

Company Registration No. 03298641 (England and Wales)

MONTANA BAKERY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
29 DECEMBER 2018



MONTANA BAKERY LIMITED

COMPANY INFORMATION

Directors	J P Mellows Finflex BVBA
Company number	03298641
Registered office	The Bakery Blackthorne Road Colnbrook Slough Berkshire SL3 0AP
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU
Business address	The Bakery Blackthorne Road Colnbrook Slough Berkshire SL3 0AP

MONTANA BAKERY LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 29 DECEMBER 2018

The directors present the Strategic Report of the Montana Bakery Limited group ("the group") for the period ended 29 December 2018.

Montana Bakery Limited is an independently owned artisan bakery, renowned for its expertise in delivering high quality and innovative product offerings. Les Artisans Boulangers Limited is a wholly owned subsidiary of Montana Bakery Limited, whose principal activity is that of the production and supply of frozen and ambient morning products to food manufacturers and food service businesses.

On 29 December 2018, the trade and net assets of Les Artisans Boulangers Limited were hived up into Montana Bakery Limited and it is the intention of the directors to liquidate this company within the next 12 months.

Review of business

The directors are satisfied with the performance of the group during the trading period and at the period end, which shows an underlying increase both in turnover and net assets.

Montana Bakery won a new contract in the period which generated additional turnover of £3m contributing to an overall increase in revenues of 17% compared to the previous period. However, at a group level, this increase was slightly offset by the Les Artisans Boulangers contract loss reported in the previous period which was not replaced with comparable levels of revenue in the current period.

As in the previous period, the group's main challenge continues to be the significant increase in the prices of key raw materials, which have a direct impact on the reported profit of the group. We expect that these pressures will reduce in the forthcoming year, however, in light of the current political and economic climate, there can be no certainty around this. Management continue to monitor the Brexit situation closely and are confident that there should be no disruption to the current supply chain post March 2019 given that the majority of key raw materials are sourced within the UK. The introduction of the group's new production facility, which is expected to be fully operational by April 2019, will also enable the group to manufacture a wider range of core products itself, thus mitigating any potential impact of Brexit in sourcing these products.

The directors are forecasting continued growth in Montana Bakery revenues going forward as a result of expanding offerings to existing customers and the on-boarding of new customers. Investment in the group's new production facility this year of a further £4m will enable increased production output including expansion of new product offerings. A number of new product launches are expected for both existing and new customers in the forthcoming year and the group is also expected to benefit from the efficiencies derived from the new production facility becoming operational by April 2019.

As noted above, following the business contract loss reported in 2017, the directors decided to dispose of the Les Artisans Boulangers business during 2018. This resulted in some one-off costs being reported during the period including a write off of investments totalling £50k, a waiver of intercompany debts totalling £74k and provision for an onerous lease in respect of the premises previously occupied by Les Artisans Boulangers totalling £96k. The total of these one-off costs reduced reported profit for the year by £220k. No further costs are expected in respect of the disposal of Les Artisans Boulangers.

The group's strategy continues to be to diversify our customer portfolio through innovative and high-quality product offerings to provide our customers with a unique selling point. We will continue to invest and upgrade our plant and equipment and develop the skill base of our employees whilst driving forward growth and profitability within the group.

MONTANA BAKERY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

Key performance indicators

The directors consider the key performance indicators of the group to be growth in turnover, gross profit margin and profit before taxation. The results for the period show an underlying growth in turnover of 14.8% which is consistent with the overall strategy and direction of the group. The directors are comfortable that turnover has increased in line with overall projections. The gross profit margin has declined by 1.62% to 40.71% (2017: 42.33 %) in the period to 29 December 2018. This is mainly due to increasing costs of raw materials and the cost of temporary labour brought in to meet demand. Profit before taxation increased to £1,619,056 from £1,610,382, after taking into account one-off costs of £220k incurred in the period in respect of the disposal of Les Artisans Boulangers Limited. The directors are satisfied with the overall performance of the group and expect the results for the year ending 31 December 2019 to show further improvement.

Principal risks and uncertainties

We will continue to actively manage the risks faced by the business both internally and externally, including the potential impact of Brexit.

Our principal risks are competition from existing providers and new entrants to the market and the increasing cost of raw materials. The risk of competition from existing providers and new entrants to the market are mitigated by providing a diverse product offering to our customers and our continued investment into research and development to develop a wider and innovative range of products to take to market. We also maintain strong relationships with our customers to ensure our needs are aligned. We mitigate the increasing cost of raw materials by managing our relationships with suppliers and ensuring we source quality raw materials at effective prices.

We will prioritise risks identified in order of importance and continue to invest in our key assets, being our bakery facilities and staff, providing them with the necessary skills and knowledge, in order to negate the impact of risks on our business.

The current political and economic environment has created inherent uncertainty surrounding doing business post March 2019. However, the directors continue to monitor the situation and have taken appropriate steps to mitigate any potential risks, primarily focused around ensuring no disruption to customers, the supply chain or workforce.

On behalf of the board



J P Mellows

Director

Date: 8.3.19

MONTANA BAKERY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 DECEMBER 2018

The directors present their annual report and financial statements for the period ended 29 December 2018.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J P Mellows

Finflex BVBA

Dirk Consulting BVBA

(Resigned 31 October 2018)

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Financial risk management objectives and policies

The group makes little use of financial instruments other than an operational bank account, finance leases and, on occasion, short term funding from group companies, and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not considered by the directors to be material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Future developments

As outlined further in the Strategic Report, we will continue to gain efficiencies from the capital investment introduced in previous years which provides increased production capacity and allows for new product development and expansion into the existing and new customer bases. The directors have forecasted continued growth and profitability in the business, despite the current uncertainty faced in the economic and political arenas, both in the UK and abroad, and will continue to closely monitor the situation and take the appropriate actions to ensure the continued success of the business.

MONTANA BAKERY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



J P Mellows
Director

Date: 8.3.19.

MONTANA BAKERY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 29 DECEMBER 2018

The directors are responsible for preparing the Strategic Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANA BAKERY LIMITED

Opinion

We have audited the financial statements of Montana Bakery Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 29 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 29 December 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's or the parent 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.

Other information

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

- the information given in the strategic report and the directors' report for the financial period 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTANA BAKERY LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters 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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 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 group's and the parent 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 group or the parent 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Mayulee Pinkerton CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire, RG1 3EU
11 May 2019

MONTANA BAKERY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 DECEMBER 2018

		Period ended 29 December 2018 £	Period ended 30 December 2017 £
	Notes		
Turnover	4	34,512,860	30,073,877
Cost of sales		(20,460,998)	(17,343,405)
Gross profit		14,051,862	12,730,472
Distribution costs		(4,153,293)	(3,487,594)
Administrative expenses		(8,266,051)	(7,617,852)
Operating profit	7	1,632,518	1,625,026
Interest receivable and similar income	9	2,882	1,081
Interest payable and similar expenses	10	(16,344)	(15,725)
Profit before taxation		1,619,056	1,610,382
Tax on profit	11	(344,513)	(334,510)
Profit for the financial period		1,274,543	1,275,872

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

MONTANA BAKERY LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 29 DECEMBER 2018**

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		-		27,842
Tangible assets	14		9,922,862		7,411,912
			<u>9,922,862</u>		<u>7,439,754</u>
Current assets					
Stocks	18	1,081,411		1,161,614	
Debtors	19	9,214,496		4,008,925	
Cash at bank and in hand		<u>1,797,111</u>		<u>2,591,106</u>	
		12,093,018		7,761,645	
Creditors: amounts falling due within one year	20	<u>(12,281,028)</u>		<u>(6,712,595)</u>	
Net current (liabilities)/assets			<u>(188,010)</u>		<u>1,049,050</u>
Total assets less current liabilities			<u>9,734,852</u>		<u>8,488,804</u>
Creditors: amounts falling due after more than one year	21		(25,811)		(121,855)
Provisions for liabilities	23		<u>(456,715)</u>		<u>(389,166)</u>
Net assets			<u>9,252,326</u>		<u>7,977,783</u>
Capital and reserves					
Called up share capital	26	3,500,000		3,500,000	
Profit and loss reserves	27	<u>5,752,326</u>		<u>4,477,783</u>	
Total equity			<u>9,252,326</u>		<u>7,977,783</u>

The financial statements were approved by the board of directors and authorised for issue on 8.3.19 and are signed on its behalf by:



J P Mellows
Director

MONTANA BAKERY LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 29 DECEMBER 2018**

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		-		4,103
Tangible assets	14		9,922,862		7,081,859
Investments	15		-		50,000
			<u>9,922,862</u>		<u>7,135,962</u>
Current assets					
Stocks	18	1,081,411		1,149,454	
Debtors	19	9,214,496		3,985,753	
Cash at bank and in hand		1,797,111		2,567,748	
		<u>12,093,018</u>		<u>7,702,955</u>	
Creditors: amounts falling due within one year	20	<u>(12,281,128)</u>		<u>(6,555,886)</u>	
Net current (liabilities)/assets			<u>(188,110)</u>		<u>1,147,069</u>
Total assets less current liabilities			<u>9,734,752</u>		<u>8,283,031</u>
Creditors: amounts falling due after more than one year	21		(25,811)		(95,039)
Provisions for liabilities	23		<u>(456,715)</u>		<u>(344,087)</u>
Net assets			<u><u>9,252,226</u></u>		<u><u>7,843,905</u></u>
Capital and reserves					
Called up share capital	26	3,500,000		3,500,000	
Profit and loss reserves	27	5,752,226		4,343,905	
Total equity			<u><u>9,252,226</u></u>		<u><u>7,843,905</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group financial statements. The company's profit for the year was £1,408,321 (2017 - £1,351,295 profit).

The financial statements were approved by the board of directors and authorised for issue on 8.3.19 and are signed on its behalf by:



J P Mellows
Director

MONTANA BAKERY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 DECEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		<u>3,500,000</u>	<u>4,201,911</u>	<u>7,701,911</u>
Period ended 30 December 2017:				
Profit and total comprehensive income for the period		-	1,275,872	1,275,872
Dividends	12	-	(1,000,000)	(1,000,000)
Balance at 30 December 2017		<u>3,500,000</u>	<u>4,477,783</u>	<u>7,977,783</u>
Period ended 29 December 2018:				
Profit and total comprehensive income for the period		-	1,274,543	1,274,543
Balance at 29 December 2018		<u>3,500,000</u>	<u>5,752,326</u>	<u>9,252,326</u>

MONTANA BAKERY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 DECEMBER 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		3,500,000	3,992,610	7,492,610
Period ended 30 December 2017:				
Profit and total comprehensive income for the period		-	1,351,295	1,351,295
Dividends	12	-	(1,000,000)	(1,000,000)
Balance at 30 December 2017		3,500,000	4,343,905	7,843,905
Period ended 29 December 2018:				
Profit and total comprehensive income for the period		-	1,408,321	1,408,321
Balance at 29 December 2018		3,500,000	5,752,226	9,252,226

MONTANA BAKERY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 29 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	28	3,322,700		3,905,731	
Interest paid		(16,344)		(15,725)	
Income taxes paid		(65,070)		(495,641)	
Net cash inflow from operating activities		3,241,286		3,394,365	
Investing activities					
Purchase of tangible fixed assets		(3,983,542)		(1,632,185)	
Proceeds on disposal of tangible fixed assets		110,600		-	
Interest received		2,882		1,081	
Net cash used in investing activities		(3,870,060)		(1,631,104)	
Financing activities					
Payment of finance leases obligations		(165,221)		(165,839)	
Dividends paid to equity shareholders		-		(1,000,000)	
Net cash used in financing activities		(165,221)		(1,165,839)	
Net (decrease)/increase in cash and cash equivalents		(793,995)		597,422	
Cash and cash equivalents at beginning of period		2,591,106		1,993,684	
Cash and cash equivalents at end of period		1,797,111		2,591,106	

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 DECEMBER 2018

1 Accounting policies

Company information

Montana Bakery Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Bakery, Blackthorne Road, Colnbrook, Slough, Berkshire, SL3 0AP.

The group consists of Montana Bakery Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Montana Bakery Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 29 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period

The group operates and reports on a 52 or 53 week financial year ending on the closest Saturday to 31 December. Accordingly, the current information represents the period 31 December 2017 to 29 December 2018. The comparative information represents the period from 1 January 2017 to 30 December 2017.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the lease term
Plant and equipment	15% reducing balance
Computer equipment	25% reducing balance and 25% straight line
Motor vehicles	25% reducing balance and 20% straight line
Bakery equipment	25% reducing balance

Assets under construction do not incur depreciation.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate financial statements of the company, interests in subsidiaries are measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

1 Accounting policies (Continued)

Basic financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, that will be assessed to or allow for tax in a future period except where the group 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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that 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 reporting end date, 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. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense,

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to expenses on a straight line basis over the term of the relevant lease.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Dilapidations provision

Management have considered their obligations under a lease agreement to provide for the reinstatement of the parent company's leased premises on termination of the lease and have determined that no provision is considered necessary. Accordingly, no provision has been reflected in these financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Customer rebates

In calculating the expected rebates to be provided for, management make judgements based on the expected obligation of the company using historic data and experience.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

3 Prior period adjustment

The directors have considered the presentation of the invoice discounting agreement and in the prior period have decided to gross up the trade debtors and other creditors by £1,660,570 to better reflect the risks and rewards of the agreement. There is no impact on the net assets or profit of the company and group in the prior year.

Changes to the statement of financial position - group

	At 30 December 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Debtors due within one year	2,348,355	1,660,570	4,008,925
Creditors due within one year	(5,052,025)	(1,660,570)	(6,712,595)

Changes to the statement of financial position - company

	At 30 December 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Debtors due within one year	2,325,183	1,660,570	3,985,753
Creditors due within one year	(4,895,316)	(1,660,570)	(6,555,886)

4 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	34,512,860	30,073,877
	<u> </u>	<u> </u>
	2018	2017
	£	£
Other revenue		
Interest income	2,882	1,081
	<u> </u>	<u> </u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

4 Turnover and other revenue (Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	33,643,095	29,152,925
European Union	869,765	920,952
	<u>34,512,860</u>	<u>30,073,877</u>

5 Employees

The average monthly number of persons (including directors) employed during the period was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Production & Distribution	290	272	290	256
Office & Admin	27	24	27	21
Sales	6	6	6	5
Engineers	13	11	13	11
Hygiene	33	24	33	23
Technical	7	4	7	4
Quality control	10	7	10	7
Stores & Purchasing	5	5	5	5
	<u>391</u>	<u>353</u>	<u>391</u>	<u>332</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	9,393,115	8,564,611	9,403,115	8,208,173
Social security costs	724,677	759,819	724,677	736,876
Pension costs	118,805	70,418	118,805	70,020
	<u>10,236,597</u>	<u>9,394,848</u>	<u>10,246,597</u>	<u>9,015,069</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	168,098	158,077
Company pension contributions to defined contribution schemes	2,693	1,500
	<u>170,791</u>	<u>159,577</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

7 Operating profit

	2018 £	2017 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,190,813	1,170,622
Depreciation of tangible fixed assets held under finance leases	45,680	58,810
Loss on disposal of tangible fixed assets	125,498	-
Amortisation of intangible assets	9,827	9,827
Impairment of intangible assets	18,015	-
Stocks impairment losses recognised or reversed	18,074	(38,952)
Operating lease charges	<u>1,035,807</u>	<u>928,778</u>

8 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	33,000	24,825
Audit of the financial statements of the company's subsidiaries	-	13,175
	<u>33,000</u>	<u>38,000</u>

9 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	<u>2,882</u>	<u>1,081</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

10 Interest payable and similar expenses

	2018 £	2017 £
Interest on finance leases and hire purchase contracts	16,344	15,725

11 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	374,089	312,292
Adjustments in respect of prior periods	(1,125)	(23,321)
Total current tax	372,964	288,971
Deferred tax		
Origination and reversal of timing differences	(29,380)	45,539
Adjustment in respect of prior periods	929	-
Total deferred tax	(28,451)	45,539
Total tax charge for the period	344,513	334,510

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	1,619,056	1,610,382
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	307,621	309,944
Adjustments in respect of prior years	(1,125)	(23,321)
Permanent capital allowances in excess of depreciation	29,120	27,249
Depreciation on assets not qualifying for tax allowances	-	3,063
Deferred tax adjustments in respect of prior years	929	19,383
Adjust deferred tax to closing rate	3,458	(3,457)
Goodwill amortisation not taxable	4,510	1,649
Taxation charge for the period	344,513	334,510

The Finance Bill 2016 has been enacted so as to reduce the corporation tax rate to 17% for the financial year 2020.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

12 Dividends

	2018 £	2017 £
Interim paid	-	1,000,000

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 31 December 2017 and 29 December 2018	53,351
Amortisation and impairment	
At 31 December 2017	25,509
Amortisation charged for the period	9,827
Impairment losses	18,015
At 29 December 2018	53,351
Carrying amount	
At 29 December 2018	-
At 30 December 2017	27,842
Company	Goodwill £
Cost	
At 31 December 2017 and 29 December 2018	6,312
Amortisation and impairment	
At 31 December 2017	2,209
Amortisation charged for the period	1,262
Impairment losses	2,841
At 29 December 2018	6,312
Carrying amount	
At 29 December 2018	-
At 30 December 2017	4,103

Amortisation and impairment losses are included in administrative expenses.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 29 DECEMBER 2018**

14 Tangible fixed assets

Group	Leasehold improvements £	Assets under construction £	Plant and equipment £	Computer equipment £	Motor vehicles £	Bakery equipment £	Total £
Cost							
At 31 December 2017	4,057,937	-	15,317,226	637,693	319,646	3,896,228	24,228,730
Additions	363,594	2,465,701	833,706	23,635	-	296,906	3,983,542
Disposals	(154,948)	-	(513,663)	(22,270)	(25,175)	(138,619)	(854,675)
At 29 December 2018	4,266,583	2,465,701	15,637,269	639,058	294,471	4,054,515	27,357,597
Depreciation and impairment							
At 31 December 2017	1,645,384	-	11,846,423	603,393	311,110	2,410,508	16,816,818
Depreciation charged in the period	243,599	-	604,129	17,896	1,783	369,086	1,236,493
Eliminated in respect of disposals	(152,789)	-	(330,792)	(19,300)	(24,624)	(91,071)	(618,576)
At 29 December 2018	1,736,194	-	12,119,760	601,989	288,269	2,688,523	17,434,735
Carrying amount							
At 29 December 2018	2,530,389	2,465,701	3,517,509	37,069	6,202	1,365,992	9,922,862
At 30 December 2017	2,412,553	-	3,470,803	34,300	8,536	1,485,720	7,411,912

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

14 Tangible fixed assets (Continued)

Company	Leasehold improvements £	Assets under construction £	Plant and equipment £	Computer equipment £	Motor vehicles £	Bakery equipment £	Total £
Cost							
At 31 December 2017	3,902,989	-	14,765,449	615,423	44,775	3,757,609	23,086,245
Additions	363,594	2,465,701	833,706	23,635	-	296,906	3,983,542
Disposals	-	-	-	-	(25,175)	-	(25,175)
At 29 December 2018	4,266,583	2,465,701	15,599,155	639,058	19,600	4,054,515	27,044,612
Depreciation and impairment							
At 31 December 2017	1,513,558	-	11,538,667	585,343	36,239	2,330,579	16,004,386
Depreciation charged in the period	222,636	-	542,979	16,646	1,783	357,944	1,141,988
Eliminated in respect of disposals	-	-	-	-	(24,624)	-	(24,624)
At 29 December 2018	1,736,194	-	12,081,646	601,989	13,398	2,688,523	17,121,750
Carrying amount							
At 29 December 2018	2,530,389	2,465,701	3,517,509	37,069	6,202	1,365,992	9,922,862
At 30 December 2017	2,389,431	-	3,226,782	30,080	8,536	1,427,030	7,081,859

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

14 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and equipment	158,932	204,612	158,932	204,612
Depreciation charge for the period in respect of leased assets	45,680	58,810	45,680	58,810

15 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	16	-	-	-	50,000

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost	
At 31 December 2017 and 29 December 2018	50,000
Impairment	
At 31 December 2017	-
Impairment losses	50,000
At 29 December 2018	50,000
Carrying amount	
At 29 December 2018	-
At 30 December 2017	50,000

16 Subsidiaries

Details of the company's subsidiaries at 29 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Les Artisans Boulangers Limited a)		Bakery	Ordinary	100.00 -

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

16 Subsidiaries (Continued)

a) The Bakery, Blackthorne Road, Colnbrook, Slough Berkshire, SL3 0AP.

Following the transfer of trade and assets in Les Artisans Boulangers Limited to Montana Bakery Limited on 29 December 2018 it is the intention of the directors of Montana Bakery Limited to wind up Les Artisans Boulangers Limited, with the ultimate aim of dissolving the company within the foreseeable future.

17 Acquisitions

On 29 December 2018 the company hived up the trade and assets of Les Artisans Boulangers Limited. The net assets acquired were as follows:

	Book Value £	Adjustments £	Fair Value £
Cash and cash equivalents	21,986	-	21,986
VAT liability	(21,986)	-	(21,986)
Total identifiable net assets	-	-	-
Goodwill			-
Total consideration			-

18 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	328,672	378,967	328,672	377,760
Finished goods and goods for resale	752,739	782,647	752,739	771,694
	1,081,411	1,161,614	1,081,411	1,149,454

19 Debtors

	Group 2018 £	2017 as restated £	Company 2018 £	2017 as restated £
Amounts falling due within one year:				
Trade debtors	4,142,872	3,367,874	4,142,872	3,261,681
Amounts owed by group undertakings	2,353,370	43,593	2,353,370	151,753
Other debtors	2,447,610	361,887	2,447,610	354,139
Prepayments and accrued income	270,644	235,571	270,644	218,180
	9,214,496	4,008,925	9,214,496	3,985,753

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

20 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 as restated £	Company 2018 £	2017 as restated £
Obligations under finance leases	22	104,864	174,141	104,864	85,737
Trade creditors		2,900,127	2,482,740	2,900,127	2,466,941
Amounts due to group undertakings		4,088,240	456,642	4,088,340	456,642
Corporation tax payable		193,392	156,841	193,392	149,571
Other taxation and social security		160,467	152,002	160,467	152,002
Other creditors		2,637,871	1,660,570	2,637,871	1,660,570
Accruals and deferred income		2,196,067	1,629,659	2,196,067	1,584,423
		<u>12,281,028</u>	<u>6,712,595</u>	<u>12,281,128</u>	<u>6,555,886</u>

Certain trade debtors were subject to an invoice discounting agreement during the year. Included within other creditors is £2,637,871 (2017: £1,660,570) owed in respect of this agreement at the reporting date. The creditor is secured by a charge over the debts to which it relates.

21 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	22	25,811	121,755	25,811	94,939
Other creditors		-	100	-	100
		<u>25,811</u>	<u>121,855</u>	<u>25,811</u>	<u>95,039</u>

22 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Less than one year	113,168	181,557	113,168	85,737
Between one and five years	28,579	143,381	28,579	114,316
	<u>141,747</u>	<u>324,938</u>	<u>141,747</u>	<u>200,053</u>
Less: future finance charges	(11,072)	(29,042)	(11,072)	(19,377)
	<u>130,675</u>	<u>295,896</u>	<u>130,675</u>	<u>180,676</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2018

22 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease liabilities are secured on the assets to which they relate.

23 Provisions for liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Onerous lease		96,000	-	96,000	-
Deferred tax liabilities	24	360,715	389,166	360,715	344,087
		<u>456,715</u>	<u>389,166</u>	<u>456,715</u>	<u>344,087</u>

Movements on provisions apart from deferred tax liabilities:

Group and company	£
Additional provisions in the year	<u>96,000</u>

The onerous lease provision relates to a lease that was held on behalf of the subsidiary Les Artisans Boulangers Limited which was terminated during the period. The provision above represents the full and final agreed settlement on exit of the lease. This settlement was paid in full post year end.

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated/decelerated capital allowances	<u>360,715</u>	<u>389,166</u>
	Liabilities 2018 £	Liabilities 2017 £
Company		
Accelerated/decelerated capital allowances	<u>360,715</u>	<u>344,087</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

24 Deferred taxation (Continued)

	Group 2018 £	Company 2018 £
Movements in the period:		
Liability at 31 December 2017	389,166	344,087
(Credit)/charge to profit or loss	(28,451)	16,628
Liability at 29 December 2018	<u>360,715</u>	<u>360,715</u>

The deferred tax asset and liability set out above are expected to reverse within 12 months and relates to decelerated and accelerated capital allowances that are expected to mature within the same period.

25 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>118,805</u>	<u>70,418</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

There were no contributions outstanding at the period end (2017: £nil).

26 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
3,500,000 Ordinary shares of £1 each	<u>3,500,000</u>	<u>3,500,000</u>

The company has one class of Ordinary share which are not redeemable but hold full rights in respect of voting, and entitle the holder to full participation in respect of equity, dividends and in the event of a winding up of the company.

27 Reserves

Profit and loss reserves

Represents cumulative profit or loss, net of distributions to owners.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

28 Cash generated from group operations

	2018	2017 as restated
	£	£
Profit for the period after tax	1,274,543	1,275,872
Adjustments for:		
Taxation charged	344,513	334,510
Finance costs	16,344	15,725
Investment income	(2,882)	(1,081)
Loss on disposal of tangible fixed assets	125,498	-
Amortisation and impairment of intangible assets	27,842	9,827
Depreciation and impairment of tangible fixed assets	1,236,493	1,229,432
Increase in provisions	96,000	-
Movements in working capital:		
Decrease/(increase) in stocks	80,203	(253,470)
(Increase) in debtors	(5,205,571)	(234,881)
Increase in creditors	5,329,717	1,529,797
Cash generated from operations	3,322,700	3,905,731

29 Analysis of changes in net debt

	2018 £
Opening net funds	
Cash and cash equivalents	2,591,106
Obligations under finance leases	(295,896)
	<u>2,295,210</u>
Changes in net debt arising from:	
Cash flows of the entity	(628,774)
	<u>1,666,436</u>
Closing net debt	
Cash and cash equivalents	1,797,111
Obligations under finance leases	(130,675)
	<u>1,666,436</u>

30 Financial commitments, guarantees and contingent liabilities

By way of a cross guarantee dated 26 February 2016, the company and its subsidiaries have a fixed and floating charge over its assets in respect of a loan taken out by Bake & Co NV, a parent undertaking. In the opinion of the directors, no liability is expected to arise as a result of this guarantee.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 DECEMBER 2018

31 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties and equipment.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	919,280	919,280	919,280	919,280
Between one and five years	3,429,203	3,514,203	3,429,203	3,514,203
In over five years	10,080,883	10,915,163	10,080,883	10,915,163
	<u>14,429,366</u>	<u>15,348,646</u>	<u>14,429,366</u>	<u>15,348,646</u>

32 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	<u>903,356</u>	<u>339,573</u>	<u>903,356</u>	<u>339,573</u>

33 Controlling party

The immediate parent company is Diversi Foods NV, whose registered address is Industrieweg 29, 9420 Erpe, Belgium.

During the year the ultimate parent company changed so that at the reporting date Dr. August Oetker KG, whose registered address is Lutterstr. 14, 33617 Bielefeld, Germany, is considered to be the ultimate parent company. Dr. August Oetker KG heads the largest group of undertakings for which group financial statements including Montana Bakery Limited are prepared, with Montana Bakery Limited being the smallest group.

The directors do not consider there to be one ultimate controlling party.