Company's Registration Number 04638465

PIEMINISTER LIMITED

Report and financial statements for the year ended

31 MARCH 2019

PIEMINISTER LIMITED

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PIEMINISTER LIMITED

DIRECTORS AND ADVISORS

Directors	Tristan Hogg Jonathan Simon Gonzalo Trujillo Simon Turner (resigned 5 September 2019)
Secretary	Gonzalo Trujillo
Registered office	24 Stokes Croft Bristol BS1 3PR
Bankers	HSBC Bank Plc Bristol Commercial Centre 3 Temple Quay Bristol BS1 6DZ
Auditors	Nexia Smith & Williamson 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	04638465

PIEMINISTER LIMITED

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 March 2019.

Principal activities
Pieminister Limited manufactures, distributes and retails gourmet pies and other fantastic branded products. The Company retails its products across the country through Pieminister restaurants, foodservice partners and selected retailers.

Business Review
The Directors are very pleased to report that sales growth increased to 15% during the year to 31 March 2019 delivering £16,551k.

These growth figures have come from all core business channels. Our retail channel grew by 28%, supported by the continued rollout of our unique Pie restaurant concept in university cities. During the year successful openings in Sheffield and Liverpool were made, and notably with a (market beating) like-for-like sales increase of 8% across our mature estate. We will continue to invest in future openings cautiously and only do deals in exceptional locations.

Partnerships with prestige brands such as Vans, Picture House Cinemas, Go Ape and the Hilton Group have led to 12% Pieminister Brand licence growth. Towards the end of the financial year we embarked on a national roll out of our highly rated home delivery service (via Uber and Deliveroo) with existing brand licence partners.

Our pies are distributed across all of the major supermarkets, and after four consecutive years of strong double-digit growth, we are pleased to announce that Pieminister is the UK's number 1 premium pie brand in the grocery market. Importantly for our retailer partners our growth has been largely incremental to the tune of £1.2M to the overall category.

The initiatives on operational improvements and investments reported in 2018 continue to deliver, Gross margin increased from 21% to 24% in the year to 31 March 2019 and we are reporting a profit before tax of £349k [2018: loss before tax £310k]. This result is testament to a robust plan which ensures reliable growth, whilst enabling the leadership to continue to make the right choices for our consumers, employees and planet.

During the year the company made capital investments of £657k, this was for the most part to expand our production facility in Bristol to facilitate our growing range of products and to support the opening of our new retail sites. Despite the capital investment, strong cash conversions during the year and some additional borrowings have resulted in a dramatic improvement in the net cash position at year end to £33k [2018: net debt £508k].

Commercial and product innovation are key to reliable growth across our multi-channel business. It is of particular note, that in April 19 we launched a summer focused patty range. The range of four award winning patties is available in Sainsbury's and independent outlets as well as in our own restaurants. We also launched a 'first to supermarket' vegan pie range and developed a turn-key hot pie delivery package for brand licences.

Our savvy, conscientious young consumers sit firmly in the fast-growing proportion of the population that are searching for more ethical and sustainable ways to purchase. They expect Pieminister to do business the 'right way'. This is why in addition to other market leading initiatives (such as being the only national pie brand to use 100% Free range British meat,100% of the time), we became the first pie supplier in the UK to change to 100% plastic free certified packaging across all of our award winning ranges. This move was made in conjunction with an exciting and well received business wide brand refresh.

Since business began we've donated pies to good causes: from homelessness hostels to community fairs to fundraising banquets. We call these Little Acts of Pie-ness. In the year, we donated over 30,000 pies to great causes. Our ongoing partnership with FRANK Water involves raising funds for their Drink Me:Save Lives initiative – these funds being raised through sales of our Pieminister 5% lager and also through a discretionary tap water donation in our restaurants. The money we raise helps FRANK provide safe water and sanitation to entire communities in India and Nepal. We also came up with a refreshing alternative to the usual Black Friday spending-frenzy with our annual Black Pieday events encouraging people to give to charity in return for a pie. Hundreds have been up for grabs each November through our 'free pie popup shops' with every penny going to Shelter, the housing and homelessness charity.

We firmly believe that giving everyone in our c.300 strong team a voice and the chance to make a difference in and outside of Pieminister is key to our success; this is why this year we saw the incorporation of our team council. With our vision, 'Good times with Pies' at our core and our P.I.E values front of mind, the mission of the 'Inside out' council is to identify bold moves and agree actions that we can take to build an even more open and ethical Pieminister. We reported on our Gender pay gap and Pieminister index very positively versus the UK to the extent that there is currently no gender pay gap at Pieminister.

As for Brexit...., despite the ongoing uncertainty still remaining over this long protracted process, the Board remains confident that Pieminister is a strong, sustainable and well-established brand that will continue to outperform the market and be loved by consumers regardless of the final political outcome.

Key performance indicators

The Directors monitor a number of financial and non-financial performance indicators to assess the sustainable performance of the business; they include but are not restricted to sales growth, EBITDA performance, cash and liquidity and return on capital invested. These parameters are monitored and benchmarked against other companies in the sector. The Directors are satisfied with the performance of the company during the year.

Future developments

The company strategy continues to be to develop a strong brand presence in both retail and food service channels and to continue to deliver the best pie experience in the market. The Directors are delighted with steps taken to strengthen the organisation and have full confidence in its ability to execute the strategy.

Principal risks & uncertainties

Whilst mindful of the potential for some economic uncertainty in the months ahead particularly with the possibility of a change of government and a no deal Brexit, the Board continues to believe that the current economic environment presents significant opportunities for Pieminister and is confident in the strategy and the actions taken to grow a strong and sustainable business.

The Directors consider increases in ingredient cost, consumer trends and loss of production and personnel as key risks; these risks are mitigated through continually evaluating the supply chain to achieve the optimal cost whilst maintaining the highest quality standards, driving product innovation and developing business opportunities that work across multiple sales channels and investing in our production facilities and people to increase their resilience and efficiency.

Pieminister is thriving within a wider local economy that is also growing relatively quickly and where securing highly-skilled and values-aligned people presents a significant challenge. To mitigate, we continue to invest in training, up-skilling and market competitive salaries for our staff so that they develop and contribute into a more efficient and rewarding workplace.

Details of the company's financial instruments and its policies with regard to financial risk management are disclosed in Note 20 of the financial statements.

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

Gonzalo Trujillo
Director

6 November 2019

PIEMINISTER LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2019.

Results & dividends

During the year sales increased to £16,551k (2018: £14,345k) and the company made a profit before tax of £349k (2018: £310k loss).

During the year the Directors paid a dividend of £nil (2018: £300k).

Directors

The directors who served the company during the year are those set out on page 2. Simon Turner resigned as a director on 5 September 2019.

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 company'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 company's auditors were aware of that information.

Auditors

A resolution to re-appoint Nexia Smith & Williamson as auditors will be proposed at the next Annual General Meeting.

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

**Gonzalo Trujillo
Director**

6 November 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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. 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 PIEMINISTER LIMITED

Opinion

We have audited the financial statements of Pieminister Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Changes in Cashflow, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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.

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 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

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

Nexia Smith & Williamson

Fiona Westwood
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
21 November 2019

PIEMINISTER LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2019

	Notes	2019	2018
		£000's	£000's
Revenue		16,551	14,345
Cost of sales		(12,630)	(11,352)
Gross profit		3,921	2,993
Administrative expenses		(3,537)	(3,087)
Provision for dilapidations	15	-	(186)
Operating profit / (loss)	2	384	(280)
Finance costs	5	(36)	(30)
Investment revenues	5	1	-
Profit / (loss) before taxation		349	(310)
Taxation	6	80	38
Total comprehensive income for the year		429	(272)

PIEMINISTER LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 March 2019

	Notes	2019 £000's	2018 £000's
Non-current assets			
Goodwill	7	227	227
Property, plant and equipment	8	1,841	1,931
Total non-current assets		2,068	2,158
Current assets			
Inventories	9	379	339
Trade and other receivables	10	1,788	1,640
Income tax asset	6	31	33
Deferred tax asset	6	3	-
Cash and cash equivalents	11	1,076	559
Total current assets		3,277	2,571
Total assets		5,345	4,729
Equity			
Share capital	16	4	4
Share premium account		746	746
Retained earnings		678	249
Total equity		1,428	999
Non-current liabilities			
Financial liabilities – borrowings	12	820	840
Deferred tax liability	6	-	77
Total non-current liabilities		820	917
Current liabilities			
Financial liabilities – borrowings	12	288	227
Trade and other payables	14	2,710	2,400
Provisions	15	99	186
Total current liabilities		3,097	2,813
Total equity and liabilities		5,345	4,729

The financial statements were approved by the Board of Directors on 6 November 2019 and were signed on its behalf by:

Gonzalo Trujillo
Director

Company registration number: 04638465

PIEMINISTER LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

	Share capital £000's	Share premium £000's	Retained earnings £000's	Total equity £000's
Balance at 1 April 2017	4	746	821	1,571
Dividends	-	-	(300)	(300)
Loss for the year	-	-	(272)	(272)
Balance at 31 March 2018	4	746	249	999
Profit for the year	-	-	429	429
Balance at 31 March 2019	4	746	678	1,428

PIEMINISTER LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	Notes	2019 £000's	2018 £000's
Net cash flow from operating activities	17	1,038	338
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(657)	(1,192)
Proceeds from disposal of property, plant and equipment		95	14
Net cash used in investing activities		(562)	(1,178)
Cash flows from financing activities			
New borrowings		306	1,122
Repayments of borrowings		(265)	(461)
Dividends		-	(300)
Net cash inflow / (outflow) from financing activities		41	361
Net movement in cash and cash equivalents		517	(479)
Cash and cash equivalents at beginning of year		559	1,038
Cash and cash equivalents at end of year	11	1,076	559

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

Pieminister Limited is a private company, limited by shares and incorporated in the United Kingdom.

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.

Going Concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Business combinations and goodwill

Consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and liabilities incurred.

The assets and liabilities of BHJ Limited, which was acquired on 5 December 2016, were hived up on acquisition. The investment value, being the consideration transferred, was transferred to goodwill following the hive-up.

Goodwill is not amortised but will be reviewed annually for impairment.

Consolidation

Consolidated accounts have not been prepared on the basis that the subsidiaries are dormant for the purposes of giving a true and fair view in accordance with the provisions of Section 405 of the Companies Act 2006.

Revenue recognition

Revenue is recognised at the point in time that goods are transferred to a customer, which is the point in time that the customer gains control of the goods. Revenue is recognised as the consideration which the company expects to be entitled to in exchange for those goods.

Foreign currency

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at the year-end date.

1 Accounting policies (continued)

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 statement of comprehensive income 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 company'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.

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 company 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 equipment	-	10% - 20%
Fixtures and fittings	-	33%
Office equipment	-	33%
Motor vehicles	-	33%

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, directs 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 company becomes a party to the contractual provisions of the instrument.

Trade and other receivables do not carry any interest and are initially measured at their fair value, and subsequently at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are impaired when the asset meets one of the following criteria:

- The financial asset is credit-impaired; or
- Credit losses are expected on the asset. Any loss allowance relating to trade receivables has been calculated with reference to historical experience in the recoverability of such receivables, taking into consideration current conditions and forecasts of future economic conditions.

Cash and cash equivalents comprise cash held by the company 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 company 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 company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are initially recorded at the fair value of proceeds received, net of direct issue costs and subsequently at their amortised cost. Finance costs are accounted for in the statement of comprehensive income using the effective interest method.

Leases

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

Rentals payable under operating leases are charged to income on a straight line basis over the term of relevant use.

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") 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.

The key sources of estimation uncertainty are considered to be the value of provisions against the book value of inventories and receivables.

Note 10 explains how the impairment provision for receivables is assessed.

Note 15 explains how the provision for dilapidations is assessed.

A provision against inventories is recognised where the realisable value is considered lower than the cost price.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows to arise from the CGU and apply a suitable discount in order to calculate the present value.

The assets and liabilities of BHJ Limited which was acquired on 5 December 2016 were hived up on acquisition. The investment value, being the consideration transferred, was transferred to goodwill following the hive up.

Goodwill on this purchase is attributable to the anticipated operating synergies and costs savings within the Trentham Gardens Pieminister premises.

New and amended standards and interpretations adopted by the company.

New standards which have been adopted in these financial statements, and which have given rise to changes in the company's accounting policies are:

- IFRS 9 "Financial Instruments"; and
- IFRS 15 "Revenue from Contracts with Customers"

The adoption of the above standards did not have a significant effect on the financial statements.

There were a number of Amendments to Standards adopted in the current year, but none of these had a material impact on the company in the current period.

New and amended standards and interpretations issued but not effective for the financial year.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 16 "Leases" will be effective for the year ending March 2020, an assessment of the full impact of this standard is in progress.

The effect of all other new and amended standards and interpretations which are in issue but not yet mandatorily effective is not expected to be material.

2 Operating profit for the year

is stated after charging/(crediting):	2019 £000's	2018 £000's
Cost of inventories recognised as an expense	5,063	4,689
Depreciation of property, plant and equipment	652	564
Staff costs (see note 4)	5,669	4,958
Operating lease rentals	628	537
(Loss) / profit on disposal of fixed assets	(22)	1

3 Auditors remuneration

	2019 £000's	2018 £000's
Fees payable to the company's auditor for the audit of the annual financial statements	16	16
Other services relating to taxation	13	13

4 Staff costs

The average number of persons, including executive directors, was:

	2019 Number	2018 Number
Production	78	70
Selling and distribution	187	156
Administration	33	31
	298	257

Staff costs for the above persons were:	2019 £000's	2018 £000's
Wages and salaries	5,184	4,539
Social security costs	420	385
Pension costs	65	34
	5,669	4,958

4 Staff costs (continued)

Directors' emoluments:	2019 £000's	2018 £000's
Emoluments	160	160
Social security costs	20	20
Pension contributions	5	5
Aggregate emoluments	185	185

During the year non-executive directors invoiced the company director fees of £46k (2018: £52k). The balance owing by the company at 31 March 2019 was £9k (2018: £10k).

The directors and the operational board, comprising heads of functional departments, are considered to be the only key management personnel. The above aggregate emoluments for the key management personnel were £659k (2018: £615k) and represent short-term employee benefits payable after inclusion of employers' national insurance contributions of £71k (2018: £66k). No other benefits or share based payments were payable or accruing to key management personnel during the current or comparative year.

5 Finance costs and investment revenues

	2019 £000's	2018 £000's
Interest payable on bank loans and overdrafts	18	10
Interest payable on finance leases	13	20
Other interest	5	-
	36	30
Interest receivable	1	-
	1	-

		2019 £000's	2018 £000's
6	**Taxation**		
(a)	**Charge for the year**		
	Current income tax:		
	UK corporation tax at 19% (2018: 19%)	-	-
	Adjustments in respect of prior periods	-	(33)
	Total current tax charge	-	(33)
	Deferred income tax:		
	Origination and reversal of timing differences	(12)	(5)
	Adjustments in respect of prior periods	(68	-
	Total deferred tax charge / (credit)	(80)	(5)
	Tax on profit on ordinary activities	**(80)**	**(38)**
(b)	**Provision for deferred tax**		
	Accelerated capital allowances	82	86
	Short term timing differences	(11)	-
	Losses	(74)	(9)
	Total deferred tax liability	(3)	77
	Movement in Provision		
	Provision at start of period	77	81
	Deferred tax charged in the P&L account for the period	(80)	(5)
	Provision at end of period	**(3)**	**77**
	Corporation tax liability	**(31)**	**(33)**

PIEMINISTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019 (continued)

6 **Taxation (continued)**	**2019 £000's**	**2018 £000's**
(c) Factors affecting tax expense		
Profit / (loss) on ordinary activities before taxation	349	(310)
Tax on profit / (loss) on ordinary activities at standard CT rate of tax of 19% (2018: 20%)	66	(59)
Effects of:		
Permanent differences on fixed assets	19	16
Effect of tax rate change	1	(1)
Expenses not deductible for taxation	5	8
Chargeable gains / (losses)	12	-
Loss carried back	-	30
Adjustments to tax charge in respect of prior periods	(67)	(33)
Additional deduction for R&D expenditure	(116)	1
Total tax charge for the period	**(80)**	**(38)**

7 Goodwill

	£'000s
At 1 April 2018	227
Additions	-
At 31 March 2019	227

Subsidiary undertakings

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

8 **Property, plant and equipment**

	Leasehold improvements £000's	Plant & equipment £000's	Other assets £000's	Total £000's
Cost				
At 1 April 2017	1,204	1,081	784	3,069
Additions	467	486	239	1,192
Disposals	-	(116)	(1)	(117)
At 1 April 2018	1,671	1,451	1,022	4,144
Additions	216	359	82	657
Disposals	(103)	(42)	(15)	(160)
At 31 March 2019	1,784	1,768	1,089	4,641
Depreciation				
At 1 April 2017	644	594	514	1,752
Charge for the year	230	145	189	564
Disposal	-	(102)	(1)	(103)
At 1 April 2018	874	637	702	2,213
Charge for the year	271	197	184	652
Disposals	(29)	(22)	(14)	(65)
At 31 March 2019	1,116	812	872	2,800
Net book amount				
At 31 March 2019	668	956	217	1,841
At 31 March 2018	797	814	320	1,931

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

The net book value of plant and equipment includes £501k (2018: £249k) in respect of assets held under finance leases, the depreciation charge on these assets during the year was £83k (2018: £33k). On expiry of the lease agreements the company can acquire the assets at favourable prices.

The leased assets are provided as security for lease liabilities, see note 13.

Capital Commitments

	2019 £000's	2018 £000's
Contracted but not provided for	21	73

9 Inventories

	2019 £000's	2018 £000's
Raw materials and consumables	188	189
Finished goods	191	150
	379	339

10 Trade and other receivables

	2019 £000's	2018 £000's
Trade receivables	1,309	1,085
Less provision for impairment	(20)	(43)
Trade receivables – net	1,289	1,042
Prepayments and accrued income	497	506
VAT recoverable	-	27
Other receivables	2	65
	1,788	1,640

Trade receivables 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 company will not be able to collect all amounts due according to the original terms. The company 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.

10 Provisions for impairment of trade receivables (continued)

	2019 £000's	2018 £000's
At 1 April	43	26
Charge for the year, net of recoveries	11	19
Uncollected amounts written off	(34)	(2)
At 31 March	20	43

As at 31 March 2019, trade receivables of £20k (2018: £43k) were impaired. As at 31 March 2019 trade receivables of £45k (2018: £24k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2019 £000's	2018 £000's
Up to one month past due	12	19
One to three months past due	10	5
Over three months past due	23	-
	45	24

The carrying value of trade receivables of £1,289k (2018: £1,042k) represents the maximum exposure to credit risk.

Other receivables do not contain impaired assets.

11 Cash and cash equivalents

	2019 £000's	2018 £000's
Cash at bank and in hand	1,076	559

12 Financial liabilities – borrowings

	2019 £000's	2018 £000's
Current liabilities		
Bank loans	176	175
Finance lease liabilities	112	52
	288	227
Non-current liabilities		
Bank loans	481	654
Finance lease liabilities	339	186
	820	840
Borrowings are repayable as follows:		
Instalments within one year	288	227
Instalments within one to five years	820	840
	1,108	1,067

The weighted average interest rates were as follows:	2019 %	2018 %
Bank loans	2.4%	2.10%
Finance lease liabilities	3.17%	3.47%

The bank holds a fixed and floating charge over the assets of the company and a debenture over all present freehold and leasehold property. A composite guarantee exists between Pieminister Charlton Road LLP and Pieminister Limited.

13 Finance lease liabilities	**2019 £000's**	**2018 £000's**
Liabilities due:		
Within one year	112	52
Within two to five years	339	186
	451	238
Future finance charges under finance lease	(30)	(37)
Present value of lease obligations	421	201

The net book value of assets includes £501k (2018: £249k) in respect of assets held under finance leases.

14 Trade and other payables	**2019 £000's**	**2018 £000's**
Trade payables	1,633	1,539
Other tax and social security payable	111	108
Accruals and deferred income	839	637
VAT payable	5	-
Other payables	122	116
	2,710	2,400

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

15 Provisions	**2019 £000's**	**2018 £000's**
Provisions	99	186

In the year to 31 March 2019 the company has created a provision for dilapidations of £nil (2018: £186k) to recognise its obligations under the lease in relation to the Charlton Road site.

16 Called up share capital

	2019 £000's	2018 £000's
Authorised		
200,000 ordinary shares of £0.05 each	10	10

Allotted, Called Up and Fully Paid	No of shares	Share Capital £	Share premium £
At 31 March 2019	82,059	4	746
At 31 March 2018	82,059	4	746

On 10 November 2017, the company granted 4,590 share options with an exercise price of £13.17 per share. The options will vest on the third anniversary of the grant date and are exercisable in the event of a change of control, sale, takeover or admission subject to a di minimis share price being achieved. The options will expire on the day preceding the fifth anniversary of the grant date. The directors are currently evaluating the fair value of these options. IFRS 2 disclosures have been omitted because the amounts involved are not material.

17 Cash flow from operations

	2019 £000's	2018 £000's
Operating profit / (loss)	384	(280)
Depreciation charge	652	564
Increase in inventories	(39)	(4)
(Loss) / profit on sale of fixed asset	-	1
(Decrease) / increase in provisions	(87)	186
Increase in trade and other receivables	(148)	(463)
Increase in trade and other payables	309	402
Cash inflow from operations	1,071	406
Interest paid	(36)	(30)
Interest received	1	-
Tax received / (paid)	2	(38)
	1,038	338

18 Operating lease commitments

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

Due:	2019 £000's	2018 £000's
Within one year	639	641
Within two to five years	1,806	1,667
Over five years	1,064	564
	3,509	2,872

19 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. In the opinion of the Board, the company's key management are the directors & operational board members of Pieminister Limited. The directors consider there is no one controlling party.

During the year to 31 March 2019 the company paid rent of £148k (2018: £148k) in respect of a property owned by Pieminister Charlton Road LLP, a partnership controlled by the directors, and Pieminister Executive Pension Scheme of which the directors are trustees and beneficiaries. The balance owed to the partnership at 31 March 2019 was £nil (2018: -£62k), the balance owed to the Pension Scheme at 31 March 2019 was £nil (2018: £nil).

During the year to 31 March 2019 the company reimbursed Pieminister Charlton Road LLP £87k (2018: £nil) in respect of certain property repairs carried out on behalf of the company under its lease obligations. The balance owing to the partnership at 31 March 2019 was £106k (2018: £186k).

During the year to 31 March 2019 the company received fees from Pieminister Charlton Road LLP and Pieminister Executive Pension Scheme of £12k (2018: £12k). The balance owed to the company at 31 March 2019 was £nil (2018: £nil).

The spouse of a director of the company provided services to the company during the year of £33k (2018: £31k). The balance owing by the company at 31 March 2019 was £nil (2018: £2k).

During the year to 31 March 2019 the company paid software support and development fees to Agilebase Limited, an entity with a common director, of £18k (2018: £20k). The balance owing by the company at 31 March 2019 was £5k (2018: £4k).

A director of Pieminister Limited became a director of Think Drinks Limited on during the year. In the year to 31 March 2019 the company purchased goods from Think Drinks Limited of £13k (2018: £20k). The balance owing by the company at 31 March 2019 was £nil (2018: £3k).

20 Financial instruments

The company's financial instruments comprise cash and cash equivalents, borrowings, 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 company's operations.

The company'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 company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, 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 company's finance department.

Capital Management

The capital structure of the company consists of debt, which includes borrowings, cash and cash equivalents and equity; including share capital and other reserves. The company's policy is to maintain a strong capital base. The company finances its operations through retained earnings, bank borrowings and management of working capital. It is not the company's policy to engage in speculative activities or trade in complex financial instruments.

The following table summarises the capital of the Company:

	2019 £000's	2018 £000's
Cash and cash equivalents	1,076	559
Borrowings	(1,107)	(1,067)
Net debt	(31)	(508)
Equity	1,428	999

20 Financial instruments (continued)

Credit risk

The company 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.

The company's maximum exposure to credit risk equates to the carrying value of its trade receivables together with its cash and cash equivalents.

Liquidity risk

The company monitors its short-term debt finance to ensure the company has sufficient available funds for operations and planned expansions and would consider long term debt finance if required.

Interest rate risk

The company has interest bearing assets. Interest bearing assets include only cash balances which earn interest at variable rates.

The company's cash and cash equivalents earned interest at a rate of 0.1% during the year. The average interest rate during the year was 0.1% (2018: 0.1%).

Details of the terms of the company's borrowings at 31 March 2019 are disclosed in note 12.

The company is exposed to changes in interest rates on its bank borrowings which incur interest at a fixed margin above base rate. A 1% increase/decrease in the interest rate would decrease/increase profit by £12k (2018: £7k).

The table below summarises the Company's financial liabilities as at 31 March 2019 and 31 March 2018 based on contractual undiscounted payments:

Year ended 31 March 2019	**Within 1 year £000's**	**1 – 5 Years £000's**	**Total £000's**
Bank borrowings	176	481	657
Finance lease liabilities – Note 12	112	339	451
Trade and other payables	2,710	-	2,710
Total	2,998	820	3,818

Year ended 31 March 2018	**Within 1 year £000's**	**1 – 5 Years £000's**	**Total £000's**
Bank borrowings	175	654	829
Finance lease liabilities	52	186	238
Trade and other payables	2,400	-	2,400
Total	2,627	840	3,467