

The Hummingbird Bakery Limited

REPORT AND FINANCIAL STATEMENTS

for the period ended 26 June 2016



Company Registration No. 04436474

The Hummingbird Bakery Limited

DIRECTORS AND OFFICERS

DIRECTORS

**T Malouf
H Malouf**

COMPANY NUMBER

04436474

REGISTERED OFFICE

**First Floor, 20 Brewer Street
London
W1F 0SJ**

AUDITOR

**RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB**

The Hummingbird Bakery Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of The Hummingbird Bakery Limited for the 12 month period ended 26 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of retailers of handmade American style cupcakes, cakes, pies and brownies.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

As of the financial period ended 26 June 2016, The Hummingbird Bakery operated five Central London based branches: Notting Hill, South Kensington, Soho, Spitalfields and Islington; and one suburban London branch in Richmond, Surrey. A seventh branch is in the pipeline for the foreseeable future.

Our turnover grew by 2.6% since the previous period. Gross margins were marginally improved at around 82%, a 2% increase on the prior period of 80%. Administrative Expenses have fallen slightly by 1% as we continue to look to cut Head Office costs.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") remained healthy at £922,699 (2015: £978,606). Furthermore our balance sheet has a healthy outlook with net assets of £1,451,553, an increase of 48% since the previous financial period.

There are three franchise branches in the Middle East, Dubai, and another branch is currently in the pipeline for FY17.

RESULTS AND DIVIDENDS

The profit for the period after taxation was £490,138 (2015: £320,003). The directors do not recommend the payment of a dividend (2015: £Nil).

GOING CONCERN

The financial statements have been prepared on the going concern basis. The statement headed "Going Concern" on page 8 sets out certain factors relevant to the directors' consideration in reaching this assessment.

DIRECTORS

The following directors have held office since 29 June 2015:

T Malouf
H Malouf

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

The Hummingbird Bakery Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

CHARITABLE DONATIONS

During the period the company made charitable donations of £250 (2015: £250).

AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By order of the board



T Malouf
Director

25 / 11 / 2016

The Hummingbird Bakery Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 THE HUMMINGBIRD BAKERY LIMITED

We have audited the financial statements on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable for Smaller Entities) (effective January 2015).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 June 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report

RSM UK Audit Ltd

PAUL NEWMAN (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

25, Farringdon Street

London EC4A 4AB

25/11/2016

The Hummingbird Bakery Limited

PROFIT AND LOSS ACCOUNT

for the 12 month period ended 26 June 2016

	Notes	2016 £	2015 £
TURNOVER	1	6,627,098	6,459,232
Cost of sales		(1,342,888)	(1,297,653)
GROSS PROFIT		5,284,210	5,161,579
Administrative expenses		(4,661,141)	(4,728,290)
Other operating income		5,450	20,126
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION		922,699	978,606
Depreciation		(278,757)	(309,129)
Amortisation		(15,423)	(216,062)
OPERATING PROFIT	2	628,519	453,415
Other interest receivable and similar income		1,733	2,008
Interest payable and similar charges	3	(8,107)	(16,327)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		622,145	439,096
Tax on ordinary activities	5	(132,007)	(119,093)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	490,138	320,003

The turnover and operating profit for the period arise from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The Hummingbird Bakery Limited

BALANCE SHEET

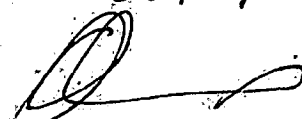
26 June 2016


Company number: 04436474

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	6	42,225	40,914
Tangible assets	7	1,177,621	1,326,602
		<u>1,219,846</u>	<u>1,367,516</u>
CURRENT ASSETS			
Stock		46,721	36,019
Debtors	8	529,624	442,897
Cash at bank and in hand		1,151,723	1,293,974
		<u>1,728,068</u>	<u>1,772,890</u>
CREDITORS: Amounts falling due within one year	9	(1,353,596)	(1,396,372)
NET CURRENT ASSETS		<u>374,472</u>	<u>376,518</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,594,318</u>	<u>1,744,034</u>
CREDITORS: Amounts falling due after more than one year	10	(87,500)	(719,475)
PROVISIONS FOR LIABILITIES	11	(55,265)	(63,144)
NET ASSETS		<u>1,451,553</u>	<u>961,415</u>
CAPITAL AND RESERVES			
Called up share capital	12	26,000	26,000
Profit and loss account	13	1,425,553	935,415
SHAREHOLDERS' FUNDS	13	<u>1,451,553</u>	<u>961,415</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 25/11/2016 and are signed on its behalf by:


T Malouf
Director



The Hummingbird Bakery Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

GOING CONCERN

The directors have prepared and considered trading forecasts and cash flow requirements for a period of 12 months from the date of approval of these financial statements and have concluded that it is appropriate to prepare these financial statements on the going concern basis.

TURNOVER

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised at the point goods and services are provided.

INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets are amortised on a straight line basis to write off each asset over its estimated useful life as follows:

Franchise costs	- 33% straight line
Trade marks	- 20% straight line

Included within franchise costs are internal salary costs and third party charges for the development of the company's franchise framework.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:

Website	- 33% reducing balance
Leasehold property and improvements	- over the term of the lease
Plant and machinery	- 20% reducing balance
Fixtures, fittings and equipment	- 20% reducing balance

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

STOCK

Stock is valued at the lower of cost and net realisable value. Cost is calculated as the costs incurred in bringing stocks to their present location and condition.

The Hummingbird Bakery Limited

ACCOUNTING POLICIES

OPERATING LEASE RENTALS

Rental payments, where substantially all of the benefits and risks of ownership remain with the lessor, are charged on a straight line basis against operating profit over the period of the lease.

Rent free periods or other similar incentives are recognised on a straight line basis in the profit and loss account over the period to the first rent review.

RETIREMENT BENEFITS

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period.

Differences between contributions payable in the period and contributions actually paid are shown in the balance sheet.

The Hummingbird Bakery Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 26 June 2016

1 TURNOVER

Turnover, attributable to continuing operations, as derived from the company's principal activities as described in the directors' report. The origin of all turnover was the United Kingdom.

2	OPERATING PROFIT	2016 £	2015 £
	Operating profit is stated after charging:		
	Depreciation of tangible fixed assets	278,757	309,129
	Amortisation of intangible fixed assets	15,423	216,062
	Loss on disposal of fixed assets	9,089	29,782
	Auditor's remuneration	18,500	17,500
	Operating lease rentals:		
	Land and buildings	423,738	424,997
	Other	-	58,774
		<u> </u>	<u> </u>

3	INTEREST PAYABLE AND SIMILAR CHARGES	2016 £	2015 £
	Bank loans and overdrafts	8,107	16,327
		<u> </u>	<u> </u>

4 DIRECTORS' REMUNERATION

None of the directors received remuneration during the 12 month period (2015: none). There are no directors accruing retirement benefits under a defined contribution pension scheme (2015: none).

5	TAXATION	2016 £	2015 £
	Current tax:		
	UK corporation tax on profits of current period	147,351	131,840
	Adjustments in respect of previous periods	(7,466)	(5,922)
	Total current tax	<u>139,885</u>	<u>125,918</u>
	Deferred tax:		
	Origination and reversal of timing differences	(7,795)	(6,825)
	Adjustments in respect of prior periods	6,924	-
	Effect of increased tax rate on opening liability	(7,007)	-
	Total deferred tax	<u>(7,878)</u>	<u>(6,825)</u>
	Tax on profit on ordinary activities	<u>132,007</u>	<u>119,093</u>

The Hummingbird Bakery Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 26 June 2016

5	TAXATION (continued)	2016 £	2015 £
	Factors affecting tax charge for the 12 month period:		
	The tax assessed for the period is higher than the effective rate of corporation tax of 20.00% (2015: 20.75%) as explained below:		
	Profit on ordinary activities before tax	622,145	439,096
	Profit on ordinary activities multiplied by the effective rate of corporation tax of 20.00% (2015: 20.76%)	124,429	91,112
	Effects of:		
	Fixed Asset differences	14,262	-
	Expenses not deductible for tax purposes	-	243
	Capital allowances in excess of depreciation	-	41,959
	Adjust closing deferred tax to average rate of 20%	(6,141)	-
	Marginal relief	-	(1,597)
	Adjustment in respect of prior period	(7,466)	(5,922)
	Adjustments to tax charge in respect of previous periods – deferred tax	6,923	-
	Other short term timing differences	-	123
	Current tax charge for the period	132,007	125,918

6	INTANGIBLE FIXED ASSETS	Trade marks £	Franchise costs £	Total £
	Cost			
	At 28 June 2015	70,515	695,640	766,155
	Additions	16,734	-	16,734
	At 26 June 2016	87,249	695,640	782,889
	Amortisation			
	At 28 June 2015	29,601	695,640	725,241
	Charge for the period	15,423	-	15,423
	At 26 June 2016	45,024	695,640	740,664
	Net book value			
	At 26 June 2016	42,225	-	42,225
	At 28 June 2015	40,914	-	40,914

The Hummingbird Bakery Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 26 June 2016

7	TANGIBLE FIXED ASSETS	<i>Leasehold property and improvements</i> £	<i>Plant and machinery</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Website</i> £	<i>Total</i> £
	Cost					
	At 28 June 2015	1,047,037	613,423	1,246,043	173,942	3,080,445
	Additions	43,520	8,191	83,554	3,600	138,865
	Disposal	-	-	(35,866)	-	(35,866)
	At 26 June 2016	1,090,557	621,614	1,293,731	177,542	3,183,444
	Depreciation					
	At 28 June 2015	390,144	446,606	775,798	141,295	1,753,843
	Charge for the period	87,289	54,024	118,200	19,244	278,757
	Disposal	-	-	(26,777)	-	(26,777)
	At 26 June 2016	477,433	500,630	867,221	160,539	2,005,823
	Net book value					
	At 26 June 2016	613,124	120,984	426,510	17,003	1,177,621
	At 28 June 2015	656,893	166,817	470,245	32,647	1,326,602

8	DEBTORS	2016 £	2015 £
	Trade debtors	45,514	35,096
	Other debtors	196,668	147,352
	Prepayments	287,442	260,449
		529,624	442,897

Included within other debtors are rent deposit balances of £72,132 (2015: £72,119) falling due after more than one year.

The Hummingbird Bakery Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 26 June 2016

9	CREDITORS: Amounts falling due within one year	2016 £	2015 £
	Bank loans and overdrafts	70,000	149,900
	Trade creditors	379,164	324,702
	Corporation tax	273,276	131,850
	Other taxes and social security	64,183	59,884
	Directors' current account	313,251	300,000
	Other creditors	94,494	98,428
	Accruals	159,228	331,608
		<u>1,353,596</u>	<u>1,396,372</u>

Bank loans and overdrafts disclosed above and in note 10 are secured by a standard mortgage debenture incorporating a fixed and floating charge over the assets of the company.

10	CREDITORS: Amounts falling due after more than one year	2016 £	2015 £
	Bank loans	87,500	157,500
	Other creditors	-	561,975
		<u>87,500</u>	<u>719,475</u>

	2016 £	2015 £
Analysis of debt maturity		
Amounts payable:		
In one year or less or on demand	383,251	449,900
In more than one year but not more than two years	70,000	370,000
In more than two years but not more than five years	17,500	349,475
	<u>470,751</u>	<u>1,169,375</u>

11	PROVISIONS FOR LIABILITIES	2016 £	2015 £
	Balance at 28 June 2015	63,144	69,969
	Profit and loss account	(7,879)	(6,825)
	Balance at 26 June 2016	<u>55,265</u>	<u>63,144</u>
	The deferred tax liability is made up as follows:		
	Accelerated capital allowances	56,188	64,057
	Short term timing differences	(923)	(913)
		<u>55,265</u>	<u>63,144</u>

The Hummingbird Bakery Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 26 June 2016

12	SHARE CAPITAL	2016 £	2015 £
	Allotted, issued and fully paid: 26,000 ordinary shares of £1 each	26,000	26,000

13	RESERVES	Share capital £	Profit and loss account £	Total £
	Balance at 28 June 2015	26,000	935,415	961,415
	Profit for the period	-	490,138	490,138
	Balance at 26 June 2016	26,000	1,425,553	1,451,553

14 OPERATING LEASE COMMITMENTS

At 26 June 2016, the company was committed to making the following payments under non-cancellable operating leases:

Land and building	2016 £	2015 £
Expiring within 1 year	-	-
Expiring between 2 and 5 years	77,750	77,750
Expiring after more than five years	358,183	358,183
	435,933	435,933
Other	2016 £	2015 £
Expiring within 1 year	6,517	-
Expiring between 2 and 5 years	25,580	55,602
Expiring after more than five years	-	-
	32,097	55,602

15 RETIREMENT BENEFITS

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £45,001 (2015: £43,676). Contributions totalling £5,130 (2015: 4,562) were payable to the fund at the period end and are included in creditors.

The Hummingbird Bakery Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 26 June 2016

16 TRANSACTIONS WITH DIRECTORS

Included within creditors is £313,251 (2015: £861,975) due to T Malouf, disclosed as £313,251 falling due for repayment within one year (2015: £300,000) and £nil falling due after more than one year (2015: £561,975). The maximum balance outstanding during the period was £861,975 (2015: £1,141,975).

17 CONTROL

The company's ultimate controlling party is T Malouf.