borrowings at the year end comprise of the following arrangements:

Bank loan denominated in pounds sterling where terms were renegotiated with the bank in March 2020. The loan is a £1m loan facility with an interest rate of 10% over LIBOR (5% cash paid plus 5% capitalised). If the debt leverage ratio to EBITDA falls below 2x, the margin on the loan will reduce to 3.5% over LIBOR (cash paid) and the interest capitalised on a monthly basis will be suspended. The loan has a renegotiated 5 year term. The first capital repayment due is in March 2022 from which 12 monthly instalments of £1,727 are to be paid. In the following years monthly capital repayments of £18,605 are to be paid with the remainder to be settled on the termination date in March 2025. The carrying amount at the year end is £1,012,971 (2019 - £1,238,479). The debt leverage ratio to EBITDA fell below 2x in December 2020 and the interest rate subsequently reduced from January 2021.

A second bank loan is denominated in pounds sterling and was also renegotiated with the bank in March 2020. Repayment of the loan consists of 24 consecutive instalments of £18,333 which commenced in April 2020 followed by 11 monthly instalments of £15,000 and a final monthly instalment of £15,008 paid with the remainder to be settled on the termination date in March 2025. The carrying amount at the year end is £595,331 (2019 - £187,499). This loan was fully repaid in May 2021 following the sale of freehold.

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

#### **Other borrowings**

The other borrowings with Cornwall Council as the lender are denominated in pounds sterling, with interest payable expected to be approximately £43,400 and capital repayments being approximately £50,800 in the next financial year. Terms were renegotiated during 2020 to defer repayments originally due in the year to September 2020. The latest terms agreed are dated November 2020. Quarterly payments of interest at a rate of 10% and capital repayments are to be made from September 2020 through to June 2026. The carrying amount at the year end is £305,048 (2019 - £250,000).

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:

## Warrens Bakery Limited

### Notes to the Financial Statements

#### Year Ended 30 June 2020

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Not later than one year	50,958	125,302
Later than one year and not later than five years	<u>9,259</u>	<u>71,617</u>
	<u><b>60,217</b></u>	<u><b>196,919</b></u>

## Warrens Bakery Limited

### Notes to the Financial Statements

#### Year Ended 30 June 2020

##### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	1,219,087	1,305,848
Later than one year and not later than five years	3,447,848	2,474,764
Later than five years	2,243,102	993,575
	<u>6,910,037</u>	<u>4,774,187</u>

The amount of operating lease payments recognised as an expense during the year was £994,289 (2019 - £1,582,702).

Other commitments

##### Other commitments

Consultancy fees

	2020 £	2019 £
Not later than one year	-	35,000
Later than one year and not later than five years	-	55,417
	<u>-</u>	<u>90,417</u>

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 22 Analysis of net debt

	At 1 July 2019 £	Cash flow £	At 30 June 2020 £
Cash at bank and on hand	137,447	(45,298)	92,149
Bank overdrafts	(273,498)	16,768	(256,730)
Cash and cash equivalents	(136,051)	(28,530)	(164,581)
Bank borrowings	(1,588,478)	(19,824)	(1,608,302)
Finance lease liabilities	(196,919)	136,702	(60,217)
Other borrowings	(250,000)	(55,048)	(305,048)
Net debt	<u>(2,171,448)</u>	<u>33,300</u>	<u>(2,138,148)</u>

### 23 Deferred tax and other provisions

	Other provisions £	Total £
At 1 July 2019	58,750	58,750
At 30 June 2020	<u>58,750</u>	<u>58,750</u>

### 24 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 £74,874 (2019 - £126,984).

Contributions totalling £5,093 (2019 - £16,132) were payable to the scheme at the end of the year and are included in creditors.

# Warrens Bakery Limited

## Notes to the Financial Statements

Year Ended 30 June 2020

### 25 Reserves

#### Share capital

Called up share capital represents the nominal value of shares that have been issued.

#### Share premium

The share premium reserve represents the cumulative excess amounts received on the issue of share capital.

#### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

### 26 Share capital

#### Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary shares of £1 each	56,474	56,474	56,474	56,474
Ordinary B shares of £0.01 each	9,870	99	9,870	99
	<u>66,344</u>	<u>56,573</u>	<u>66,344</u>	<u>56,573</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.

### 27 Contingent liabilities

The company entered into a CVA in December 2019 and this was subsequently revised in July 2020. Per the terms of the CVA, from July 2020 12 monthly payments of £5,000 are being paid and this increases to £24,000 per month from July 2021 onwards. Following the revision of terms in July 2020, the total contributions to the CVA over 5 years are reduced by £228,000 from £1.329m to £1.101m. Whilst amounts relating to the CVA are fully provided for in these financial statements it is noted that if payments are not made per the CVA agreement the amounts become payable on demand.

### 28 Related party transactions

#### A subsidiary company to the parent company

During the year Warrens Bakery Limited made purchases from a subsidiary company of £5,377 (2019 - £22,660).

At the balance sheet date the amount due to the subsidiary company was nil (2019 - £260).



# **Warrens Bakery Limited**

## **Notes to the Financial Statements**

**Year Ended 30 June 2020**

### **29 Cross guarantee agreement for group companies**

The company along with the parent and subsidiary companies within the group has unconditionally guaranteed to Santander UK plc, both severally and jointly with each of the other group companies, that it will pay or discharge to the bank on demand all monies, obligations and liabilities owed to the bank by any of the group companies.

### **30 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.