

Financial Statements

Coinstone Limited

For the financial period ended 31 March 2017



Registered number: 1850620

Company Information

| | |
|-----------------------------|--|
| Director | John Lister |
| Registered number | 1850620 |
| Registered office | Shipton Mill Long Newton Tetbury Gloucestershire GL8 8RP |
| Independent auditors | Grant Thornton Chartered Accountants & Statutory Auditors Molyneux House Dublin 8 |
| Bankers | Handelsbanken 40 Queen Street Bristol B51 4QP |
| Solicitors | Burges Salmon Narrow Quay House Narrow Quay Bristol BS1 4AH |

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Group Strategic Report

For the financial period ended 31 March 2017

Introduction

The director has pleasure in presenting the strategic report of the company for the period from 2 April 2016 to 31 March 2017.

Principal activities and business review

The principal activity of the company is that of an investment holding company. The principal activities of the group include flour milling, baking of speciality food, development of advanced fuel technologies and dormant companies.

The director is satisfied with the trading results for the period which is in line with expectation.

Principal risks and uncertainties

The Director considers that the principal risks and uncertainties faced by the group are in the following categories:

Economic risk

The risk of increased interest rates and/or inflation and fluctuations in exchange rates may have an adverse impact on served markets.

Competition risk

The director of the group manages competition risk through close attention to customer service levels.

Financial risk

All key financial figures are monitored on an ongoing basis.

People in our business

The continued success of the group has been achieved by the people working in it. There are many quality members of staff and the relatively low turnover of personnel reflects the general policy of providing good terms and conditions of employment while dealing with staff as well as the other stakeholders in the business, in a fair and consistent manner.

Financial key performance indicators

The group considers the following measures to be important indicators of the underlying performance of the business:

Operating margin

Operating margin for the group was 12.5% compared with 3.2% in 2016.

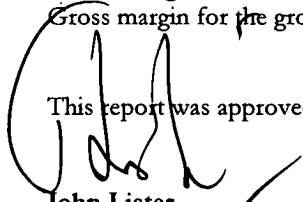
Gross margin

Gross margin for the group was 32.1% compared with 32.3% in 2016.

This report was approved by the board on

18/12/2017

and signed on its behalf.


John Lister
Director

Director's Report

For the financial period ended 31 March 2017

The director presents his report and the financial statements for the financial period ended 31 March 2017.

Results and dividends

The profit for the financial period, after taxation, amounted to £2,684,216 (2016 - £595,208).

A dividend of £254,000 was declared during the year (2016: £NIL).

Director

The director who served during the financial period was:

John Lister

Future developments

The director plans to continue its current activities.

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company and the group since the period end.

Matters covered in the strategic report

Under Schedule 7.1A of "Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008" the group has elected to disclose the following directors report information in the strategic report:

- Principal activities and business review
- Principal risks and uncertainties
- Financial key performance indicators

Auditors

The auditors, Grant Thornton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18/12/2017 and signed on its behalf.



John Lister
Director

Director's Responsibilities Statement

For the financial period ended 31 March 2017

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that it gives a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Coinstone Limited

We have audited the financial statements of Coinstone Limited for the financial period ended 31 March 2017, which comprise Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2017 and of the Group's profit for the financial period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditors' Report to the Members of Coinstone Limited

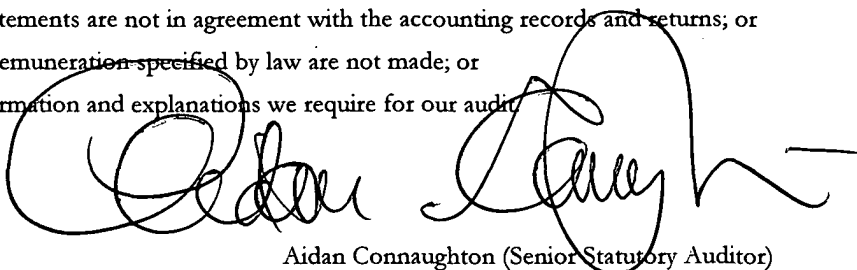
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Aidan Connaughton (Senior Statutory Auditor)
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Auditors

Molyneux House
Bride Street
Dublin 8

Date: 18 December 2017.

Consolidated Statement of Comprehensive Income

For the financial period ended 31 March 2017

| | Note | Continuing operations 2017 £ | Discontin'd operations 2017 £ | Total 2017 £ | Continuing operations 2016 £ | Discontinued operations 2016 £ | Total 2016 £ |
|--|------|---------------------------------------|--|--------------------|---------------------------------------|---|--------------------|
| Turnover | 4 | 23,035,735 | 365,349 | 23,401,084 | 22,740,714 | - | 22,740,714 |
| Cost of sales | | (15,680,238) | (203,587) | (15,883,825) | (15,386,053) | - | (15,386,053) |
| Gross profit | | <u>7,355,497</u> | <u>161,762</u> | <u>7,517,259</u> | <u>7,354,661</u> | <u>-</u> | <u>7,354,661</u> |
| Distribution costs | | (1,067,278) | (265) | (1,067,543) | (1,027,190) | - | (1,027,190) |
| Administrative expenses | | (5,770,190) | (159,641) | (5,929,831) | (5,682,544) | - | (5,682,544) |
| Profit on disposal of fixed assets | 27 | 378,350 | 1,922,453 | 2,300,803 | - | - | - |
| Other operating income | 5 | 93,633 | - | 93,633 | 76,200 | - | 76,200 |
| Operating profit | 6 | <u>990,012</u> | <u>1,924,309</u> | <u>2,914,321</u> | <u>721,127</u> | <u>-</u> | <u>721,127</u> |
| Share of profit of associates | | 19,800 | - | 19,800 | - | - | - |
| Total operating profit | | <u>1,009,812</u> | <u>1,924,309</u> | <u>2,934,121</u> | <u>721,127</u> | <u>-</u> | <u>721,127</u> |
| Interest receivable and similar income | 9 | 32,749 | 1,485 | 34,234 | 30,410 | - | 30,410 |
| Interest payable and expenses | 10 | (17,232) | - | (17,232) | (44,261) | - | (44,261) |
| Profit before taxation | | <u>1,025,329</u> | <u>1,925,794</u> | <u>2,951,123</u> | <u>707,276</u> | <u>-</u> | <u>707,276</u> |
| Tax on profit | 11 | (266,907) | - | (266,907) | (112,068) | - | (112,068) |
| Profit for the financial period | | <u>758,422</u> | <u>1,925,794</u> | <u>2,684,216</u> | <u>595,208</u> | <u>-</u> | <u>595,208</u> |
| Owners of the parent company | | | | <u>2,684,216</u> | | | <u>595,208</u> |

Consolidated Statement of Comprehensive Income (continued)

For the financial period ended 31 March 2017

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 13 to 40 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

| | Note | 31 March 2017 £ | 1 April 2016 £ |
|---|------|-----------------------|----------------------|
| Fixed assets | | | |
| Intangible fixed assets | 12 | 443,672 | 384,890 |
| Tangible fixed assets | 13 | 11,996,577 | 15,723,063 |
| Fixed asset investments | 14 | 456,200 | 155,401 |
| | | <u>12,896,449</u> | <u>16,263,354</u> |
| Current assets | | | |
| Stocks | 16 | 928,145 | 988,061 |
| Debtors: amounts falling due within one year | 17 | 4,489,921 | 3,554,595 |
| Cash at bank and in hand | 18 | 7,791,102 | 1,600,382 |
| | | <u>13,209,168</u> | <u>6,143,038</u> |
| Creditors: amounts falling due within one year | 19 | (5,134,672) | (4,106,486) |
| Net current assets | | <u>8,074,496</u> | <u>2,036,552</u> |
| Total assets less current liabilities | | <u>20,970,945</u> | <u>18,299,906</u> |
| Creditors: amounts falling due after more than one year | 20 | (162,425) | (92,157) |
| Deferred taxation | 23 | (508,706) | (338,151) |
| | | <u>(508,706)</u> | <u>(338,151)</u> |
| Net assets | | <u>20,299,814</u> | <u>17,869,598</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 102 | 102 |
| Share premium account | 26 | 21,235 | 21,235 |
| Revaluation reserve | 26 | 2,297,745 | 2,297,745 |
| Profit and loss account | 26 | 17,980,732 | 15,550,516 |
| Shareholders' funds | | <u>20,299,814</u> | <u>17,869,598</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/3/2017

John Lister
Director

The notes on pages 13 to 40 form part of these financial statements.

Coinstone Limited

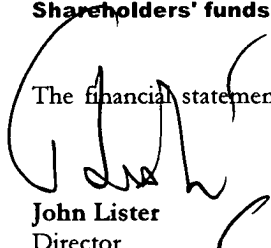
Registered number:1850620

Company Statement of Financial Position

As at 31 March 2017

| | Note | 31 March 2017 £ | 1 April 2016 £ |
|--|------|-----------------------|----------------------|
| Fixed assets | | | |
| Tangible fixed assets | 13 | 4,405,881 | 3,713,870 |
| Fixed asset investments | 14 | 4,557,255 | 4,116,987 |
| | | <u>8,963,136</u> | <u>7,830,857</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 17 | 3,346,422 | 5,093,404 |
| Cash at bank and in hand | 18 | 6,791,851 | 1,334,740 |
| | | <u>10,138,273</u> | <u>6,428,144</u> |
| Creditors: amounts falling due within one year | 19 | (6,356,935) | (1,883,232) |
| Net current assets | | <u>3,781,338</u> | <u>4,544,912</u> |
| Net assets | | <u>12,744,474</u> | <u>12,375,769</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 102 | 102 |
| Profit and loss account | 26 | 12,744,372 | 12,375,667 |
| Shareholders' funds | | <u>12,744,474</u> | <u>12,375,769</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/12/2017


John Lister
Director

Consolidated Statement of Changes in Equity

For the financial period ended 31 March 2017

| | Called up share capital £ | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|-----------------------------|---------------------------------|-------------------|
| At 1 April 2015 | 102 | 21,235 | 2,297,745 | 14,955,308 | 17,274,390 |
| Comprehensive income for the period | | | | | |
| Profit for the financial year | - | - | - | 595,208 | 595,208 |
| At 2 April 2016 | 102 | 21,235 | 2,297,745 | 15,550,516 | 17,869,598 |
| Comprehensive income for the financial period | | | | | |
| Profit for the financial period | - | - | - | 2,684,216 | 2,684,216 |
| Dividends: Equity capital | - | - | - | (254,000) | (254,000) |
| At 31 March 2017 | 102 | 21,235 | 2,297,745 | 17,980,732 | 20,299,814 |

Company Statement of Changes in Equity

For the financial period ended 31 March 2017

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| At 1 April 2015 | 102 | 12,083,417 | 12,083,519 |
| Comprehensive income for the period | | | |
| Profit for the financial year | - | 292,250 | 292,250 |
| At 2 April 2016 | 102 | 12,375,667 | 12,375,769 |
| Comprehensive income for the period | | | |
| Profit for the financial period | - | 622,705 | 622,705 |
| Dividends: Equity capital | - | (254,000) | (254,000) |
| At 31 March 2017 | 102 | 12,744,372 | 12,744,474 |

Consolidated Statement of Cash Flows

For the financial period ended 31 March 2017

| | 31 March 2017 £ | 1 April 2016 £ |
|--|-----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit for the financial period | 2,684,216 | 595,208 |
| Adjustments for: | | |
| Amortisation of intangible assets | 100,487 | 123,514 |
| Depreciation of tangible assets | 848,565 | 776,718 |
| Profit on disposal of tangible assets | (2,300,803) | (99,711) |
| Decrease/(increase) in stocks | 59,916 | (48,353) |
| Interest paid | 17,232 | 44,261 |
| Interest received | (34,234) | (30,410) |
| Taxation charge | 266,907 | 112,068 |
| (Increase)/decrease in debtors | (935,326) | 4,491,719 |
| Increase/(decrease) in creditors | 1,546,695 | (3,736,811) |
| Share of operating profit in associates | (19,800) | - |
| Corporation tax (paid) | (2,238) | (14,648) |
| Net cash generated from operating activities | <u>2,231,617</u> | <u>2,213,555</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (2,078,785) | (2,535,375) |
| Sale of tangible fixed assets | 6,594,098 | 312,062 |
| Purchase of unlisted and other investments | (5,750) | (1,150,000) |
| Purchase of share in associates | (434,518) | - |
| Interest received | 34,234 | 30,410 |
| HP interest paid | (11,936) | (30,168) |
| Net cash inflow / (outflow) from investing activities | <u>4,097,343</u> | <u>(3,373,071)</u> |
| Cash flows from financing activities | | |
| Repayment of loans | (131,890) | (169,025) |
| Repayment of/new finance leases | (1,054) | (124,009) |
| Interest paid | (5,296) | (14,093) |
| Acquisition of subsidiary | - | 180,337 |
| Net cash used in financing activities | <u>(138,240)</u> | <u>(126,790)</u> |

Consolidated Statement of Cash Flows (continued)

For the financial period ended 31 March 2017

| | 31 March 2017 £ | 1 April 2016 £ |
|---|-----------------------|----------------------|
| Net increase/(decrease) in cash and cash equivalents | 6,190,720 | (1,286,306) |
| Cash and cash equivalents at beginning of financial period | 1,600,382 | 2,886,688 |
| Cash and cash equivalents at the end of financial period | <u>7,791,102</u> | <u>1,600,382</u> |
| Cash and cash equivalents at the end of financial period comprise: | | |
| Cash at bank and in hand | <u>7,791,102</u> | <u>1,600,382</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

1. General information

Coinstone Limited is a company incorporated in the UK. The principal activity of the company is that of a holding company. The registered office of the company is Long Newton, Tetbury, Gloucester, GL8 8RP, UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible fixed assets and amortisation

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Statement of Financial Position and amortised over its estimated useful life up to a maximum of 10 years. This length of time is presumed to be the maximum useful life of purchased goodwill as it is difficult to make projections beyond this period. Goodwill is to be reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value will not be recoverable.

Negative goodwill is capitalised and recognised in the profit and loss account in the periods in which the non-monetary assets are recovered, which is considered to be five years.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

Amortisation is provided at the following rates:

- Positive Goodwill - 10% straight line
- Negative Goodwill - 20% straight line

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------------|---------------------------------|
| Freehold property | - 2% straight line |
| Long-term leasehold property | - Straight line over lease term |
| Plant and machinery | - 5% - 50% straight line |
| Equipment | - 20% - 25% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.9 Operating leases: the Group as lessor

Rentals income from operating leases is credited to the Consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.19 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.21 Leased assets: the Group as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.22 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.23 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.25 Current and deferred taxation

The tax expense for the financial period comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the financial period ended 31 March 2017

2. Accounting policies (continued)

2.26 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from three to six years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

Providing allowance for slow-moving and obsolete inventory

Management evaluates the realisability of inventory on a case-by-case basis and make adjustments to inventory provision based on an analysis of the historical usage of the individual inventory items. The group's core business is subject to market changes which may cause inventory obsolescence and is considered a key source of estimation uncertainty.

Allowances for impairment of trade receivables

The group estimates the allowance for doubtful trade receivables based on assessment of specific accounts where the group has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship.

Estimating useful lives of tangible fixed assets

The group's estimates the useful lives of tangible fixed assets based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of tangible fixed assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above. Based on management's assessment as at 31 March 2017 and 1 April 2016, there is no change in the estimated useful lives of tangible assets during those years.

Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

Notes to the Financial Statements

For the financial period ended 31 March 2017

4. Turnover

Analysis of turnover by country of destination:

| | 2017 | 2016 |
|-------------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 23,110,975 | 22,483,236 |
| Rest of the world | 290,109 | 257,478 |
| | <u>23,401,084</u> | <u>22,740,714</u> |

The whole of the turnover is attributable to the group's principal activities.

5. Other operating income

| | 2017 | 2016 |
|------------------------|---------------|---------------|
| | £ | £ |
| Other operating income | <u>93,633</u> | <u>76,200</u> |

6. Operating profit

The operating profit is stated after charging/(crediting):

| | 2017 | 2016 |
|--|---------------|--------------|
| | £ | £ |
| Research & development charged as an expense | 9,336 | - |
| Depreciation of tangible fixed assets | 848,565 | 776,718 |
| Amortisation of intangible assets, including goodwill | 100,487 | 123,514 |
| Profit on disposal of tangible fixed assets | (2,300,803) | (99,711) |
| Fees payable to the group's auditor for the audit of the company's and subsidiary undertakings annual financial statements | 50,867 | 49,856 |
| Exchange differences | (167) | (1,974) |
| Operating lease rentals | 261,538 | 82,320 |
| Defined contribution pension cost | <u>12,252</u> | <u>8,915</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

7. Employees

Staff costs, including director's remuneration, were as follows:

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 3,724,121 | 3,317,817 |
| Social security costs | 337,800 | 287,625 |
| Cost of defined contribution scheme | 12,252 | 8,915 |
| | <u>4,074,173</u> | <u>3,614,357</u> |

The average monthly number of employees, including the director, during the financial period was as follows:

| | 2017 No. | 2016 No. |
|--------------------------------|-------------|-------------|
| Number of production staff | 131 | 118 |
| Number of administrative staff | 21 | 21 |
| Number of management staff | 1 | 1 |
| | <u>153</u> | <u>140</u> |

8. Director's remuneration

| | 2017 £ | 2016 £ |
|-------------------------|---------------|---------------|
| Director's emoluments | 88,580 | 49,705 |
| Directors pension costs | 452 | 1,117 |
| | <u>89,032</u> | <u>50,822</u> |

During the financial period retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

| | 2017 £ | 2016 £ |
|---------------------------|---------------|---------------|
| Bank interest receivable | 1,495 | - |
| Other interest receivable | 32,739 | 30,410 |
| | <u>34,234</u> | <u>30,410</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

10. Interest payable and similar charges

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Bank interest payable | 1,796 | 10,283 |
| Preference share dividends | 3,500 | 3,500 |
| Finance leases and hire purchase contracts | 11,936 | 30,168 |
| Other interest payable | - | 310 |
| | <u>17,232</u> | <u>44,261</u> |

11. Taxation

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 181,510 | 128,469 |
| Adjustments in respect of previous periods | (85,158) | (71,884) |
| Total current tax | <u>96,352</u> | <u>56,585</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 173,728 | 56,471 |
| Adjustments in respect of previous periods | 16,532 | (988) |
| Effect of tax rate change on opening balance | (19,705) | - |
| Total deferred tax | <u>170,555</u> | <u>55,483</u> |
| Taxation on profit on ordinary activities | <u>266,907</u> | <u>112,068</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

11. Taxation (continued)

Factors affecting tax charge for the financial period/period

The tax assessed for the financial period is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | 2,951,123 | 707,276 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | 590,225 | 141,455 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 54,193 | 103,408 |
| Fixed asset timing difference | (453,240) | (31,476) |
| Effect of different deferred tax rates | (30,494) | (18,825) |
| Adjustments to tax charge in respect of prior periods | (68,626) | (71,884) |
| Other timing differences | (3,960) | (9,669) |
| Non-taxable income | (5,199) | - |
| Unrelieved tax losses carried forward | - | (941) |
| Deferred capital gains | 184,008 | - |
| Total tax charge for the financial period | 266,907 | 112,068 |

Notes to the Financial Statements

For the financial period ended 31 March 2017

12. Intangible assets

Group and Company

| | Positive goodwill £ | Negative goodwill £ | Total £ |
|-----------------------|---------------------------|---------------------------|-----------------|
| Cost | | | |
| At 2 April 2016 | 902,037 | (715,708) | 186,329 |
| Additions | 159,269 | - | 159,269 |
| At 31 March 2017 | <u>1,061,306</u> | <u>(715,708)</u> | <u>345,598</u> |
| Amortisation | | | |
| At 2 April 2016 | 517,147 | (715,708) | (198,561) |
| Charge for the year | 100,487 | - | 100,487 |
| At 31 March 2017 | <u>617,634</u> | <u>(715,708)</u> | <u>(98,074)</u> |
| Net book value | | | |
| At 31 March 2017 | <u>443,672</u> | <u>-</u> | <u>443,672</u> |
| At 1 April 2016 | <u>384,890</u> | <u>-</u> | <u>384,890</u> |

In previous years Coinstone Limited acquired the remaining 10% shareholding in Shipton Mill Limited at £Nil cost; this gave rise to negative goodwill, which was recognised in the Consolidated statement of comprehensive income in the period in which the non-monetary assets were recovered.

The current year goodwill arises primarily due to Coinstone Limited's investment in Savour Cafe Limited, as detailed in Note 14 to the financial statements.

Notes to the Financial Statements

For the financial period ended 31 March 2017

13. Tangible fixed assets

Group

| | Freehold property £ | Leasehold property £ | Investment property £ | Plant and machinery £ | Other fixed assets £ | Total £ |
|--|---------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|-------------|
| Cost or valuation | | | | | | |
| At 2 April 2016 | 10,055,267 | 582,169 | 3,280,494 | 8,005,676 | 3,618,937 | 25,542,543 |
| Additions | 57,326 | 63,985 | 1,620,000 | 522,387 | 434,628 | 2,698,326 |
| Disposals | (5,274,840) | - | (891,927) | (69,452) | (2,017,935) | (8,254,154) |
| At 31 March 2017 | 4,837,753 | 646,154 | 4,008,567 | 8,458,611 | 2,035,630 | 19,986,715 |
| Depreciation | | | | | | |
| At 2 April 2016 | 1,127,207 | 405,752 | - | 5,262,710 | 3,023,811 | 9,819,480 |
| Charge for the financial period on owned assets | 129,576 | 50,310 | - | 422,054 | 131,273 | 733,213 |
| Charge for the financial period on financed assets | - | - | - | 36,348 | 79,004 | 115,352 |
| Disposals | (623,059) | - | - | (42,703) | (2,012,145) | (2,677,907) |
| At 31 March 2017 | 633,724 | 456,062 | - | 5,678,409 | 1,221,943 | 7,990,138 |
| Net book value | | | | | | |
| At 31 March 2017 | 4,204,029 | 190,092 | 4,008,567 | 2,780,202 | 813,687 | 11,996,577 |
| At 1 April 2016 | 8,928,060 | 176,417 | 3,280,494 | 2,742,966 | 595,126 | 15,723,063 |

Notes to the Financial Statements

For the financial period ended 31 March 2017

Tangible fixed assets (continued)

Hire purchase and finance lease agreements

Included within the net book value of £11,996,577 is £326,117 (2016 - £572,113) relating to assets held under hire purchase agreements and finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements and finance lease agreements amounted to £115,352 (2016 - £76,869).

Revalued assets

The freehold property, comprising of two properties, were revalued in October 2010 by Chesterton Humberts and Smiths Gore, independent chartered surveyors. The basis of the valuation of one of the properties was Existing Use Value while the basis of the valuation of the other property was Depreciated Replacement Cost, in accordance with FRS 15 'Tangible Fixed Assets', the applicable accounting standard at that time. The total valuation at October 2010, which is not materially different from the valuation at the balance sheet date, was £2,950,000. Under FRS 102, a continued policy on revaluation was chosen by the director of the company upon transition. FRS 102 requires that where a policy of revaluation is adopted, revaluations must be performed at regular intervals so that the carrying amount stated does not materially differ from the fair value at the reporting date. An interim valuation of the above mentioned properties was conducted by the director during the year. The director is satisfied that the current net book value of these properties, £2,499,687, is not materially different to the market value as at 31 March 2017.

Company

| | Freehold property £ | Investment property £ | Total £ |
|---|---------------------------|-----------------------------|------------|
| Cost or valuation | | | |
| At 2 April 2016 | 1,808,746 | 2,030,494 | 3,839,240 |
| Additions | - | 1,620,000 | 1,620,000 |
| Disposals | - | (891,927) | (891,927) |
| At 31 March 2017 | 1,808,746 | 2,758,567 | 4,567,313 |
| Depreciation | | | |
| At 2 April 2016 | 125,370 | - | 125,370 |
| Charge for the financial period on owned assets | 36,062 | - | 36,062 |
| At 31 March 2017 | 161,432 | - | 161,432 |
| Net book value | | | |
| At 31 March 2017 | 1,647,314 | 2,758,567 | 4,405,881 |
| At 1 April 2016 | 1,683,376 | 2,030,494 | 3,713,870 |

Notes to the Financial Statements

For the financial period ended 31 March 2017

14. Fixed asset investments

Group

| | Investments in associates £ | Unlisted investments £ | Total £ |
|--------------------------|-----------------------------------|------------------------------|------------|
| Cost or valuation | | | |
| At 2 April 2016 | - | 155,401 | 155,401 |
| Additions | 280,999 | - | 280,999 |
| Share of profit | 19,800 | - | 19,800 |
| At 31 March 2017 | 300,799 | 155,401 | 456,200 |
| Net book value | | | |
| At 31 March 2017 | 300,799 | 155,401 | 456,200 |
| At 1 April 2016 | - | 155,401 | 155,401 |

Company

| | Investments in subsidiary companies £ | Investments in associates £ | Unlisted investments £ | Total £ |
|--------------------------|--|-----------------------------------|------------------------------|------------|
| Cost or valuation | | | | |
| At 2 April 2016 | 3,961,586 | - | 155,401 | 4,116,987 |
| Additions | 5,750 | 434,518 | - | 440,268 |
| At 31 March 2017 | 3,967,336 | 434,518 | 155,401 | 4,557,255 |
| Net book value | | | | |
| At 31 March 2017 | 3,967,336 | 434,518 | 155,401 | 4,557,255 |
| At 1 April 2016 | 3,961,586 | - | 155,401 | 4,116,987 |

Notes to the Financial Statements

For the financial period ended 31 March 2017

14. Fixed asset investments (continued)

All of the subsidiaries, as listed in Note 15, have been consolidated in the group financial statements.

In 2012, Coinstone Limited acquired 25% of the ordinary share capital of Peter's Yard Limited, a company incorporated and registered in England. The company's registered office is 1 Brassey Road, Old Potts Road, Shrewsbury, Shropshire, SY3 7FA and the company's principal activity is building a significant premium bakery brand via wholesale in the UK and abroad. In subsequent years, via its shareholding in Peter's Yard Limited, Coinstone acquired an indirect 25% interest in Peter's Yard Retail Limited and Peter's Yard Wholesale Limited. Coinstone Limited's investment in Peter's Yard Limited would fall to be treated as an associate. The total net associated share of profit for all of these entities to be included within the Coinstone Limited consolidated accounts is £2,127 (2016: £1,718) and consequently on the basis of immateriality, this has not been included in the consolidated results of Coinstone Limited.

In the current year, Coinstone Limited acquired 44.5% of the ordinary share capital of Savour Café Limited, a company incorporated and registered in England. The company's registered office is 1 Brassey Road, Old Potts Road, Shrewsbury, Shropshire, SY3 7FA and the company's principal activity is food retail in specialised stores. The share of the profit of the associate for the post acquisition period was £19,800 which was recognised as an increase in the investment.

In the opinion of the director, at the balance sheet date, the value of the financial fixed asset investments are not less than their book value noted below.

Notes to the Financial Statements

For the financial period ended 31 March 2017

15. Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Class of shares | Holding | Principal activity |
|---|-----------------|---------|---|
| Sipton Mill Limited | Ordinary | 100 % | Flour milling |
| The Celtic Bakers Limited | Ordinary | 100 % | Bakers of speciality breads |
| PM Corporation Limited | Ordinary | 100 % | Bakers of speciality breads |
| Advanced Fuel Technologies UK Limited | Ordinary | 77.7 % | Development of advanced fuel systems |
| Shiptinvest Limited | Ordinary | 100 % | Investment holding company |
| William Price and Sons Limited (indirect) | Ordinary | 100 % | Investment holding company |
| Shiptinvest No 1 Limited (indirect) | Ordinary | 100 % | Investment holding company |
| Shiptinvest No 2 Limited (indirect) | Ordinary | 100 % | Investment holding company |
| Primbake Holdings Limited (indirect) | Ordinary | 100 % | Investment holding company |
| Fingold Limited (indirect) | Ordinary | 100 % | Investment holding company |
| Bibury Court Limited (indirect) | Ordinary | 100 % | Hospitality business and events hosting |

Notes to the Financial Statements

For the financial period ended 31 March 2017

Participating interests

Joint ventures

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--------------------|--------------------------|-----------------|---------|--------------------|
| NAFI Foods Limited | United Kingdom | Ordinary | 50 % | Food wholesaler |

Associates

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|----------------------|--------------------------|-----------------|---------|------------------------|
| Peter's Yard Limited | United Kingdom | Ordinary | 25 % | Premium bakery |
| Savour Café Limited | United Kingdom | Ordinary | 45 % | Specialist food retail |

NAFI Foods Limited has a year end of 31 March; it entered into liquidation on 16 February 2015.

Acquisition details in relation to Peter's Yard Limited and Savour Café Limited are disclosed in Note 14 of the financial statements.

16. Stocks

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|-------------------------------------|--------------------------------|-------------------------------|----------------------------------|---------------------------------|
| Raw materials and consumables | 432,943 | 510,924 | - | - |
| Finished goods and goods for resale | 495,202 | 477,137 | - | - |
| | <u>928,145</u> | <u>988,061</u> | <u>-</u> | <u>-</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the financial period as an expense was £15,881,217 (2016 - £15,386,053)

Notes to the Financial Statements

For the financial period ended 31 March 2017

17. Debtors

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|---|--|---|--|---|
| Trade debtors | 2,915,788 | 2,831,929 | - | - |
| Amounts owed by group undertakings | - | - | 2,719,080 | 5,045,396 |
| Amounts owed by associated undertakings | 100,012 | - | - | - |
| Other debtors | 946,900 | 472,713 | 598,459 | 34,370 |
| VAT repayable | 161,861 | 51,082 | 5,447 | 832 |
| Prepayments and accrued income | 365,360 | 198,871 | 100 | 100 |
| Deferred taxation | - | - | 23,336 | 12,706 |
| | <u>4,489,921</u> | <u>3,554,595</u> | <u>3,346,422</u> | <u>5,093,404</u> |

Amounts owed by group undertakings and associated undertakings are unsecured, interest bearing and repayable on demand.

18. Cash and cash equivalents

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|--------------------------|--|---|--|---|
| Cash at bank and in hand | <u>7,791,102</u> | <u>1,600,382</u> | <u>6,791,851</u> | <u>1,334,740</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

19. Creditors: Amounts falling due within one year

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|--|--------------------------------|-------------------------------|----------------------------------|---------------------------------|
| Bank loans | - | 131,890 | - | - |
| Trade creditors | 3,965,947 | 2,816,545 | 1,783,744 | 1,174,996 |
| Amounts owed to group undertakings | - | - | 4,543,209 | 691,214 |
| Corporation tax | 181,620 | 87,506 | - | - |
| Taxation and social security | 113,221 | 72,275 | - | - |
| Obligations under finance lease and hire purchase contracts | 120,732 | 188,554 | - | - |
| Other creditors | 8,170 | 89,590 | - | 5,949 |
| Accruals | 744,982 | 720,126 | 29,982 | 11,073 |
| | <u>5,134,672</u> | <u>4,106,486</u> | <u>6,356,935</u> | <u>1,883,232</u> |

Amounts owed to group undertakings and other participating interests are unsecured, interest bearing and repayable on demand.

Secured loans

The bank loans and overdrafts are secured by a first priority legal charge over the freehold property, a debenture of the borrower, and a charge over the assets purchased as financed by the loan.

The hire purchase and finance leases obligations are secured over the assets to which they relate.

20. Creditors: Amounts falling due after more than one year

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|---|--------------------------------|-------------------------------|----------------------------------|---------------------------------|
| Net obligations under finance leases and hire purchase contracts | 140,381 | 73,613 | - | - |
| Accruals and deferred income | 22,044 | 18,544 | - | - |
| | <u>162,425</u> | <u>92,157</u> | <u>-</u> | <u>-</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

21. Loans

Analysis of the maturity of loans is given below:

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|--|--|---|--|---|
| Amounts falling due within one year | | | | |
| Bank loans | - | 131,890 | - | - |

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 31 March 2017 £ | Group 1 April 2016 £ |
|-------------------|--|---|
| Within one year | 120,732 | 188,554 |
| Between 1-2 years | 116,724 | 40,225 |
| Between 2-5 years | 23,657 | 33,388 |
| | 261,113 | 262,167 |

Notes to the Financial Statements

For the financial period ended 31 March 2017

23. Deferred taxation

Group

| | 2017 £ | 2016 £ |
|---------------------------|------------------|------------------|
| At beginning of year | (338,151) | (282,668) |
| Charged to profit or loss | (170,555) | (55,483) |
| At end of year | (508,706) | (338,151) |

Company

| | 2017 £ | 2016 £ |
|---------------------------|---------------|---------------|
| At beginning of year | 12,706 | 78,436 |
| Charged to profit or loss | 10,630 | (65,730) |
| At end of year | 23,336 | 12,706 |

The provision for deferred taxation is made up as follows:

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|--------------------------------|---|-------------------------------|---|---------------------------------|
| Accelerated capital allowances | (380,796) | (338,151) | (143) | 12,706 |
| Capital gains | (173,786) | - | - | - |
| Tax losses carried forward | 6,277 | - | - | - |
| Short term timing differences | 39,599 | - | 23,479 | - |
| | (508,706) | (338,151) | 23,336 | 12,706 |

Notes to the Financial Statements

For the financial period ended 31 March 2017

24. Financial instruments

| | Group 31 March 2017 £ | Group 1 April 2016 £ | Company 31 March 2017 £ | Company 1 April 2016 £ |
|---|--------------------------------|-------------------------------|----------------------------------|---------------------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | 7,791,102 | 1,875,595 | 6,791,851 | 1,609,953 |
| Financial assets that are debt instruments measured at amortised cost | 3,957,253 | 3,355,724 | 3,317,539 | 5,080,598 |
| | <u>11,748,355</u> | <u>5,231,319</u> | <u>10,109,390</u> | <u>6,690,551</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | <u>(4,741,143)</u> | <u>(3,776,695)</u> | <u>(6,356,935)</u> | <u>(1,883,232)</u> |

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, amounts owed by associated undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, bank loans, other creditors and accruals.

25. Share capital

| | 31 March 2017 £ | 1 April 2016 £ |
|---|-----------------------|----------------------|
| Shares classified as equity | | |
| Authorised, allotted, called up and fully paid | | |
| 2 'A' shares of £1 each | 2 | 2 |
| 100 'B' shares of £1 each | 100 | 100 |
| | <u>102</u> | <u>102</u> |

Notes to the Financial Statements

For the financial period ended 31 March 2017

26. Reserves

Revaluation reserve

Represents the cumulative difference between the fair value and the net book value of the company's freehold property.

Profit and loss account

Represents all current and prior period retained profits and losses.

Called-up share capital

Represents the nominal value of shares that have been issued.

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

27. Discontinued operations

In July 2016, Bibury Court Limited, the company's subsidiary undertaking, disposed of its freehold property, along with other assets related to the disposed property, which had a net book value of £4,655,292 for an amount of £6,686,697. The profit on disposal of tangible assets is stated net of related legal expenses, which amounted to £108,952. This resulted in the discontinuation of the main line of business for this subsidiary undertaking.

| | £ |
|--------------------------------------|--------------------------------|
| Cash proceeds | 6,686,697 |
| | <hr/> 6,686,697 |
| Net assets disposed of: | |
| Tangible fixed assets | (4,655,292) |
| | <hr/> (4,655,292) |
| Less: Legal and professional fees | (108,952) |
| | <hr/> (108,952) |
| Profit on disposal before tax | <hr/> <hr/> (1,922,453) |

28. Contingent liabilities

Handelsbanken Bristol holds letters of guarantee in favour of HM Customs and Excise and the Rural Payments Agency to the value of £36,500.

Notes to the Financial Statements

For the financial period ended 31 March 2017

29. Capital commitments

At 31 March 2017 the Group and company had capital commitments as follows:

| | Group 31 March 2017 £ | Group 1 April 2016 £ |
|---|--|---|
| Contracted for but not provided in these financial statements | 125,569 | 107,866 |

30. Pension commitments

The group operates a defined contribution scheme. At the year end, included in the financial statements, there was £1,401 (2016: £1,234) amounts outstanding.

31. Commitments under operating leases

At 31 March 2017 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 31 March 2017 £ | Group 1 April 2016 £ |
|--|--|---|
| Not later than 1 year | 289,353 | 196,520 |
| Later than 1 year and not later than 5 years | 517,760 | 517,760 |
| Later than 5 years | 954,187 | 1,083,627 |
| | <u>1,761,300</u> | <u>1,797,907</u> |

32. Other financial commitments

At 31 March 2017, the company had use of forward currency contracts in the normal course of business to hedge exchange risk on anticipated foreign currency payments. At the year end the company has committed to contracts, which are denominated in Euro and US dollar, to the value of £400,262 (2016: £140,820). A fair value loss on revaluation of £5,630 at the balance sheet date is included within other creditors.

33. Parent Company profit for the period

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent company for the financial period was £622,705 (2016 - £292,250).

Notes to the Financial Statements

For the financial period ended 31 March 2017

34. Related party transactions

The company has availed of the exemptions in FRS102 Section 33, Paragraph 33.1A which allows non disclosure of transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

During the year Coinstone Limited charged interest of £7,042 (2016: £6,104) to Advanced Fuel Technologies Limited, in respect of balances owing. In addition, Coinstone Limited made full provision for the entire amount owing by Advanced Fuel Technologies UK Limited of £17,447. This balance arose due to funds advanced to Advanced Fuel Technologies UK Limited and subsequent interest charged by Coinstone Limited.

Included in other debtors is an amount owing by Joe Lister of £505,501 (2016: £NIL). Joe Lister is one of the beneficiaries of the Shipton Mill Settlement Trust 2001, the company's ultimate controlling party.

During the year, Coinstone Limited disposed of properties to related parties at their open market value amounting to £650,000 and £598,693 in respect of Tess Lister and Joe Lister respectively. The parties are related by virtue of both parties being beneficiaries of the Shipton Mill Settlement Trust 2001, the company's ultimate controlling party.

Included in amounts owed by associated undertakings is an amount owing by Peter's Yard Wholesale Limited of £100,012 in respect of sales and services provided to Peter's Yard Wholesale Limited during the year totalling £941,883. Peter's Yard Wholesale Limited is an associate of Coinstone Limited.

35. Controlling party

The ultimate controlling party is the Shipton Mill Settlement Trust 2001.

36. Approval of financial statements

The board of directors approved these financial statements for issue on

18/12/2017