

Company Registration No. 03298641 (England and Wales)

**MONTANA BAKERY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2022**



# MONTANA BAKERY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J P Mellows F A De Grave C U Tomasch
<b>Secretary</b>	S Shetty
<b>Company number</b>	03298641
<b>Registered office</b>	The Bakery Blackthorne Road Colnbrook Slough Berkshire SL3 0AP
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU
<b>Business address</b>	The Bakery Blackthorne Road Colnbrook Slough Berkshire SL3 0AP

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# **MONTANA BAKERY LIMITED**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 31 DECEMBER 2022**

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The directors present the strategic report for the period ended 31 December 2022.

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

#### **Fair review of the business**

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

2022 was a challenging year for Montana Bakery Limited, given the worsening economic conditions due to the impact of the Ukraine war and its direct effects on commodity and energy prices. Furthermore, post COVID-19 effects still impacted on both customers directly and also on the general economy. A key challenge was to protect the gross margin on our products whilst keeping the business running amidst the rapid inflation on raw materials and the tripled energy prices in the period. During the period it was essential to recover as much of this input cost inflation via price increases to customers as well as efficiency projects to reduce costs of production. We were reasonably successful in passing through the increased costs to our customers whilst retaining the majority of our business with them.

Montana Bakery Limited also won some new retail business in H2 2022 which also contributed to a good commercial result despite the inflation. The new retail business helped Montana Bakery Limited to achieve the budget and therefore the directors are satisfied with the results.

Our strategy will continue to be to diversify our customer portfolio through innovative and high-quality product offerings to provide our customers with a unique selling point.

#### **Key performance indicators**

The directors consider the key performance indicators of the company to be growth in turnover, gross profit margin and profit before taxation. The results for the period show an underlying growth in turnover of 17.3% (2021: 26.2%) which is an excellent performance given the worsened economical condition and is in line with the overall strategy and direction of the company. The gross profit margin is level with the previous period at 38.2% (2021: 38.2%) in the period to 31 December 2022. This is a combination of product mix, inflation on raw materials and increased labour costs due to the shortage of labour. Profit before tax for the period was £2,157,801 (2021: £3,157,618) representing a decline on the previous period's reported profit. The directors are satisfied with the overall performance of the company and expect the results for the year ended 30 December 2023 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 further impact of war related situations.

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.

# **MONTANA BAKERY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 31 DECEMBER 2022**

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#### **Going concern**

The inflation rates influenced by the effects of the coronavirus (COVID 19), Ukraine war, Brexit, etc. is a concern to the business since the increased prices on gas and electricity, raw materials prices increases, and labour prices are affecting the profit of the business. The management is implementing steps to mitigate these risks.

The continued growth in sales revenue and cash demonstrates the strong liquid position of the company and the forecast for the year ahead also reflects the sufficient cash resources to meet our obligations to suppliers. Furthermore, we are supported by a strong parent company whom we can rely on should the need arise. The business is also now free from external debt, has not used any overdraft facilities, nor is dependent on any of these facilities externally or from the parent company. The board is therefore satisfied that the company has enough cashflow to operate for at least 12 months from the date of signing the financial statements.

#### **Directors' duties to stakeholders (Section 172(1) statement)**

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The directors of the company have sought to balance the needs of its members with the s.172 matters throughout the year, for example in the policies and practices which run through the company, ensuring that the company's reputation for high standards of conduct are maintained and in our engagement with our employees.

The directors of the company have a duty to promote the success of the company, and it relies on smooth operations and the support and joint efforts of stakeholders. Thus, effective communication and interaction are indispensable in the company's business operations. Montana Bakery Limited is aware of the importance of stakeholder opinions and understands and responds to relevant stakeholders and their concerns after thorough analysis.

#### ***Engagement with employees***

Employees are the most valuable assets of the company. Our people's commitment is essential for us to deliver on our vision. We engage with the employees through the television displays, notice boards displays, operating meetings, regular and ad hoc meetings, and email for the following topics:

- Sustainable strategies and their implementation
- Welfare and employee care
- Compliance
- Updates on customers' orders and their expectations
- Work environment safety and labour health protection

We are committed to recruiting, training, and retaining the best talent we can find. We set up strict selection procedures and standards in place to ensure non-discrimination in our employment policy. We provide employees with comprehensive training and career development opportunities. We conduct departmental and external professional training.

# MONTANA BAKERY LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

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*Engagement with suppliers, customers and others in a business relationship with the company*

### **Suppliers**

As a leading manufacturer, Montana Bakery Limited operates in conjunction with a wide range of raw materials and packaging materials suppliers including flour, butter, cheeses, vegetables, and consumer packaging. The company has invested over many years in developing strong relationships with a supply chain that share our values. We recognise the value that this relationship brings where trust and collaboration are paramount particularly in unexpected abnormal times.

All supplier-related activity is managed in line with the company procurement policies.

We work with suppliers to give them maximum possible vision of our relevant requirements, our stock levels and lead time and ensure that invoices are paid in a timely manner.

### **Customers**

Montana Bakery Limited works with its customers to ensure that our products are designed and manufactured to make the products that are needed. We also learn about customer requirements and satisfaction through regular customer visits. We aim to deliver products in line with customer expectations and minimise our cost base so that our prices are as competitive as possible. The company enjoys a number of long-established relationships with clients.

### **Others**

Montana Bakery Limited is a food manufacturing company and subject to regulations and approvals in all the markets we operate in. Therefore, it is important that we meet the global standards and compliance. Montana Bakery Limited currently holds British Retail Consortium (BRC) and International Featured Standards (IFS) certification and all the required independent specific audit requirements of its customers. We continue to liaise with and have good relationships with local authorities and regulatory bodies in respect of food manufacturing, health and safety and COVID-19 security.

On behalf of the board

*J.P. Mellows*

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J P Mellows  
**Director**

Date: 15/06/23  
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# **MONTANA BAKERY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 DECEMBER 2022**

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The directors present their annual report and financial statements for the period ended 31 December 2022.

#### **Results and dividends**

The results for the period are set out on page 11.

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

#### **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  
F A De Grave  
C U Tomasch

#### **Financial risk management objectives and policies**

The company 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 company continues and that the appropriate training is arranged. It is the policy of the company 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 company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about 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 company's performance.

#### **Business relationships**

The directors understand the need to foster good company business relationships with customers, suppliers and other parties in order to develop, protect and grow the business into the future. These stakeholders are continually considered in our principal decision making throughout the year.

#### **Future developments**

As outlined further in the strategic report, we will continue to invest and upgrade our plant and equipment and optimise the new production facilities that came on stream in 2019, which 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.

#### **Auditor**

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

# MONTANA BAKERY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2022

#### Energy and carbon reporting

The directors present their report on the performance of Montana Bakery Limited below:

	2022	2021
	kWh	kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year	19,283,700	19,314,010
	2022	2021
	Metric tonnes	Metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	2,640.60	2,718.10
- Fuel consumed for owned transport	13.50	12.50
	2,654.10	2,730.60
Scope 2 - indirect emissions		
- Electricity purchased	1,305.00	1,446.70
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	120.70	128.90
Total gross emissions	4,079.80	4,306.20
Intensity ratio		
Tonnes CO2e per tonnes of flour	11483.3	11210.5

#### Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

#### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per tonnes of flour, the recommended ratio for the sector.

# MONTANA BAKERY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2022

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#### *Measures taken to improve energy efficiency*

In the first reporting year, any activities to improve energy use and reduce emissions will not have quantitative data to manage the positive environmental impact. Any activity with a positive outcome will be incidental, with its overall impact not measurable.

For year 2 and beyond, measures will be put in place to identify reductions where measurement and quantitative analysis are possible.

In the period ended 31 December 2022, Montana Bakery Limited has helped to minimise energy consumption by:

- Replacing 100% of the lighting system with LEDs. The approximate cost of this project was £73,000;
- Improving the insulation of the three steam boilers, which form the steam plant. Steam valves were insulated with Velcro jackets and the pipework insulation was replaced with new on those areas where it was lacking or damaged. The approximate cost of this project was £8,000;
- Replacing old domestic boilers with new and more efficient condensing ones. The approximate cost of this project was £9,500;
- Investing in new apprenticeship roles, which will be focused on completing projects to reduce waste and energy on-site;
- Appointing an Environmental Manager, who will be in charge of monitoring and improving the energy performance of the company; and
- Replacing three petrol company cars with electric vehicles and implementing three electric car charging points on-site.

#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

#### **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*

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J P Mellows  
**Director**

Date: 15/06/23  
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# **MONTANA BAKERY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2022**

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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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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## **Opinion**

We have audited the financial statements of Montana Bakery Limited (the 'company') for the period ended 31 December 2022 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, and notes to the financial statements, including 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 company's affairs as at 31 December 2022 and of its 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 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

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### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

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As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, reviewing tax provisions and computations and evaluating tax advice from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and reviewing a sample of revenue transactions either side of the year end to ensure that revenue had been recognised in the correct accounting period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

*Mayulee Pinkerton*

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  
15/06/23.....

# MONTANA BAKERY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

		Period ended 31 December 2022 £	Period ended 25 December 2021 £
	Notes		
<b>Turnover</b>	<b>3</b>	57,045,724	48,654,683
Cost of sales		(35,263,831)	(30,084,728)
<b>Gross profit</b>		21,781,893	18,569,955
Distribution costs		(6,205,916)	(5,047,324)
Administrative expenses		(13,408,283)	(10,365,613)
Other operating income		-	25,547
<b>Operating profit</b>	<b>6</b>	2,167,694	3,182,565
Interest receivable and similar income	<b>8</b>	1,350	-
Interest payable and similar expenses	<b>9</b>	(11,243)	(24,947)
<b>Profit before taxation</b>		2,157,801	3,157,618
Tax on profit	<b>10</b>	(400,933)	(837,061)
<b>Profit for the financial period</b>		1,756,868	2,320,557

**MONTANA BAKERY LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Goodwill	11		-		-
Tangible assets	12		12,195,842		12,193,221
			<u>12,195,842</u>		<u>12,193,221</u>
<b>Current assets</b>					
Stocks	13	1,792,430		1,723,179	
Debtors	14	9,310,364		6,057,865	
Cash at bank and in hand		5,819,651		4,598,603	
		<u>16,922,445</u>		<u>12,379,647</u>	
<b>Creditors: amounts falling due within one year</b>	15	(11,975,385)		(9,551,646)	
<b>Net current assets</b>			<u>4,947,060</u>		<u>2,828,001</u>
<b>Total assets less current liabilities</b>			<u>17,142,902</u>		<u>15,021,222</u>
<b>Provisions for liabilities</b>	16		(1,276,028)		(911,216)
<b>Net assets</b>			<u><u>15,866,874</u></u>		<u><u>14,110,006</u></u>
<b>Capital and reserves</b>					
Called up share capital	19	3,500,000		3,500,000	
Profit and loss reserves	20	12,366,874		10,610,006	
<b>Total equity</b>			<u><u>15,866,874</u></u>		<u><u>14,110,006</u></u>

The financial statements were approved by the board of directors and authorised for issue on 15/06/23 and are signed on its behalf by:

*J.P. Mellows*

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J P Mellows

Director

# MONTANA BAKERY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

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	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 27 December 2020</b>	3,500,000	8,289,449	11,789,449
<b>Period ended 25 December 2021:</b>			
Profit and total comprehensive income for the period	-	2,320,557	2,320,557
<b>Balance at 25 December 2021</b>	3,500,000	10,610,006	14,110,006
<b>Period ended 31 December 2022:</b>			
Profit and total comprehensive income for the period	-	1,756,868	1,756,868
<b>Balance at 31 December 2022</b>	<u>3,500,000</u>	<u>12,366,874</u>	<u>15,866,874</u>

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

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

The company'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 are prepared in sterling, which is the functional currency of the company. 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.

This 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:

- 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;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Geschwister Oetker Beteiligungen KG. These consolidated financial statements are available from its registered office, Friedhofstrasse 70, 33659 Bielefeld, Germany.

#### Going concern

The inflation rates influenced by the effects of the coronavirus (COVID 19), Ukraine war, Brexit, etc. is a concern to the business since the increased prices on gas and electricity, raw materials prices increases, and labour prices are affecting the profit of the business. The management is implementing steps to mitigate these risks.

The continued growth in sales revenue and cash demonstrates the strong liquid position of the company and the forecast for the year ahead also reflects the sufficient cash resources to meet our obligations to suppliers. Furthermore, we are supported by a strong parent company whom we can rely on should the need arise. The business is also now free from external debt, has not used any overdraft facilities, nor is dependent on any of these facilities externally or from the parent company. The board is therefore satisfied that the company has enough cashflow to operate for at least 12 months from the date of signing the financial statements.

#### Reporting period

The company 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 26 December 2021 to 31 December 2022. The comparative information represents the period from 27 December 2020 to 25 December 2021.



# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods 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 unincorporated businesses 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 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 machinery	10% straight line
Computer equipment	20% straight line

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises raw materials and consumables, as well as finished goods and goods for resale.

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 are basic financial instruments and include cash in hand and deposits held at call with banks.

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### **Financial instruments**

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

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

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

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings, 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 company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, and amounts owed 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 company are recorded at the fair value of proceeds received, net of transaction costs.

#### **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 31 DECEMBER 2022

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### 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.

#### Employee benefits

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

#### 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

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

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

In the prior year, the company received a discretionary cash grant of £25,547 from the government as part of the Coronavirus Job Retention Scheme (CJRS) which compensates employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employer. There are no unfulfilled conditions or contingencies attached to the grant and the company has received no other forms of government assistance.

#### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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 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.

### 3 Turnover and other revenue

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

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of goods	57,045,724	48,654,683
	<u>57,045,724</u>	<u>48,654,683</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	1,350	-
Grants received	-	25,547
	<u>1,350</u>	<u>25,547</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
UK	56,964,369	48,598,283
Europe	81,355	56,400
	<u>57,045,724</u>	<u>48,654,683</u>

In the prior year, grant income of £25,547 relates to income received under the government's Coronavirus Job Retention Scheme (CJRS). The company furloughed a number of staff under the CJRS and the funding received relates to staff costs in respect of these staff, which are included within note 4. No other grant income was received during the current or prior year.

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 4 Employees

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

	2022 Number	2021 Number
Production & Distribution	361	331
Office & Admin	20	17
Sales	6	5
Engineers	13	12
Hygiene	21	20
Technical	8	8
Quality control	8	8
Stores & Purchasing	10	9
Total	447	410

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	16,432,210	14,986,012
Social security costs	1,191,700	1,006,181
Pension costs	316,482	269,321
	17,940,392	16,261,514

### 5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	250,733	208,163
Company pension contributions to defined contribution schemes	21,721	9,406
	272,454	217,569

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 1).

All remuneration disclosed above relates to amounts paid to the highest paid director.

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 6 Operating profit

	2022	2021
	£	£
Operating profit for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	13,044	(130,556)
Government grants	-	(25,547)
Depreciation of owned tangible fixed assets	2,030,735	1,828,066
Impairment of stocks recognised or reversed	-	8,545
Operating lease charges	1,181,055	982,034
	<u>          </u>	<u>          </u>

### 7 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	46,500	33,500
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	8,200	6,200
All other non-audit services	6,160	5,400
	<u>          </u>	<u>          </u>
	14,360	11,600
	<u>          </u>	<u>          </u>

### 8 Interest receivable and similar income

	2022	2021
	£	£
Other interest income	1,350	-
	<u>          </u>	<u>          </u>

### 9 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	11,243	24,314
Other interest	-	633
	<u>          </u>	<u>          </u>
	11,243	24,947
	<u>          </u>	<u>          </u>

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	129,689	620,411
Adjustments in respect of prior periods	(93,568)	19,001
Total current tax	36,121	639,412
<b>Deferred tax</b>		
Origination and reversal of timing differences	205,840	(2,688)
Changes in tax rates	65,002	219,337
Adjustment in respect of prior periods	93,970	(19,000)
Total deferred tax	364,812	197,649
Total tax charge	400,933	837,061

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

	2022 £	2021 £
Profit before taxation	2,157,801	3,157,618
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	409,982	599,947
Adjustments in respect of prior years	(93,568)	19,000
Permanent capital allowances in excess of depreciation	(74,453)	18,422
Deferred tax adjustments in respect of prior years	93,970	(19,000)
Deferred tax adjustments for changes in tax rate	65,002	218,692
Taxation charge for the period	400,933	837,061

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax assets and liabilities at 31 December 2022 have been measured using these tax rates.

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 26 December 2021 and 31 December 2022	6,312
<b>Amortisation and impairment</b>	
At 26 December 2021 and 31 December 2022	6,312
<b>Carrying amount</b>	
At 31 December 2022	-
At 25 December 2021	-

### 12 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>				
At 26 December 2021	6,094,745	26,762,704	756,535	33,613,984
Additions	388,544	1,590,416	54,396	2,033,356
At 31 December 2022	6,483,289	28,353,120	810,931	35,647,340
<b>Depreciation and impairment</b>				
At 26 December 2021	2,840,891	17,900,330	679,542	21,420,763
Depreciation charged in the period	530,906	1,458,731	41,098	2,030,735
At 31 December 2022	3,371,797	19,359,061	720,640	23,451,498
<b>Carrying amount</b>				
At 31 December 2022	3,111,492	8,994,059	90,291	12,195,842
At 25 December 2021	3,253,854	8,862,374	76,993	12,193,221

### 13 Stocks

	2022 £	2021 £
Raw materials and consumables	677,600	579,961
Finished goods and goods for resale	1,114,830	1,143,218
	1,792,430	1,723,179



# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 14 Debtors

	2022	2021
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	7,687,839	5,131,935
Corporation tax recoverable	524,534	-
Amounts owed by group undertakings	5,456	-
Other debtors	812,629	688,866
Prepayments and accrued income	279,906	237,064
	<u>9,310,364</u>	<u>6,057,865</u>

### 15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	5,603,033	4,728,877
Amounts owed to group undertakings	1,063,797	489,233
Corporation tax	-	139,621
Other taxation and social security	229,941	214,101
Accruals and deferred income	5,078,614	3,979,814
	<u>11,975,385</u>	<u>9,551,646</u>

### 16 Provisions for liabilities

		2022	2021
	Notes	£	£
Deferred tax liabilities	17	<u>1,276,028</u>	<u>911,216</u>

# MONTANA BAKERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2022

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	<b>Liabilities 2022 £</b>	<b>Liabilities 2021 £</b>
<b>Balances:</b>		
Accelerated capital allowances	1,276,028	911,216
<b>Movements in the period:</b>		<b>2022 £</b>
Liability at 26 December 2021		911,216
Charge to profit or loss		364,812
Liability at 31 December 2022		1,276,028

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

### 18 Retirement benefit schemes

	<b>2022 £</b>	<b>2021 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	316,482	269,321

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

There were no contributions outstanding at the period end (2021: £nil).

### 19 Share capital

	<b>2022 Number</b>	<b>2021 Number</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	3,500,000	3,500,000	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.

### 20 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 31 DECEMBER 2022

### 21 Operating lease commitments

#### Lessee

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

	2022 £	2021 £
Within one year	1,069,545	834,280
Between one and five years	3,811,531	3,337,120
In over five years	7,702,468	7,578,043
	<u>12,583,544</u>	<u>11,749,443</u>

### 22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £	2021 £
Acquisition of tangible fixed assets	<u>91,544</u>	<u>149,422</u>

### 23 Ultimate controlling party

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

The directors consider Geschwister Oetker Beteiligungen KG to be the ultimate parent company, whose registered office is Friedhofstrasse 70, 33659 Bielefeld, Germany. Dr. August Oetker KG heads the smallest and largest group of undertakings for which group financial statements including Montana Bakery Limited are prepared.

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