Company's Registration Number 4638465

PIEMINISTER LIMITED

Report and financial statements for the year ended

31 MARCH 2010

PIEMINISTER LIMITED

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PIEMINISTER LIMITED

DIRECTORS AND ADVISERS

Directors	Tristan Hogg Jonathan Simon Gonzalo Trujillo Andrew Lord William Hogg
Secretary	Gonzalo Trujillo
Registered office	The Coach House Martcombe Road Easton in Gordano Bristol BS20 0QD
Bankers	HSBC Bank Plc Bristol Commercial Centre 49 Corn Street Bristol BS99 7PP
Auditors	Nexia Smith & Williamson Audit Limited Chartered Accountants Statutory Auditor Portwall Place Portwall Lane Bristol BS1 6NA
Solicitors	Clarke Willmott 1 Georges Square Bath Street Bristol BS1 6BA
Company's registered number	4638465

PIEMINISTER LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2010

Principal activities

Pieminister Limited ('the company') and its subsidiaries (together 'the group') manufacture, distribute and retail gourmet pies and other fantastic products The Group retails its products across the country through selected retailers, festivals and markets

Results for the year and dividends

The profit for the year after taxation was £112,337 (2009 £115,164) The directors do not recommend the payment of a dividend (2009 £nil)

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved

- so far as that director was aware there was no relevant available information of which the group's auditors were unaware, and

- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the group's auditors were aware of that information

Auditors

On 30 April 2010 Nexia Smith & Williamson LLP resigned as auditors and Nexia Smith & Williamson Audit Limited, which trades as Nexia Smith & Williamson, were appointed in their place A resolution to re-appoint Nexia Smith & Williamson as auditors will be proposed at the next Annual General Meeting

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 415A of the Companies Act 2006

**Approved by the board of directors
and signed on behalf of the board**

**Gonzalo Trujillo
Director**

Date 11 October 2010

PIEMINISTER LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006 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 group 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 judgments and accounting estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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

PIEMINISTER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIEMINISTER LIMITED

We have audited the financial statements of Pieminister Limited for the year ended 31 March 2010 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statements of Financial Position, Changes in Equity and Cash Flows and the related notes 1 to 30 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 auditors' 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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 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

Nexia Smith & Williamson

Jonathan Talbot
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Chartered Accountants
Statutory Auditor

Portwall Place
Portwall Place
Bristol
BS1 6NA

Date 11 October 2010

PIEMINISTER LIMITED

CONSOLIDATED INCOME STATEMENT for the year ended 31 March 2010

	Notes	2010 £	2009 £
Revenue		4,993,357	3,412,400
Cost of sales		(3,862,436)	(2,483,123)
Gross profit		1,130,921	929,277
Administrative expenses		(972,212)	(775,866)
Operating profit	2	158,709	153,411
Finance costs	5	(12,899)	(24,259)
Investment revenues	5	1,093	955
Profit before taxation		146,903	130,107
Taxation	6	(34,566)	(14,943)
Profit for the year		112,337	115,164

All of the activities of the Group are classed as continuing

PIEMINISTER LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2010

	2010	2009
	£	£
Profit for the year	112,337	115,164
Total comprehensive income for the year	112,337	115,164

PIEMINISTER LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Notes	2010 £	2009 £
Non-current assets			
Goodwill	7	71,917	71,917
Property, plant and equipment	8	319,228	334,759
Other intangible assets	10	-	2,790
Total non-current assets		391,145	409,466
Current assets			
Inventories	12	126,899	78,528
Trade and other receivables	14	773,404	460,956
Cash and cash equivalents	16	270,451	237,087
Total current assets		1,170,754	776,571
Total assets		1,561,899	1,186,037
Equity			
Share capital	22	4,024	3,641
Share premium account	22	635,871	483,113
Capital redemption reserve		91	91
Retained earnings		95,246	(17,091)
Total equity		735,232	469,754
Non-current liabilities			
Financial liabilities – borrowings	18	96,242	66,180
Deferred tax liability	6	13,436	14,943
Total non-current liabilities		109,678	81,123
Current liabilities			
Financial liabilities – borrowings	18	80,373	46,054
Current income tax liabilities		36,073	-
Trade and other payables	20	600,543	435,966
Convertible loan notes	23	-	153,140
Total current liabilities		716,989	635,160
Total equity and liabilities		1,561,899	1,186,037

The financial statements were approved by the Board of Directors on 11 October 2010 and were signed on its behalf by

Gonzalo Trujillo
Director

Company registration number 4638465

PIEMINISTER LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2010

	Share capital	Capital redemption reserve	Share premium	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 April 2008	3,283	-	180,717	(72,228)	111,772
Profit for the year	-	-	-	115,164	115,164
Issue of equity share capital net of issue costs	429	-	294,556	-	294,985
Conversion of loan stock	20	-	7,840	-	7,860
Share redemption (note 22)	(91)	91	-	(60,027)	(60,027)
Balance at 31 March 2009	3,641	91	483,113	(17,091)	469,754
Profit for the year	-	-	-	112,337	112,337
Conversion of loan stock	383	-	152,758	-	153,141
Balance at 31 March 2010	4,024	91	635,871	95,246	735,232

PIEMINISTER LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash generated from operating activities	24	155,821	109,929
Investing activities			
Purchases of property, plant and equipment (PPE)		(186,838)	(51,975)
Net cash used in investing activities		(186,838)	(51,975)
Financing activities			
New borrowings		113,968	10,000
Repayments of borrowings		(31,917)	(29,868)
Repayments of HP borrowings		(17,670)	(5,922)
New share issue	22	-	294,985
Repurchase of own shares	22	-	(60,027)
Net cash generated from financing activities		64,381	209,168
Net increase in cash and cash equivalents		33,364	267,122
Cash and cash equivalents at beginning of year		237,087	(30,035)
Cash and cash equivalents at end of year	16	270,451	237,087

PIEMINISTER LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Notes	2010 £	2009 £
Non-current assets			
Intangible assets	10	-	2,790
Property, plant and equipment	9	310,424	326,948
Investments in subsidiaries	11	42,030	42,030
Total non-current assets		352,454	371,768
Current assets			
Inventories	13	125,954	77,682
Trade and other receivables	15	793,642	492,830
Cash and cash equivalents	17	267,062	231,644
Total current assets		1,186,658	802,156
Total assets		1,539,112	1,173,924
Equity			
Share capital	22	4,024	3,641
Share premium account		635,871	483,113
Capital redemption reserve		91	91
Retained earnings		85,034	(17,897)
Total equity		725,020	468,948
Non-current liabilities			
Financial liabilities – borrowings	18	96,242	66,180
Deferred tax liability	6	13,436	14,943
Total non-current liabilities		109,678	81,123
Current liabilities			
Financial liabilities – borrowings	18	80,373	46,054
Current income tax liabilities		36,073	-
Trade and other payables	21	587,968	424,659
Convertible loan notes	23	-	153,140
Total current liabilities		704,414	623,853
Total equity and liabilities		1,539,112	1,173,924

The financial statements were approved by the Board of Directors on 11 October 2010 and were signed on its behalf by

Gonzalo Trujillo
Director

Company registration number 4638465

PIEMINISTER LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2010

	Share capital	Capital redemption reserve	Share premium	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 April 2008	3,283	-	180,717	(74,122)	109,878
Profit for the year	-	-	-	116,252	116,252
Issue of equity share capital net of issue costs	429	-	294,556	-	294,985
Conversion of loan stock	20	-	7,840	-	7,860
Share redemption (note 22)	(91)	91	-	(60,027)	(60,027)
Balance at 31 March 2009	3,641	91	483,113	(17,897)	468,948
Profit for the year	-	-	-	102,931	102,931
Conversion of loan stock	383	-	152,758	-	153,141
Balance at 31 March 2010	4,024	91	635,871	85,034	725,020

PIEMINISTER LIMITED

COMPANY STATEMENT OF CASH FLOWS for the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash generated from operating activities	25	154,597	106,402
Investing activities			
Purchases of property, plant and equipment (PPE)		(183,560)	(51,975)
Net cash used in investing activities		(183,560)	(51,975)
Financing activities			
New borrowings	29	113,968	10,000
Repayments of borrowings	29	(31,917)	(29,868)
Repayments of HP borrowings	29	(17,670)	(5,922)
New share issue	22	-	294,985
Purchase of own shares	22	-	(60,027)
Net cash generated from financing activities		64,381	209,168
Net increase in cash and cash equivalents		35,418	263,595
Cash and cash equivalents at beginning of year		231,644	(31,951)
Cash and cash equivalents at end of year	16	267,062	231,644

PIEMINISTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010

1 Accounting policies

The pnncipal accounting policies are summansed below They have all been applied consistently throughout the penod covered by these financial statements

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006

Basis of consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) prepared to 31 March each year Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

All intra-group transactions, balances, income and expenses are eliminated on consolidation

No income statement is presented for the company as permitted by The Companies Act 2006 The profit earned for the year by the company was £102,931 (2009 £116,252)

Business combinations and goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i e discount on acquisition) is credited to profit or loss in the period of acquisition

Goodwill is stated at cost less any accumulated impairment losses Goodwill is allocated to a single cash generating unit and tested annually for impairment and more frequently if there are indications of impairment Testing for impairment is done by reference to the future cash flows expected to be generated by the unit

PIEMINISTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010 (continued)

1 Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT

Revenues from sales of goods are recognised when goods are delivered and title has passed

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax

The tax currently payable is based on the taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the year end

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each year end and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current assets and liabilities on a net basis

1 **Accounting policies (continued)**

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases

Leasehold improvements	-	over the term of the lease
Plant and machinery	-	20% - 25%
Fixtures and fittings	-	33%
Office equipment	-	33%
Motor vehicles	-	33%

Intangible assets

Website development costs relating to the acquisition and infrastructure development, graphical design and content development are recognised as assets and measured at cost Future economic benefits that are attributable to the asset will flow to the group through generation of online sales and brand recognition

After initial recognition the asset is measured at cost less amortisation on a straight line basis over a three year period which is considered to be the useful life of the asset The asset is also tested for impairment on an annual basis

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment

Inventories

Inventories are stated at the lower of cost and net realisable value Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Cost is calculated using the weighted average method Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instrument

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method A provision is established when there is objective evidence that the group will not be able to collect all amounts due The amount of any provision is recognised in the income statement

Cash and cash equivalents comprise cash held by the group and short-term bank deposits with an original maturity of three months or less

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs

1 **Accounting policies (continued)**

Financial instruments (continued)

Interest bearing bank loans, overdrafts and other loans are recorded at the fair value of proceeds received, net of direct issue costs Finance costs are accounted for on an accruals basis in the income statement using the effective interest method

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Note 7 explains further the impairment reviews carried out in relation to goodwill

Note 15 explains how the impairment provision for receivables is assessed

The following revised standards relevant to the Group's operations became mandatory in this financial year

- **IAS 1, Presentation of Financial Statements (revised)**
  This has changed the presentation of the primary financial statements to the formats included on pages 5 to 12

- **Amendment to IFRS 7, Financial Instruments Disclosure**
  This amendment became mandatory during the current period but has not had any impact on disclosures

The following new standards, amendments and interpretations have been issued but are not yet effective and have not been adopted early by the Group

- **IFRS 3, Business Combinations (revised)**
  This is mandatory for accounts periods beginning on or after 1 July 2009 This has revised several significant areas in accounting for acquisitions The Group is presently reviewing the impact of this on the presentation of the accounts

- **IAS 27, Consolidated and Separate Financial Statements (amended)**
  This is mandatory for accounts periods beginning on or after 1 July 2009 This has revised the accounting for changes in the parent's ownership interest in a subsidiary following the revision of IFRS 3 (see above)

The following new standards, amendments and interpretations have become effective in this financial year but are not relevant to the Group's operations

- **IFRS 8, Operating segments**
  This is not mandatory for non listed companies and the Group does not intend to adopt this standard

The Group does not consider that any other Standards or Interpretations in issue, but not yet applicable, will have a significant impact on its Accounts

2 Operating profit for the year
is stated after charging/(crediting)

	2010 £	2009 £
Cost of inventories recognised as an expense	2,112,743	1,325,409
Depreciation of property, plant and equipment	174,073	140,839
Staff costs (see note 4)	1,280,998	1,020,587
Operating lease rentals	90,682	116,190

3 Auditors remuneration

	2010 £	2009 £
Fees payable to the group's auditor for the audit of the group's annual financial statements (including £7,650 in respect of the company (2009 £6,250))	7,650	6,250
Other services relating to taxation	3,350	2,150

4 Staff costs

The average number of persons, including executive directors, was

	2010 Number	2009 Number
Production	35	29
Selling and distribution	41	32
Administration	13	9
	89	70

	£	£
Staff costs for the above persons were		
Wages and salaries	1,185,686	940,266
Social security costs	95,312	80,321
	1,280,998	1,020,587

4 Staff costs (continued)

Directors' emoluments	2010 £	2009 £
Emoluments	137,000	119,600
Pension contributions	3,480	2,805
Aggregate emoluments	140,480	122,405

The directors are considered to be the only key management personnel The above aggregate emoluments represent short-term employee benefits payable to key management personnel No other benefits or share based payments were payable or accruing to key management personnel during the current or comparative year One director had share options over 2,000 shares at £31 50 per share These were all exercised in June 2010

5 Finance costs and investment revenues

	2010 £	2009 £
Interest payable on bank loans and overdrafts	2,665	8,000
Interest payable to holders of convertible loan notes	5,523	14,002
Interest payable on finance leases	3,473	-
Interest payable on shareholders loans	-	2,257
Other interest payable	1,238	-
	12,899	24,259
Bank interest receivable	1,093	955

		2010	2009
6	**Taxation**	£	£
(a)	Charge for the year		
	Current income tax		
	UK corporation tax at 21% (2009 21%)	36,073	-
	Total current tax charge	36,073	-
	Deferred income tax		
	Movement in the year	(1,507)	14,943
	Total deferred tax charge	(1,507)	14,943
	Income tax expense	34,566	14,943

(b) Factors affecting tax expense

	2010 £	2009 £
Profit before taxation	146,903	130,107
Profit before taxation multiplied by the standard rate of tax of 28% (2009 21%)	41,133	27,322
Marginal rate relief	(10,231)	
Depreciation not qualifying for capital allowances	416	358
Temporary fixed asset differences not recognised for deferred tax	(1,171)	(358)
Tax losses not recognised for deferred tax	(1,491)	565
Recognition of previously unprovided deferred tax	-	(13,789)
Effect of tax rate change	4,919	-
Expenses not deductable for taxation	991	845
Total tax expense for the period	34,566	14,943

At 31 March 2010 the group has unused tax losses of £9,303 (2009 £8,966) for which no deferred tax asset has been recognised

At 31 March 2010 the group's and company's provision for deferred taxation of £13,436 (2009 £14,943) is made up of £13,850 of accelerated capital allowances less £414 of other temporary differences (2009 £21,151 of accelerated capital allowances less £2,260 of tax losses and £3,948 of other temporary differences)

7 Goodwill

Cost	**£**
At 31 March 2009 and 31 March 2010	71,917
Impairment	
At 31 March 2009 and 31 March 2010	-
Carrying amount at 31 March 2009 and 31 March 2010	71,917

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired

The recoverable amounts of the cash generating unit (CGU) are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct selling costs during the period Management estimates a discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU The growth rates are based on industry growth forecasts Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following four years based on an estimated growth rate of 2 per cent This rate does not exceed the average long term growth rate for the relevant markets

All of the goodwill above relates John Hampden Foods Limited The subsidiary is considered to be a single CGU The group has applied a discount rate of 8%

8 Property, plant and equipment - Group

	Leasehold improvements £	Plant & equipment £	Other Assets £	Total £
Cost				
At 1 April 2008	306,146	281,442	48,627	636,215
Additions	2,100	34,785	28,840	65,725
At 1 April 2009	308,246	316,227	77,467	701,940
Additions	14,166	116,222	56,450	186,838
Disposals	(99,095)	-	-	(99,095)
At 31 March 2010	223,317	432,449	133,917	789,683
Depreciation				
At 1 April 2008	83,419	125,872	17,051	226,342
Charge for the year	58,730	66,221	15,888	140,839
At 1 April 2009	142,149	192,093	32,939	367,181
Charge for the year	65,215	76,190	32,668	174,073
Disposals	(70,799)	-	-	(70,799)
At 31 March 2010	136,565	268,283	65,607	470,455
Net book amount				
At 31 March 2010	86,752	164,166	68,310	319,228
At 31 March 2009	166,097	124,134	44,528	334,759

Other assets comprise fixtures & fittings, office equipment and motor vehicles

The net book value of plant & equipment includes £107,734 (2009 £15,590) in respect of assets held under finance leases, the depreciation charge on these assets during the year was £19,203 (2009 £5,974) On expiry of the lease agreements, the group can acquire the financial assets at favourable prices

The net book value of other assets includes £31,592 (2009 £13,521) in respect of assets held under finance leases, the depreciation charge on these assets during the year was £8,324 (2009 £1,229) On expiry of the lease agreements, the group can acquire the financial assets at favourable prices

The leased assets are provided as security for lease liabilities, see Note 19

9 Property, plant and equipment – Company	Leasehold improvements £	Plant & equipment £	Other Assets £	Total £
Cost				
At 1 April 2008	306,146	281,442	37,196	624,784
Additions	2,100	34,785	28,840	65,725
At 1 April 2009	308,246	316,227	66,036	690,509
Additions	14,166	116,222	53,172	183,560
Disposals	(99,095)	-	-	(99,095)
At 31 March 2010	223,317	432,449	119,208	774,974
Depreciation				
At 1 April 2008	83,419	125,872	15,717	225,008
Charge for the year	58,730	66,221	13,603	138,554
At 1 April 2009	142,149	192,093	29,320	363,562
Charge for the year	65,215	76,190	30,382	171,787
Disposals	(70,799)	-	-	(70,799)
At 31 March 2010	136,565	268,283	59,702	464,550
Net book amount				
At 31 March 2010	86,752	164,166	59,506	310,424
At 31 March 2009	166,097	124,134	36,717	326,948

Other assets comprise fixtures & fittings, office equipment and motor vehicles

The net book value of plant & equipment includes £107,734 (2009 £15,590) in respect of assets held under finance leases, the depreciation charge on these assets during the year was £19,203 (2009 £5,974) On expiry of the lease agreements, the group can acquire the financial assets at favourable prices

The net book value of other assets includes £31,592 (2009 £13,521) in respect of assets held under finance leases, the depreciation charge on these assets during the year was £8,324 (2009 £1,229) On expiry of the lease agreements, the group can acquire the financial assets at favourable prices

The leased assets are provided as security for lease liabilities, see Note 20

Capital Commitments – Group & Company	**2010** £	**2009** £
Contracted but not provided for	-	15,000

10 Intangible Assets – Group and Company

	£
Cost	
Costs at 31 March 2009	4,185
Disposals	(4,185)
Cost at 31 March 2010	-
Amortisation	
At 1 April 2009	1,395
Charge for the year	2,790
Disposals	(4,185)
At 31 March 2010	-
Net book amount	
At 31 March 2010	-
At 31 March 2009	2,790

Intangible assets represent the cost of development and design of the group's website

11 Investment in subsidiaries

	£
Cost and net book amount at 31 March 2009 and 31 March 2010	42,030

The investment in subsidiary undertakings above represents its investment in the following

Name of company	Country of incorporation	Nature of business	% voting rights and shares held
John Hampden Foods Limited	UK	Food Retailer	100% of ordinary shares

PIEMINISTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010 (continued)

12 Inventories - Group

	2010 £	2009 £
Raw materials and consumables	66,501	43,283
Finished goods	60,398	35,245
	126,899	78,528

13 Inventories - Company

	2010 £	2009 £
Raw materials and consumables	66,501	43,283
Finished goods	59,453	34,399
	125,954	77,682

14 Trade and other receivables - Group

	2010 £	2009 £
Trade receivables	679,221	383,652
Less provision for impairment	(32,363)	(39,165)
Trade receivables - net	646,858	344,487
Prepayments and accrued income	76,378	77,747
VAT recoverable	27,760	12,793
Other debtors	22,408	25,929
	773,404	460,956

15 Trade and other receivables - Company

	2010 £	2009 £
Trade receivables	679,221	383,651
Less provision for impairment	(32,363)	(39,165)
Trade receivables - net	646,858	344,486
Prepayments and accrued income	67,741	70,063
VAT recoverable	34,903	19,506
Inter group debtors	21,732	32,846
Other debtors	22,408	25,929
	793,642	492,830

15 Trade and other receivables (continued)

Trade receivables together with cash and cash equivalents constitute the only financial assets within the category "Loans and receivables" as defined by IAS 39

Trade receivables are non-interest bearing and the average credit period on sales of goods is 30 – 90 days Due to their short maturities, the fair value of trade receivables approximates to their book value

A provision for impairment of trade receivables is established when there is evidence that the group will not be able to collect all amounts due according to the original terms The group considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired

Provisions for impairment of trade receivables – Group and Company	**2010**	**2009**
	£	£
At 1 April	39,165	29,694
Charge for the year	10,722	12,729
Uncollected amounts written off, net of recoveries	(17,264)	(3,258)
At 31 March	32,263	39,165

As at 31 March 2010, trade receivables of £32,263 (2009 £39,165) were impaired As at 31 March 2010 trade receivables of £18,724 (2009 £75,074) were past due but not impaired The ageing analysis of these trade receivables is as follows

	2010	**2009**
	£	£
Up to one month past due	-	-
One to three months past due	3,812	55,643
Over three months past due	29,439	41,947
Less amounts impaired	(14,527)	(22,516)
	18,724	75,074

The carrying value of trade receivables of £646,858 (2009 £344,486) represents the maximum exposure to credit risk

Other receivables do not contain impaired assets

16 Cash and cash equivalents - Group

	2010 £	2009 £
Cash at bank and in hand	270,451	237,087

17 Cash and cash equivalents - Company

	2010 £	2009 £
Cash at bank and in hand	267,062	231,644

The directors consider that the carrying amount of these assets approximates to their fair value The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating

18 Financial liabilities - borrowings

	2010 £	2009 £
Current liabilities		
Bank loans	34,175	36,909
Finance lease liabilities	46,198	9,145
	80,373	46,054
Non-current liabilities		
Bank loans	16,981	46,164
Finance lease liabilities	79,261	20,016
	96,242	66,180

18 Financial liabilities – borrowings (continued)

	2010	2009
	£	£
Borrowings are repayable as follows		
On demand	-	-
Instalments within one year	80,373	46,054
Instalments in the second year	64,033	46,054
Instalments in the third to fifth years inclusive	32,209	20,126
	176,615	112,234

The weighted average interest rates were as follows	2010	2009
	%	%
Bank loans	3%	6%
Finance lease liabilities	7%	9%

The other principal features of the group's borrowing are as follows

The bank overdraft and bank loans are secured by a debenture comprising fixed and floating charges over all the assets of the group and by Directors personal guarantees

The leased assets provide security for the finance leases

The directors consider that the carrying amount of the bank loans and overdrafts approximates to their fair value

19 Finance lease liabilities – Group and Company

The net book value of assets includes £139,326 (2009 £29,110) in respect of assets held under finance leases

Liabilities due	2010	2009
	£	£
Within one year	46,198	9,145
Within two – five years	79,261	20,016
	125,459	29,161
Future finance charges under finance lease	(10,824)	(5,900)
Present value of lease obligations	114,635	23,261

20 Trade and other payables - Group

	2010 £	2009 £
Trade payables	451,511	325,533
Other tax and social security payable	26,909	24,055
Other creditors	2,735	370
Accruals and deferred income	119,388	86,008
	600,543	435,966

21 Trade and other payables - Company

	2010 £	2009 £
Trade payables	439,486	315,032
Other tax and social security payable	26,909	24,055
Other creditors	2,735	370
Accruals and deferred income	118,838	85,202
	587,968	424,659

The directors consider that the carrying amount of trade and other payables approximates to their fair value

22 Called up share capital

	2010 £	2009 £
Authorised		
200,000 ordinary shares of £0 05 each	10,000	10,000

Allotted, Called Up and Fully Paid	No of shares	Share Capital £	Share premium £
At 1 April 2009	72,813	3,641	483,113
Shares issued in the year	7,657	383	152,758
At 31 March 2010	80,470	4,024	635,871

During the year the loan note holders converted 7,657 ordinary shares under the terms described in note 23, at a price of £20 00 per share This has increased the share premium by £152,758

23 Convertible Loan Notes

The group issued convertible loan stock with a nominal value of £153,140 Until the loan notes were redeemed interest was paid by quarterly instalments in arrears at the aggregate of LIBOR plus 3 5% per annum The loan notes were all converted into ordinary shares on 31 December 2009

	£
At 1 April 2009	153,140
Conversion of loan stock into share capital	(153,140)
At 31 March 2010	-
Interest payable	5,523
Interest paid	(5,523)

During the year £153,140 of convertible loan stock was converted into 7,657 shares at a price £20 00 per ordinary share

24 Cash generated from operations – Group

	2010 £	2009 £
Operating profit	187,005	153,411
Depreciation & amortisation charge	176,863	142,235
Increase in stock	(48,371)	(9,049)
Increase in debtors	(312,448)	(140,351)
Increase/(decrease) in creditors	164,578	(13,013)
Interest paid	(12,899)	(24,259)
Interest received	1,093	955
Cash generated from operations	155,821	109,929
Tax paid	-	-
	155,821	109,929

25 Cash generated from operations – Company

	2010 £	2009 £
Operating profit	177,599	154,538
Depreciation and amortisation charge	174,577	139,948
Increase in stock	(48,272)	(9,339)
Increase in debtors	(300,812)	(143,714)
Increase/(decrease) in creditors	163,311	(11,688)
Interest paid	(12,899)	(24,259)
Interest received	1,093	916
Cash generated from operations	154,597	106,402
Tax paid	-	-
	154,597	106,402

26 Operating lease commitments - Group

At the year end date the group has outstanding commitments under non-cancellable operating leases, which fall due as follows

Due	2010 £	2009 £
Within one year	75,747	85,818
Within two to five years	162,381	176,967
After five years	40,440	60,660
	278,568	323,445

27 Operating lease commitments - Company

At the year end date the company has outstanding commitments under non-cancellable operating leases, which fall due as follows

Due	2010 £	2009 £
Within one year	55,527	65,598
Within two to five years	81,501	96,087
After five years	-	-
	137,028	161,685

28 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the group In the opinion of the Board, the group's key management are the directors of Pieminister Limited

The directors had interests in convertible loan notes issued by the group the terms of which are described in Note 23 Directors personal guarantees are described in note 18

Total gross interest paid to Directors during the year was as follows

	2010 £	2009 £
Tristan Hogg	521	1,454
Jonathan Simon	521	1,453
Gonzalo Trujillo	1,251	3,758
Andrew Lord	348	400
	2,641	7,065

29 Financial instruments

The group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts and items such as trade payables and trade receivables which arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the group's finance department

Capital Management

The group's policy is to maintain a strong capital base The group finances its operations through retained earnings, bank borrowings and management of working capital It is not the group's policy to engage in speculative activities or trade in complex financial instruments

The following table summarises the capital of the Group

	2010 £	2009 £
Cash and cash equivalents	(270,451)	(237,087)
Borrowings	176,615	112,234
Total	(93,836)	(124,853)
Equity	769,798	469,754
Capital	675,962	344,901

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions

29 Financial instruments (continued)

Interest rate risk

The group has both interest bearing assets and interest bearing liabilities Interest bearing assets include only cash balances which earn interest at variable rate The group has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows The directors will revisit the appropriateness of this policy should the group's operations change in size or nature

Details of the terms of the group's convertible loan notes are disclosed in Note 23

Details of the terms of the group's borrowings are disclosed in note 18

The group's cash and cash equivalents earned interest at a variable rate based on HSBC base rate less 2 5% during the year, the average interest rate during the year was 0 5% (2009 1 0%)

The group is exposed to changes in interest rates on its bank borrowings and convertible loan notes which are at floating rates at a fixed margin above base rates The impact of an increase or decrease in base rates would be as set out below on both profit for the year end and net assets at this date A 1% increase/decrease in the interest rate would decrease/increase profit by £2,797 (2009 £3,171)

	Interest rate +/-1% **2010** £	Interest rate +/-1% **2009** £
Bank borrowings	1,266	1,612
Convertible loan notes	1,531	1,559
Total	2,797	3,171

The table below summarises the Group's financial liabilities as at 31 March 2010 and 31 March 2009 based on contractual undiscounted payments

Year ending 31 March 2010	**Within 1 year** £	**1 – 5 Years** £	**Total** £
Bank loans	34,175	16,981	51,156
Finance lease liabilities	46,198	79,261	125,459
Trade and other payables	615,486	-	615,486
Total	695,859	96,242	792,101

Year ending 31 March 2009	**Within 1 year** £	**1 – 5 Years** £	**Total** £
Bank loans	36,909	46,164	83,073
Convertible loan stock	153,140	-	153,140
Finance lease liabilities	9,145	20,016	29,161
Trade and other payables	435,966	-	435,966
Total	635,160	66,180	701,340

30 Post balance sheet events

Throughout the year the company has had in issue share options for certain employees (including a director) There are three tranches of option, the options are exercisable at a fixed price in line with the share option agreement issued for each tranche as set out below

	Tranche 1	Tranche 2	Tranche 3
Grant date	1 April 2005	1 April 2007	1 September 2008
Exercise price	£12 50	£22 50	£31 50
Number of options	1,600	1,600	2,000
Vesting period	None	In tranches of 400 options annually from 31/3/2008	None
Lapse date	01/04/2012	01/04/2014	01/09/2013

All options have been exercised in June 2010

The directors consider the cumulative share option charge arising over the life of these share options to date to be immaterial and therefore have not made any adjustments in this respect in the financial statements The issue of shares under these options will be accounted for in the financial statements for the year ended 31 March 2011