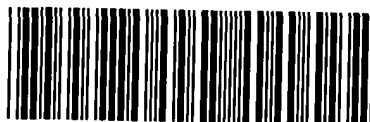


Company Registration No. 03298641 (England and Wales)

MONTANA BAKERY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 DECEMBER 2017

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MONTANA BAKERY LIMITED

COMPANY INFORMATION

Directors	J P Mellows Finflex BVBA Dirk Consulting 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 30 DECEMBER 2017

The directors present the Strategic Report of the Montana Bakery Limited group ("the group") for the period ended 30 December 2017.

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.

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 in turnover and net assets.

Montana Bakery won a new contract in the period which generated an additional turnover of £2.3m. The overall turnover for the company increased by 18% compared to the previous period and is forecasted to grow again in the forthcoming year. The main challenge faced this year was the significant increase in the prices of key raw materials which had an impact on profit. We expect that these pressures will reduce in the forthcoming year.

In the period, Les Artisans suffered a loss due to the termination of business with one of its largest customers which had an impact on the earnings at group level. This business is not expected to be replaced to a comparable level in the forthcoming period.

During the year extensive capital improvement and renovation work continued within the previous storage facility. The cost incurred in 2017 on these new production facilities was a further £338k bringing the total investment to £1.66m. This capital project was completed by spring 2017 and now provides further production facilities for the group which will allow for further expansion of our product offering. The forthcoming year is expected to see a number of new product launches to our current and new client base.

Our strategy will be to continue 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 in the group.

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 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. Similarly, the gross profit margin has declined by 5.3% to 42.3% in the period to 30 December 2017. This is mainly due to increasing costs of raw materials and the cost of temporary labour brought in to meet demand. The directors are satisfied with the overall performance of the group and expect the results for the year ending 31 December 2018 to show further improvement.

MONTANA BAKERY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2017

Principal risks and uncertainties

We will continue to actively manage the risks faced by the business both internally and externally. 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.

On behalf of the board



J P Mellows

Director

Date: 10.04.18

MONTANA BAKERY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 DECEMBER 2017

The directors present their annual report and financial statements for the period ended 30 December 2017.

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

Results and dividends

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

Ordinary dividends were paid amounting to £1,000,000. 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 the parent company, 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.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be put at a General Meeting.

MONTANA BAKERY LIMITED

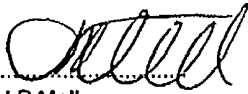
DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 DECEMBER 2017

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

10-04-18

MONTANA BAKERY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 30 DECEMBER 2017

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 30 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and 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, the Company 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 of the parent company's affairs as at 30 December 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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 April 2018

MONTANA BAKERY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 DECEMBER 2017

		Period ended 30 December 2017 £	Period ended 31 December 2016 £
	Notes		
Turnover	3	30,073,877	20,422,128
Cost of sales		(17,343,405)	(10,693,503)
Gross profit		12,730,472	9,728,625
Distribution costs		(3,487,594)	(2,032,073)
Administrative expenses		(7,617,852)	(5,381,564)
Operating profit	7	1,625,026	2,314,988
Interest receivable and similar income	8	1,081	-
Interest payable and similar expenses	9	(15,725)	(11,918)
Profit before taxation		1,610,382	2,303,070
Tax on profit	10	(334,510)	(442,957)
Profit for the financial period		1,275,872	1,860,113

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 30 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	12	27,842		37,669	
Tangible assets	13	7,411,912		7,009,159	
		<u>7,439,754</u>		<u>7,046,828</u>	
Current assets					
Stocks	16	1,161,614		908,144	
Debtors	17	2,348,355		3,774,044	
Cash at bank and in hand		2,591,106		1,993,684	
		<u>6,101,075</u>		<u>6,675,872</u>	
Creditors: amounts falling due within one year	18	(5,052,025)		(5,380,419)	
Net current assets		<u>1,049,050</u>		<u>1,295,453</u>	
Total assets less current liabilities		<u>8,488,804</u>		<u>8,342,281</u>	
Creditors: amounts falling due after more than one year	19	(121,855)		(296,743)	
Provisions for liabilities	22	(389,166)		(343,627)	
Net assets		<u><u>7,977,783</u></u>		<u><u>7,701,911</u></u>	
Capital and reserves					
Called up share capital	24	3,500,000		3,500,000	
Profit and loss reserves	25	4,477,783		4,201,911	
Total equity		<u><u>7,977,783</u></u>		<u><u>7,701,911</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 10.04.18. and are signed on its behalf by:



J P Mellows
Director

MONTANA BAKERY LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 30 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	12		4,103		5,365
Tangible assets	13		7,081,859		6,556,178
Investments	14		50,000		50,000
			<u>7,135,962</u>		<u>6,611,543</u>
Current assets					
Stocks	16	1,149,454		888,897	
Debtors	17	2,325,183		3,609,191	
Cash at bank and in hand		2,567,748		1,934,168	
		<u>6,042,385</u>		<u>6,432,256</u>	
Creditors: amounts falling due within one year	18	(4,895,316)		(5,088,660)	
Net current assets			<u>1,147,069</u>		<u>1,343,596</u>
Total assets less current liabilities			<u>8,283,031</u>		<u>7,955,139</u>
Creditors: amounts falling due after more than one year	19		(95,039)		(180,684)
Provisions for liabilities	22		(344,087)		(281,845)
Net assets			<u>7,843,905</u>		<u>7,492,610</u>
Capital and reserves					
Called up share capital	24	3,500,000		3,500,000	
Profit and loss reserves	25	4,343,905		3,992,610	
Total equity			<u>7,843,905</u>		<u>7,492,610</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes as it prepares group financial statements. The company's profit for the year was £1,351,295 (2016 - £1,646,635 profit).

The financial statements were approved by the board of directors and authorised for issue on 10.04.18 and are signed on its behalf by:



J P Mellows
Director

MONTANA BAKERY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 27 March 2016		3,500,000	2,341,798	5,841,798
Period ended 31 December 2016:				
Profit and total comprehensive income for the period		-	1,860,113	1,860,113
Balance at 31 December 2016		3,500,000	4,201,911	7,701,911
Period ended 30 December 2017:				
Profit and total comprehensive income for the period		-	1,275,872	1,275,872
Dividends	11	-	(1,000,000)	(1,000,000)
Balance at 30 December 2017		3,500,000	4,477,783	7,977,783

MONTANA BAKERY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 27 March 2016		3,500,000	2,345,975	5,845,975
Period ended 31 December 2016:				
Profit and total comprehensive income for the period		-	1,646,635	1,646,635
Balance at 31 December 2016		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	11	-	(1,000,000)	(1,000,000)
Balance at 30 December 2017		3,500,000	4,343,905	7,843,905

MONTANA BAKERY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26	3,905,731		3,822,552	
Interest paid		(15,725)		(11,918)	
Income taxes paid		(495,641)		(528,581)	
Net cash inflow from operating activities		3,394,365		3,282,053	
Investing activities					
Purchase of tangible fixed assets		(1,632,185)		(2,282,866)	
Proceeds on disposal of tangible fixed assets		-		115,785	
Interest received		1,081		-	
Net cash used in investing activities		(1,631,104)		(2,167,081)	
Financing activities					
Payment of finance leases obligations		(165,839)		(138,198)	
Dividends paid to equity shareholders		(1,000,000)		-	
Net cash used in financing activities		(1,165,839)		(138,198)	
Net increase in cash and cash equivalents		597,422		976,774	
Cash and cash equivalents at beginning of period		1,993,684		1,016,910	
Cash and cash equivalents at end of period		2,591,106		1,993,684	

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 DECEMBER 2017

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.

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; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- 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 30 December 2017. 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 30 DECEMBER 2017

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.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has 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 comparative information reported in the financial statements was for the 9 month period from 27 March 2016 to 31 December 2016. The period reported was shorter than a year so as to align the reporting date with the rest of the group. Due to this, the comparative amounts presented in the financial statements (including the related notes) for the 52 week period ended 30 December 2017 are not entirely comparable.

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.

Tangible fixed assets

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

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

1 Accounting policies (Continued)

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 accounts of the company, interests in subsidiaries are initially measured at cost and subsequently 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.

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.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

1 Accounting policies (Continued)

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 loans from fellow group 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.

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, associates, branches and interests in jointly controlled entities, 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.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

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:

Useful economic lives of tangible and intangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Dilapidations provision

Management have considered their obligations under a lease agreement to provide for the reinstatement of the 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:

Debtors recoverability

Estimates are made relating to the recoverability of receivable balances to reflect unrecoverable amounts due to known defaults, and defaults incurred but not reported at the year end, which from experience are known to exist.

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.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Sale of goods	30,073,877	20,422,128

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

3 Turnover and other revenue (Continued)

	2017 £	2016 £
Other revenue		
Interest income	1,081	-
	<u>1,081</u>	<u>-</u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	29,152,925	19,793,143
European Union	920,952	628,985
	<u>30,073,877</u>	<u>20,422,128</u>

4 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	158,077	131,227
Company pension contributions to defined contribution schemes	1,500	-
	<u>159,577</u>	<u>131,227</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

5 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Production & Distribution	272	273	256	241
Office & Admin	24	21	21	21
Sales	6	5	5	5
Engineers	11	11	11	11
Hygiene	24	22	23	22
Technical	4	5	4	5
Quality control	7	6	7	6
Stores & Purchasing	5	5	5	5
	<u>353</u>	<u>348</u>	<u>332</u>	<u>316</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	8,564,611	6,542,476	8,208,173	6,026,265
Social security costs	759,819	508,068	736,876	478,430
Pension costs	70,418	46,746	70,020	46,746
	<u>9,394,848</u>	<u>7,097,290</u>	<u>9,015,069</u>	<u>6,551,441</u>

6 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	24,825	24,500
Audit of the financial statements of the company's subsidiaries	13,175	13,000
	<u>38,000</u>	<u>37,500</u>

7 Operating profit

	2017 £	2016 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,170,622	731,530
Depreciation of tangible fixed assets held under finance leases	58,810	97,098
Profit on disposal of tangible fixed assets	-	(42,835)
Amortisation of intangible assets	9,827	7,370
Cost of stocks recognised as an expense	10,911,847	5,795,643
Operating lease charges	928,778	596,125
	<u></u>	<u></u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	1,081	-
	<u></u>	<u></u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	1,081	-
	<u></u>	<u></u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	124
Other finance costs:		
Interest on finance leases and hire purchase contracts	15,725	11,794
Total finance costs	<u>15,725</u>	<u>11,918</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	312,292	471,936
Adjustments in respect of prior periods	(23,321)	1,807
Total current tax	<u>288,971</u>	<u>473,743</u>
Deferred tax		
Origination and reversal of timing differences	45,539	(30,786)
Total tax charge for the period	<u>334,510</u>	<u>442,957</u>

During the year, the Finance (No 2) Act 2015 came into force, this has reduced the corporation tax rate to 19% for the financial year ending 31 March 2018. Also during the year the Finance Bill 2016 was enacted so as to reduce the corporation tax rate to 17% for the financial year 2020.

The charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:

	2017 £	2016 £
Profit before taxation	<u>1,610,382</u>	<u>2,303,070</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	309,944	460,614
Adjustments in respect of prior years	(23,321)	1,807
Permanent capital allowances in excess of depreciation	27,249	189
Depreciation on assets not qualifying for tax allowances	3,063	-
Other non-reversing timing differences	-	(22,073)
Other permanent differences	-	19,788
Deferred tax adjustments in respect of prior years	19,383	(1,624)
Adjust deferred tax to closing rate	(3,457)	(17,029)
Goodwill amortisation not taxable	1,649	1,285
Taxation charge for the period	<u>334,510</u>	<u>442,957</u>

11 Dividends

	2017 £	2016 £
Interim paid	<u>1,000,000</u>	<u>-</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2017 and 30 December 2017	53,351
Amortisation and impairment	
At 1 January 2017	15,682
Amortisation charged for the period	9,827
At 30 December 2017	25,509
Carrying amount	
At 30 December 2017	27,842
At 31 December 2016	37,669
Company	Goodwill £
Cost	
At 1 January 2017 and 30 December 2017	6,312
Amortisation and impairment	
At 1 January 2017	947
Amortisation charged for the period	1,262
At 30 December 2017	2,209
Carrying amount	
At 30 December 2017	4,103
At 31 December 2016	5,365

Amortisation and impairment losses are included in administrative expenses.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 DECEMBER 2017**

13 Tangible fixed assets

Group	Leasehold improvements £	Assets under construction £	Plant and equipment £	Computer equipment £	Motor vehicles £	Bakery equipment £	Total £
Cost							
At 1 January 2017	2,362,200	1,320,987	14,663,415	607,780	312,547	3,329,616	22,596,545
Additions	36,412	338,338	653,811	29,913	7,099	566,612	1,632,185
Transfers	1,659,325	(1,659,325)	-	-	-	-	-
At 30 December 2017	4,057,937	-	15,317,226	637,693	319,646	3,896,228	24,228,730
Depreciation and impairment							
At 1 January 2017	1,410,803	-	11,249,601	581,475	310,315	2,035,192	15,587,386
Depreciation charged in the period	234,581	-	596,822	21,918	795	375,316	1,229,432
At 30 December 2017	1,645,384	-	11,846,423	603,393	311,110	2,410,508	16,816,818
Carrying amount							
At 30 December 2017	2,412,553	-	3,470,803	34,300	8,536	1,485,720	7,411,912
At 31 December 2016	951,397	1,320,987	3,413,814	26,305	2,232	1,294,424	7,009,159

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 30 DECEMBER 2017**

13 Tangible fixed assets (Continued)

Company	Leasehold improvements £	Assets under construction £	Plant and equipment £	Computer equipment £	Motor vehicles £	Bakery equipment £	Total £
Cost							
At 1 January 2017	2,207,252	1,320,987	14,111,638	590,992	37,676	3,190,997	21,459,542
Additions	36,412	338,338	653,811	24,431	7,099	566,612	1,626,703
Transfers	1,659,325	(1,659,325)	-	-	-	-	-
At 30 December 2017	3,902,989	-	14,765,449	615,423	44,775	3,757,609	23,086,245
Depreciation and impairment							
At 1 January 2017	1,313,360	-	11,015,225	567,204	35,444	1,972,131	14,903,364
Depreciation charged in the period	200,198	-	523,442	18,139	795	358,448	1,101,022
At 30 December 2017	1,513,558	-	11,538,667	585,343	36,239	2,330,579	16,004,386
Carrying amount							
At 30 December 2017	2,389,431	-	3,226,782	30,080	8,536	1,427,030	7,081,859
At 31 December 2016	893,892	1,320,987	3,096,413	23,788	2,232	1,218,866	6,556,178

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

13 Tangible fixed assets (Continued)

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Plant and equipment	204,612	495,375	204,612	263,422
Fixtures and fittings	-	6,195	-	-
	<u>204,612</u>	<u>501,570</u>	<u>204,612</u>	<u>263,422</u>
Depreciation charge for the period in respect of leased assets	<u>58,810</u>	<u>97,098</u>	<u>58,810</u>	<u>54,956</u>

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	50,000	50,000

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation At 1 January 2017 and 30 December 2017	<u>50,000</u>
Carrying amount At 30 December 2017	<u>50,000</u>
At 31 December 2016	<u>50,000</u>

15 Subsidiaries

Details of the company's subsidiaries at 30 December 2017 are as follows:

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

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

15 Subsidiaries (Continued)

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

During the period the dormant subsidiary I.M. Logisitic Ltd was dissolved.

16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	378,967	356,134	377,760	342,546
Finished goods and goods for resale	782,647	552,010	771,694	546,351
	<u>1,161,614</u>	<u>908,144</u>	<u>1,149,454</u>	<u>888,897</u>

Total stock is shown after a provision of £69,939 (2016: £108,891).

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	1,707,304	3,251,042	1,601,111	2,889,691
Amounts owed by group undertakings	43,593	-	151,753	239,128
Other debtors	361,887	348,218	354,139	327,431
Prepayments and accrued income	235,571	174,784	218,180	152,941
	<u>2,348,355</u>	<u>3,774,044</u>	<u>2,325,183</u>	<u>3,609,191</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	20	174,141	164,992	85,737	77,424
Trade creditors		2,482,740	2,681,397	2,466,941	2,656,782
Amounts due to group undertakings		456,642	127,534	456,642	156,526
Corporation tax payable		156,841	363,511	149,571	291,367
Other taxation and social security		152,002	162,702	152,002	151,968
Other creditors		-	41,609	-	-
Accruals and deferred income		1,629,659	1,838,674	1,584,423	1,754,593
		<u>5,052,025</u>	<u>5,380,419</u>	<u>4,895,316</u>	<u>5,088,660</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

19 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	20	121,755	296,743	94,939	180,684
Other creditors		100	-	100	-
		<u>121,855</u>	<u>296,743</u>	<u>95,039</u>	<u>180,684</u>

20 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Less than one year	181,557	180,086	85,737	85,737
Between one and five years	143,381	325,851	114,316	200,052
	<u>324,938</u>	<u>505,937</u>	<u>200,053</u>	<u>285,789</u>
Less: future finance charges	(29,042)	(44,202)	(19,377)	(27,681)
	<u>295,896</u>	<u>461,735</u>	<u>180,676</u>	<u>258,108</u>

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.

21 Financial instruments

	Group 2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>1,917,252</u>	<u>3,312,201</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>4,569,141</u>	<u>4,689,214</u>

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

22 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 2017 £	Liabilities 2016 £
Group		
Accelerated/decelerated capital allowances	389,166	343,627
	<u> </u>	<u> </u>
	Liabilities 2017 £	Liabilities 2016 £
Company		
Accelerated/decelerated capital allowances	344,087	281,845
	<u> </u>	<u> </u>
	Group 2017 £	Company 2017 £
Movements in the period:		
Liability at 1 January 2017	343,627	281,845
Charge to profit or loss	45,539	62,242
	<u> </u>	<u> </u>
Liability at 30 December 2017	389,166	344,087
	<u> </u>	<u> </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.

23 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	70,418	46,746
	<u> </u>	<u> </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 (2016: £nil).

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

24 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
3,500,000 Ordinary shares of £1 each	3,500,000	3,500,000

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.

25 Reserves

Profit and loss reserves

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

26 Cash generated from group operations

	2017	2016
	£	£
Profit for the period after tax	1,275,872	1,860,113
Adjustments for:		
Taxation charged	334,510	442,957
Finance costs	15,725	11,918
Investment income	(1,081)	-
Gain on disposal of tangible fixed assets	-	(42,835)
Amortisation and impairment of intangible assets	9,827	7,370
Depreciation and impairment of tangible fixed assets	1,229,432	828,628
Movements in working capital:		
(Increase) in stocks	(253,470)	(193,837)
Decrease/(increase) in debtors	1,425,689	(311,937)
(Decrease)/increase in creditors	(130,773)	1,220,175
Cash generated from operations	3,905,731	3,822,552

27 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 30 DECEMBER 2017

28 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 and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	919,280	848,000	919,280	848,000
Between one and five years	3,514,203	3,328,250	3,514,203	3,328,250
In over five years	10,915,163	10,872,750	10,915,163	10,872,750
	<u>15,348,646</u>	<u>15,049,000</u>	<u>15,348,646</u>	<u>15,049,000</u>

29 Capital commitments

At 30 December 2017 the group and company had capital commitments as follows:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Acquisition of tangible fixed assets	<u>339,573</u>	<u>474,887</u>	<u>339,573</u>	<u>474,887</u>

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows:

	2017 £	2016 £
Aggregate compensation	<u>179,151</u>	<u>147,078</u>

Transactions with related parties

During the year the company made purchases of £47,953 (2016: £nil) from a fellow group company.

MONTANA BAKERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2017

31 Controlling party

At the reporting date the immediate parent company is Diversi Foods NV, whose registered address is Industrieweg 29, 9420 Erpe, Belgium. The ultimate parent company is Waterland Private Equity Fund V C.V., whose registered address is Nieuwe 's-Gravelandseweg 17, 1405 HK Bussum, The Netherlands. Waterland Private Equity Fund V C.V. 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.

32 Events after the reporting date

On 26 February 2018, Waterland Private Equity Fund V C.V. disposed of its investment in Diversi Foods NV to Martin Braun Belgium BVBA. Therefore, from this date, the ultimate parent company is considered to be Martin Braun Belgium BVBA.