Commercial in confidence

Company Registration No. 03292581 (England and Wales)

WHOLEBAKE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2020

CONTENTS

WHOLEBAKE LIMITED
For the year ended 31 March 2020

COMPANY INFORMATION

Directors	R P Shaw M L Gould S N Faithfull (Appointed 31st May 19) E Juhasz (Resigned 20th February 20)
Company Number	03292581
Country of incorporation	United Kingdom
Registered Office	Tyn Y Llidiart Industrial Estate Corwen Denbighshire Wales LL21 9RR
Auditors	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB
Business Address	Tyn Y Llidiart Industrial Estate Corwen Denbighshire Wales LL21 9RR
Bankers	Barclays Bank plc Raymond Court Princes Drive Colwyn Bay North Wales LL29 8HT

WHOLEBAKE LIMITED
For the year ended 31 March 2020

STRATEGIC REPORT

The directors present their report and financial statements for the year ended 31 March 2020.

Review of the business

The company continues to trade and operate successfully in the growing UK and European healthy snacks markets. Through its broad range of product formats and technologies, innovative New Product Development and consistent focus on productivity, quality and customer service, the company had a strong year to 31 March 2020. Sales Revenue reduced 2% to £26.4m (2019: £27.0m) although we had gains from additional business with new and existing customers this was offset by other business losses but Gross profit for the year increased by 4% to £6.9m (2019: £6.6m) and Gross profit % increased to 26.0% (2019: 24.5%).

The company manufactures a range of healthy natural snacks, both under its group brands (Nine, Brynmor and Bounce) and also under those of its contract customers. The company is based at its main manufacturing site in Corwen, North Wales and has a second manufacturing and warehousing facility in Wrexham, North Wales. As of 31 March 2020 the Company had 186 (2019: 177) employees.

Our strategy of utilising our market and product expertise in the healthy snacks sector to continue to support the development and growth of our existing customers whilst actively evolving strong partnerships with new credible branded clients, built momentum through FY20. Alongside this, we have continued to strengthen our Operations, Technical and Supply Chain capabilities, achieving AA status in both British Retail Consortium (BRC) audits for the third year running whilst continuously improving performance across all measured productivity, service and inventory indicators.

We believe we are well placed to benefit from consumers' greater awareness of balanced nutrition and their growing desire for healthier snacks and we are confident that our ongoing investment in new technologies, new product development and continuous improvement will support business and value growth for all our stakeholders.

We have invested in further developing our position as market thought leader and building our product development capability by creating a development kitchen at our head office. The development team has doubled in size and is based at the kitchen and use it to co-create new products with existing and prospective customers.

As part of the strategy to extend our Brand portfolio, on 07 June 2019, 9Brand Limited, one of the company's subsidiaries, acquired the trade and assets of Bounce Foods Limited. The trade and assets are being held in a new company Bounce Brands Limited a wholly owned subsidiary of 9Brand Foods Limited. The Bounce Brand is complementary to our existing brand architecture and strengthens our position in the UK market as well as offering further opportunities to access developing European markets.

Principal risks and uncertainties

The company manufactures a range of healthy natural snack bars, both under its own brands (Nine, Brynmor and Bounce) and also those of its contract customers.

The company sources a large proportion of its ingredients from numerous origins around the world, and costs prices can fluctuate markedly according to size and quality of harvests and also currency movements and therefore as at 31 March 2020, the company had formal contracts in place for circa 68% (2019: 55%) of the following year's ingredients requirements.

STRATEGIC REPORT (CONTINUED)

The Directors have considered the group position concerning the decision for the UK to leave the EU and consequential uncertainties in the political and economic environment. The Directors have assessed the main markets in which the company operates and the impact of leaving the EU on its supply chain. After consideration, the Directors believe there is no significant immediate risk to the group. In reality, given the more developed nature of the UK snacking market there may be additional opportunities as European partners seek to either enter the UK market or seek new capabilities to launch in their own.

The position of the company at the year end
When it comes to working capital, the company had current assets of £16,433,000 (2019: £15,434,000) compared to current liabilities of £15,901,000 (2019: £14,053,000) demonstrating good liquidity with third-party debt reducing following the purchase of the company by Healthfull Holdings Ltd in July 2014. For capital and reserves, the company is well capitalised with £4,840,000 (2019: £4,433,000) of shareholder funds, an increase of 9.2% on 2020.

Analysis based on key performance indicators
The company's revenues decreased to £26,360,000 in 2020, or 2% below the prior year revenues of £27,004,000 in 2019, the operating profit for the year was £798,000 (2019: £336,000) .

On behalf of the board:

....
S Faithfull – Director
22/9/2020

DIRECTORS' REPORT

The directors present their report and financial statements' for the year ended 31 March 2020.

Principal activities and nature of operations
The principal activity of the company continued to be that of manufacture of natural and vegetarian foods, and the development and sale of health related food products.

Future developments
As the market recovers from the challenges of Covid 19 a return to market growth is expected. The company will continue to focus on servicing the growing demand from its healthy snacking partners, the development of its own brands and the support for new branded customers.

Results and dividends
The results for the year are set out on page 10. The directors do not propose payment of a final dividend at the year-end (2019: No final dividend proposed).

Financial risk management objective and policies
Risk management is a fundamental element of the company's business practice on all levels and is embedded into the business planning and controlling processes. Material risks, if there are any, are monitored and regularly discussed with the Board of Directors.

The company carries out an annual risk assessment, covering both financial and operational risks. A risk is defined as the possibility of an adverse event which has a negative impact on the achievement of the company's objectives.

Liquidity risk
The objective of the company in managing risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has third party credit facilities available and intercompany loan facility. Given the absence of long term loan in the individual company the company is in a position to meet its commitments and obligations as they come due.

DIRECTOR'S REPORT (CONTINUED)

Going concern

The company has taken a number of actions to mitigate the impact of the Coronavirus (Covid-19) on both trading and operations. These actions have been built into the financial models which have been used to review the risks to the business presented by the pandemic, which are material in the short term. The Directors are reviewing the latest forecasts, for the year and beyond, monthly and believe that there is no risk to the business as a going concern. In these forecasts, the planning assumptions with respect to demand, Inbound supply and factory operations have been sensitivity tested and the range of earnings and cash flow outcomes reviewed by the Board. The same planning model has been used as the base for securing an additional £1m funding line from the company's bank repayable over three years with a one year capital payment holiday, giving further comfort and greater headroom to cover any downside risk on funding. Over the medium term, the Directors believe that some of the trends which are being triggered by the virus will be positive for the company.

The directors have at the time of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Thus, the company therefore continues to adopt the going concern basis in preparing its financial statements.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Directors

The following directors have held office since 1 April 2019:

R P Shaw
M L Gould
E Juhasz (Resigned 20th February 20)
S N Faithfull (Appointed 31st May 19)

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Charitable and political contributions

There were charitable donations made during the year of £7,500 (2019: £12,000).

Auditors

Grant Thornton UK LLP were appointed as auditors on 25 February 2015 and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

DIRECTOR'S REPORT (CONTINUED)

Statement of Director's responsibilities
The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- 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.

Disclosure of information to auditor
The directors confirm that:

- as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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S Faithfull - Director
22/9/2020

Independent auditor's report to the members of Wholebake Limited

Opinion

We have audited the financial statements of Wholebake Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position and 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 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinions on other matters 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the 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 or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, 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.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
22/9/2020

WHOLEBAKE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	**26,360**	27,004
Cost of sales		**(19,502)**	(20,384)
Gross Profit		**6,858**	6,620
Administrative expenses		**(6,094)**	(6,318)
Other operating income		**34**	34
Operating profit	3	**798**	336
Loss on discontinuation of project	4	**-**	(1,318)
Interest payable and similar charges	5	**(133)**	(43)
Profit/(loss) on ordinary activities before taxation		**665**	(1,025)
Tax on profit on ordinary activities	7	**(258)**	(235)
Profit/(loss) for the year and total comprehensive income		**407**	(1,260)
Retained profits at 1 April		**4,157**	5,417
Retained profits at 31 March		**4,564**	4,157

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income statement.

The notes on pages 13 to 28 form part of these financial statements.

WHOLEBAKE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

Company Registration No: 03292581

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	8	918	568
Tangible assets	10	3,569	2,907
		4,487	3,475
Current assets			
Stocks	11	1,372	1,301
Debtors: amounts falling due after more than 1 year	12	-	274
Debtors: amounts falling due within 1 year	12	14,897	13,130
Cash at bank and in hand		164	729
		16,433	15,434
Creditors: amounts falling due within one year	14	(15,901)	(14,053)
Net current assets		532	1,381
Total assets less current liabilities		5,019	4,856
Creditors: amounts falling due after more than one year	15	(52)	(302)
Deferred Income	16	(14)	(48)
Provisions for liabilities	17	(113)	(73)
Net assets		4,840	4,433
Capital and reserves			
Called up share capital	18	275	275
Other reserves		1	1
Profit and loss account		4,564	4,157
Shareholders' funds		4,840	4,433

The notes on pages 13 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on.

Signed on behalf of the board of directors:

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S Faithfull
Director
22/9/2020

WHOLEBAKE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total reserves £'000
At 1 April 2019	275	1	4,157	4,433
Profit for the year	-	-	407	407
Dividends paid	-	-	-	-
At 31 March 2020	**275**	**1**	**4,564**	**4,840**

WHOLEBAKE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total reserves £'000
At 1 April 2018	275	1	5,417	5,693
(Loss) for the year	-	-	(1,260)	(1,260)
Dividends paid	-	-	-	-
At 31 March 2019	**275**	**1**	**4,157**	**4,433**

1 ACCOUNTING POLICIES

1.1 Company information

Wholebake Limited incorporated in the UK on 1996 , is a limited company and its registered office is; Tyn'Y'Llidiart Industrial Estate, Corwen, Denbighshire, Wales, LL21 9RR. The principal activity of the company continued to be that of manufacture of natural and vegetarian foods, and the development and sale of health related food products.

1.2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in sterling (£). The individual accounts of Wholebake Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

The company itself is a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 as the results of the Company are consolidated within the ultimate parent company, Healthfull Holdings Group Limited. These accounts therefore present information about the company as an individual and not about its group.

1.3 Going concern

The company has taken a number of actions to mitigate the impact of the Coronavirus (Covid-19) on both trading and operations. These actions have been built into the financial models which have been used to review the risks to the business presented by the pandemic, which are material in the short term. The Directors are reviewing the latest forecasts, for the year and beyond, monthly and believe that there is no risk to the business as a going concern. In these forecasts, the planning assumptions with respect to demand, Inbound supply and factory operations have been sensitivity tested and the range of earnings and cash flow outcomes reviewed by the Board. The same planning model has been used as the base for securing an additional £1m funding line from the company's bank repayable over three years with a one year capital payment holiday, giving further comfort and greater headroom to cover any downside risk on funding. Over the medium term, the Directors believe that some of the trends which are being triggered by the virus will be positive for the company.

The directors have at the time of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Thus, the company therefore continues to adopt the going concern basis in preparing its financial statements.

1 ACCOUNTING POLICIES (CONTINUED)

1.4 Significant judgements and estimates

In the process of applying the company's accounting policies, the company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The significant judgements and estimates relate to the following:

- Two years ago the company entered into a finance lease arrangement with one of its customers who are reimbursing an initial outlay of capital equipment. After careful consideration of the contract terms and rewards assocated with the equipment, the directors deem this to be a finance lease arrangement with Wholebake Limited as lessor. Refer to note 13.
- The Company has committed to purchase land adjacent to its existing facility in Corwen, it has subsequently been valued by an independent valuer at less than the purchase price, this is the value used in the statement of financial position.
- The stock provision is calculated using management judgement to review the nature and condition of the inventory, providing for stock that cannot be sold or used as at the balance sheet date.
- The useful lives and residual values of tangible fixed assets are estimated based on economic utilisation and physical condition of the assets and are amended when necessary resulting in changes to the annual depreciation charge. The directors consider that the useful economic lives and residual value are appropriate

1.5 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed asset, other than freehold land, over their expected useful lives, using the straight line method. The rates applicable are:

- Land and buildings leasehold	Over the remaining term of the lease
- Plant and machinery	10% straight line
- Fixtures, fittings and equipment	15% straight line

1 ACCOUNTING POLICIES (CONTINUED)

1.6 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying value. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value. Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Stocks and work in progress

Stocks are stated at the lower of cost, using the first in first out method, and selling prices less costs to complete and sell.

1.9 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.

1.10 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.

1 ACCOUNTING POLICIES (CONTINUED)

1.11 Leasing and hire purchase commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and reward of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss.

Rents payable under operating leases are charged to profit or loss on a straight – line basis over the lease term unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

When assets are held under a fianance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income reduces the value of the receivable over the lease term until the full value of the receivable has been received.

1.12 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

1 ACCOUNTING POLICIES (CONTINUED)

1.13 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- The company is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.14 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of goods.

1 ACCOUNTING POLICIES (CONTINUED)

1.15 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

1.16 Foreign currency translation

In preparing the financial statements of the company, transactions in currencies other than the functional currency of the company are recognised as the spot rate at the dates of the transactions, or at an average rate where this rate approximates to the actual rate at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non – monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

1.17 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets from the point that all recognition conditions have been met. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.18 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way. unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

2 TURNOVER

Turnover, analysed geographically between markets, was as follows:	**2020** **£'000**	2019 £'000
United Kingdom	**26,223**	26,867
Europe	**137**	137
	26,360	27,004

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after:	**2020**	2019
	£'000	£'000
Auditors' remuneration;		
Audit fees	**16**	16
Corporation tax compliance	**8**	8
Employment related securities	**1**	1
iXBRL tagging	**3**	4
VAT advisory	**1**	-
Going concern review	**2**	-
Pension advisory	**3**	3
Foreign exchange (profits)/losses	**12**	3
Operating lease rentals;		
Plant and machinery	**49**	47
Other assets	**133**	119
Government grant amortisation	**(34)**	(34)
Research and development expense	**89**	164
Depreciation of tangible assets	**513**	593
Loss on discontinuation of project	**-**	1,318
Loss on disposal of fixed assets	**-**	82

4 DISCONTINUATION OF PROJECT

During the years from 2016 onwards the company committed to purchase land and build a new factory next to the existing facility in Corwen, Denbighshire. In this period of Brexit uncertainty and with the lack of government funding immediate plans to construct a new factory are on hold whilst we review other sites and locations, the costs in the previous year of £918,000 relate to the work carried out to date on this project and £400,000 relates to the impairment of a land purchase for the same project.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£'000	£'000
On bank loans and overdrafts	**34**	43
On purchase of land at Corwen	**99**	-
	133	43

6 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	**2020**	2019
	£'000	£'000
Wages and salaries	**4,602**	4,354
Social security costs	**412**	396
Other pension costs	**83**	55
	5,097	4,805

The company operates a defined contribution pension scheme for the benefit of all of its employees. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £82,934 (2019: 54,518).

The average number of employees of the company during the year was:	**2020**	2019
	No.	No.
Production	**166**	163
Administration	**20**	20
	186	183

Two of the Directors who served Wholebake Limited during the year were remunerated by Healthfull Holdings Group Limited.

Remuneration in respect of directors was as follows	**2020**	2019
	£'000	£'000
Emoluments	**306**	133
	306	133

	2020	2019
	£'000	£'000
Director's compensation for loss of office	**20**	-
	20	-

The Directors did not participate in a money purchase pension schemes during the year.
The amounts set out above include remuneration in respect of the highest paid director as follows:

	2020	2019
	£'000	£'000
Emoluments	**163**	133
	163	133

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge is based on the profit for the year and represents:

	2020	2019
	£'000	£'000
UK Corporation Tax	**265**	243
Adjustments in respect of previous periods	**(47)**	2
Total current tax	**218**	245
Deferred taxation: origination/reversal of timing difference	**40**	(10)
Tax on results of ordinary activities	**258**	235

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%). The differences are explained as follows:

	2020	2019
	£'000	£'000
Profit / (Loss) on ordinary activities before tax	**665**	(1,025)
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	**126**	(195)
Expenses not deductible for tax purposes	**334**	291
Fixed asset differences	**19**	303
Prior year adjustment	**(47)**	(3)
Other tax adjustments reliefs and transfers	**(182)**	(162)
Timing differences	**8**	-
Changes to deferred tax rate	**-**	1
Capital allowances in excess of depreciation	**-**	-
	132	430
Tax results on ordinary activities	**258**	235

8 INVESTMENTS

	2020 £'000	2019 £'000
Net book amount at 1 April 2019	**568**	568
Purchase of Bounce Brands Limited (see note 9)	**350**	-
Net book amount at 31 March 2020	**918**	568

In the opinion of the directors, the aggregate value of the company's investments in the subsidiaries is not less than the amount included in the balance sheet. The investments are as follows;

Company: subsidiary undertaking	Country of registration of incorporation	Class	Shares Held	Nature of business
9 Brand Foods Limited	United Kingdom	Ordinary	100%	Branded Food Retail
Bounce Brands Foods Limited	United Kingdom	Ordinary	100%	Branded Food Retail

On 26 November 2016, Wholebake Limited hived down the assets connected with its 9Bar and Wholebake Brand into a 100% owned subsidiary 9Brand Foods Limited and tuped over the relevant staff.

9 ACQUISITION OF SUBSIDIARY UNDERTAKING

On 7 June 2019 Healthfull Holdings Group Limited, through its subsidiary 9Brand Foods Limited, acquired 100% of the issued share capital of Bounce Brands Limited comprising the issue of 100 ordinary share for £1 each. On 7 June 2019, the company purchase date, the total consideration paid was £350,000 via a capital contribution from Wholebake Limited to Bounce Brands Limited with the fair value of the investment acquired at £350,000. The acquisition has been accounted for under the acquisition method within Wholebake Limited.

The amounts recognised at the acquisition date were:	**Assets & Liabilities**	**Fair Value Adjustment**	**Total 7 June 2019**
	£'000	**£'000**	**£'000**
Intangible assets	31,805	-	**31,805**
Stock	318,195	-	**318,095**
	350,000	-	**350,000**

10 TANGIBLE FIXED ASSETS

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	1,462	4,203	446	6,111
Additions	-	1,157	18	1,175
Disposals	-	-	-	-
At 31 March 2020	**1,462**	**5,360**	**464**	**7,286**
Depreciation				
At 1 April 2019	827	2,104	273	3,204
Charge for the year	98	373	42	513
Disposals	-	-	-	-
At 31 March 2020	**925**	**2,477**	**315**	**3,717**
Net book amount				
At 31 March 2020	**537**	**2,883**	**149**	**3,569**
At 31 March 2019	635	2,099	173	2,907

11 STOCKS

	2020	2019
	£'000	£'000
Raw materials and consumables	**1,332**	1,254
Work in progress	**10**	6
Finished goods	**30**	41
	1,372	1,301

Stock recognised in cost of sales during the year as an expense was £14,958,000 (2019: £16,029,000). A provision of £118,049 (2019: £143,372) was recognised in cost of sales against stock during the year due to slow moving stock.

12 DEBTORS

	2020	2019
Due after more than one year	**£'000**	£'000
Investment in finance leases	-	274
	-	274

	2020	2019
Due within one year	**£'000**	£'000
Trade debtors	**3,362**	3,310
Amounts owed by group undertakings	**11,427**	9,604
Investment in finance leases (see note 13)	-	89
Prepayments and accrued income	**108**	97
Corporation Tax	-	30
	14,897	13,130

Following the purchase of Bounce Foods Limited, the outstanding amount on the finance lease was capitalised and depreciated according to the Company's tangible asset depreciation accounting policy (see note 13 for details).

An impairment loss of £2,651 (2019: £2,651) was recognised against trade debtors.

Trade debtors are subject to an invoice discounting facility.

Amounts owed to/from group undertakings are unsecured, interest free and repayable on demand

13 FINANCE LEASE RECEIVABLES

	2020 £'000	2019 £'000
Finance lease receivables	-	363
	-	363

	2020 £'000	2019 £'000
Investment in finance lease		
No later than one year	-	89
Later than one year and not later than five years	-	274
Later than five years	-	-
	-	363

The company had entered into a finance lease arrangement with Bounce Foods Limited who were reimbursing an initial outlay of capital equipment. After careful consideration of the contract terms and rewards assocated with the equipment, the directors deemed this to be a finance lease arrangement with Wholebake Limited as lessor. The leasing arrangement provided that the sum for initial capital equipment outlay, the finance lease amount to be recovered per unit of production. On the purchase of the trade and assets of Bounce Foods Limited this arrangement ceased and the asset was capitalised and depreciated within Wholebake Limited.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Invoice Discounting	204	-
Asset Finance Loan	250	250
Trade creditors	2,652	2,450
Amounts owed to group undertakings	11,495	9,489
Corporation tax	146	-
Other taxes and social security costs	395	462
Other creditors	5	-
Accruals and deferred income	754	1,402
	15,901	14,053

Amounts owed to/from group undertakings are unsecured, interest free and repayable on demand

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Asset Finance Loan	**52**	302
	52	302

Bank loans are repayable as follows:

	2020	2019
	£'000	£'000
Within one year	**250**	250
Between one to two years	**52**	250
Between two to five years	**-**	52
	302	552

During 2017 two base rate Asset Financing Loans of £500,000 each, £1,000,000 in total were taken out subject to Chattel Mortgages with repayment terms of £10,417 per month each, £20,833 in total over a period of 4 years.

16 DEFERRED INCOME

	Government grants £'000
At 1 April 2019	48
Amortisation in the year	(34)
At 31 March 2020	**14**

Deferred income relates to Welsh government grants issued in December 2005, released over 13 years, and July 2013 released over 7 years.

17 DEFERRED TAX

Deferred taxation provided for at 17% (2019: 17%) in the financial statements is set out below:

	2020	2019
	£'000	£'000
1 April 2019	**73**	83
Income Statement	**40**	(10)
At 31 March 2020	**113**	73

The differences are explained as follows:		
Accelerated capital allowances	**113**	73
Over provided in respect of previous periods	**-**	-
	113	73

18 CALLED UP SHARE CAPITAL

	2020	2019
	£'000	£'000
Allotted, called up and fully paid		
27,518,090 Ordinary shares of 1p each	**275**	275

19 RESERVES

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

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

Capital redemption reserve represents the amounts redeemed on shares purchased by the company in 2003.

20 CAPITAL COMMITMENTS

The company has capital commitments for £404,000 (2019: £39,000) at the year end.

21 LEASING COMMITMENTS

The company's future minimum operating lease payments are as follows:

	2020	2019
	£'000	£'000
Within one year	**129**	171
Between one and five years	**237**	316
Over five years	**-**	-

The amount of lease payments recognised as an expense in the year was £182,000 (2019: £165,000).

22 TRANSACTIONS WITH RELATED PARTIES

The immediate parent company is Wholebake (Topco) Limited a company registered in England and Wales. The ultimate parent company is Healthfull Holdings Group Limited, a company registered in England and Wales. The Directors consider the ultimate controlling party to be Bridges Fund Management Limited

As part of the strategy to extend our Brand portfolio, on 7 June 2019, Wholebake Limited through its subsidiary 9Brand Foods Limited purchased the trade and assets of Bounce Foods Limited (a company in administration) and tuped over the relevant staff for a consideration of £350,000 and continued trading as Bounce Brands Limited.

The company has taken advantage of the exemption available under FRS 102 section 33 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

All Directors who served Wholebake Limited during the year were remunerated by Healthfull Holdings Group Limited and Wholebake Limited.

Guarantees

The largest set of consolidated accounts produced are those headed up by Healthfull Holdings Group Limited. Copies of those can be obtained from Companies House.

At 31 March 2020 there is a cross guarantee and debenture between Healthfull Holdings Group Limited, Healthfull Holdings Limited, Wholebake (Topco) Limited, Wholebake Limited, 9Brand Foods Limited and Bounce Brands Limited on the Bank's standard form with supporting security on the Bank's standard forms. The total value of the bank debt in Healthfull Holdings Ltd is £125,000.

23 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 March 2020 or 31 March 2019.
As per Note 22 there are bank guarantees in place, and the total value of the bank debt in Healthfull Holdings Ltd is £125,000.

24 POST BALANCE SHEET EVENTS

In June 2020 additional funding was obtained from the Company's bank in the form of a £1m floating rate Coronavirus Business Interruption Loan (CBIL). The terms of the loan are for 3 years with a capital repayment holiday for the first 12 months and monthly payments of £41,666 thereafter.