

**Company's Registration Number 04638465**

**PIEMINISTER LIMITED**

**Report and financial statements  
for the year ended**

**31 MARCH 2020**

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# 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

### **Independent 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 2020.

### Principal activities

Pieminister Limited manufactures, distributes and retails award winning pies and other branded products. The Company sells its products across the country through Pieminister restaurants and supplies numerous foodservice partners and selected multiple and independent retailers nationally.

### Business Review

#### COVID-19

At the end of the year under review the COVID-19 crisis had just started, our intention was to continue trading our restaurants and other leisure venues, but it quickly became apparent that it would not be possible or permitted under the "stay at home" phase of the lockdown. We had to close all our restaurants for the safety of our customers and staff. However, we continued operations at our Kitchens facility to supply our multiple wholesale channels during the period.

After the safety of our staff and customers, our next priority was to ensure Pieminister had sufficient liquidity to see us through these difficult and turbulent times. We took immediate action to delay non-essential capital commitments, furloughing the vast majority of the retail team and reducing other non-essential operating costs. Those actions combined with support from the government in the form of the Corona Virus Job Retention Scheme, Business Rates reliefs, support from landlords and the bounce back loan scheme have kept our liquidity strong. The Directors feel that this action means that Pieminister is well positioned to endure the continued business uncertainty and difficult trading conditions.

#### Re-opening restaurants

In July 2020 we took the decision to reopen many of our restaurants and bring back to work many of our colleagues. Safety of operations has been our key priority, which has included the provision of protective workwear and introducing enhanced cleaning regimes appropriate with government guidelines.

Whilst we are able to operate under social distancing, it is clear that it will be sometime before the high street and footfall returns to pre Covid-19 levels. The second national lock down in November has further impacted our restaurant sales during the busiest period and it remains to be seen whether there will be further lock down situations during 2021.

However, Pieminister has shown resilience and innovation even during these very difficult times and the Directors remain confident of our ability to operate under social distancing and continue to serve our existing and ever more important retail and digital channels.

#### Year under review

The Directors are pleased to report that sales growth continued during the year to 31 March 2020 delivering £17,264k compared to £16,551k the year before. Sales growth was delivered despite the slowdown in sales at the end of the year as a result of the demise of the high street from COVID-19 which has had a disproportionate effect on our retail channels.

These growth figures have come from our retail channel which grew by 5%, this was partly driven by a successful opening in Exeter towards the end of the year. A new store in Manchester, due to open at the end of March, was postponed until July and opened along with the other stores as trading restrictions related to COVID-19 lifted.

Restrictions imposed by the COVID-19 pandemic forced us to shut all our retail outlets for the first four months of the new financial year and led us to pause our roll out plans for the time being. We believe that in the current environment and the uncertainty over the workplace and the high street at large makes it almost impossible to further commit to an investment strategy in this channel. We will continue to re-evaluate the viability of future roll outs as restrictions ease and we're able to resume a more normal life.

Our pies continue to be distributed across all the major supermarkets which saw impressive year on year growth of 16%. This has further established Pieminister as the UK's number 1 premium pie brand in the grocery market. Our continued innovation in pies has supported our retailer partners and delivered incremental revenues to the overall category.

Our focus on operational improvements have continued in the year under review. Gross margin increased from 23% to 26% in the year to 31 March 2020 and reporting a profit before tax of £78k, largely impacted by the effects of IFRS16 which had a negative effect of £32k on the results reported.

During the year the company made capital investments of £609k, this was part to deliver our venues in Exeter and Manchester along with selected investments in our production facility in Bristol to facilitate our growing range of products and to support the retail sites.

# PIEMINISTER LIMITED

## STRATEGIC REPORT (continued)

### Innovation and CSR

Our conscientious young consumers sit firmly in the fast-growing proportion of the population who are searching for a more ethical and sustainable ways to eat. 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 business wide brand refresh.

Pieminister has also moved its focus to plant-based eating, helping drive the consumer shift to a more sustainable way of eating. As well as being first to market with a plant-based pie range we developed a range of hand-held patties of which 50% of the range are vegan. These are available through all our restaurants and food service customer as well as our direct to consumer online channel.

Since pieminister began we have donated pies to good causes: from homelessness hostels to community fairs to fundraising events. 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 continue to be 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 firmly believe that giving everyone in our c.250 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. The 2019 gender pay gap report showed an improving position from a gap of 6.5% in 2018 to 3.7% in 2019 – these results index very positively versus the rest of the UK.

### Brexit

With less than two months to the end of the transition period and negotiations still ongoing, it is disconcerting and unsettling for an SME like Pieminister that the Brexit issue remains unresolved and that true clarity of trade is yet to come. The Directors considered and took action to mitigate the impact of a non-trade deal last year and will continue to react to new guidelines as they emerge. And, 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 +4% (2019: +15%), Adjusted EBITDA performance £767k (2019: £1,036k), cash and liquidity, as measured by the acid ratio 1.08 (2019: 1.04) and return on Equity employed +5% (2019: +30%). 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. Whilst the strategy has been impacted by COVID-19 trading restrictions in our retail channels, the Directors are continuing to develop new ideas and concepts to ensure we can reach our consumers in a post COVID-19 world in multi ways.

### Principal risks & uncertainties

The Directors consider trading restrictions, the possibility of an extended second wave of contagion and the long term effects of COVID-19 on the high street and work patterns generally as the biggest risks any business has ever faced. We continue to try to mitigate those risks by delivering direct to the consumer and continue to develop products for our retail channels.

Details of the company's financial instruments and its policies with regard to financial risk management are disclosed in Note 19 of the financial statements.

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

  
Gonzalo Trujillo (Nov 20, 2020 12:00 GMT)

**Gonzalo Trujillo  
Director**

20 November 2020

# **PIEMINISTER LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 31 March 2020.

### **Results & dividends**

During the year sales increased to £17,264k (2019: £16,551k) and the company made a profit before tax of £78k (2019: £349k).

During the year the Directors paid a dividend of £nil (2019: £nil).

### **Directors**

The directors who served the company during the year and up until the date the financial statements were signed are those set out on page 2.

### **Going Concern**

Going concern is discussed further in the strategic report and in the company accounting policies on Page 13.

### **Directors Indemnity Insurance**

The company holds a director's indemnity insurance policy.

### **Employee involvement**

Employees are consulted on a regular basis so that views of employees can be taken into account in making decisions which are likely to affect their interests.

### **Disabled employees**

The company gives full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities and for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company.

### **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 (Nov 20, 2020 12:00 GMT)

**Gonzalo Trujillo  
Director**

20 November 2020

## **PIEMINISTER LIMITED**

### **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.

Going concern is discussed further in the strategic report and in the company accounting policies on Page 13.

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 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 2020 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 2020 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.

### Emphasis of matter – impact of COVID-19

We draw attention to note 1 of the financial statements, which describes the impact of COVID-19 on the company. Our opinion is not modified in respect of this matter.

### 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.



# PIEMINISTER LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIEMINISTER LIMITED

### 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](http://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*  
Nexia Smith & Williamson (Nov 24, 2020 20:17 GMT)

### Fiona Westwood

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

# PIEMINISTER LIMITED

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2020


	Notes	2020 £000's	2019 £000's
Revenue		17,264	16,551
Cost of sales		(12,787 )	(12,630 )
<b>Gross profit</b>		<b>4,477</b>	<b>3,921</b>
Administrative expenses		(4,184 )	(3,537 )
<b>Operating profit</b>	<b>2</b>	<b>293</b>	<b>384</b>
Finance costs	<b>5</b>	(217 )	(36 )
Investment revenues	<b>5</b>	2	1
<b>Profit before taxation</b>		<b>78</b>	<b>349</b>
Taxation	<b>6</b>	-	80
<b>Total comprehensive income for the year</b>		<b>78</b>	<b>429</b>

# PIEMINISTER LIMITED

## STATEMENT OF FINANCIAL POSITION as at 31 March 2020

	Notes	2020 £000's	2019 £000's
<b>Non-current assets</b>			
Goodwill	7	227	227
Property, plant and equipment	8	6,000	1,841
Total non-current assets		<u>6,227</u>	<u>2,068</u>
<b>Current assets</b>			
Inventories	9	440	379
Trade and other receivables	10	1,824	1,788
Income tax asset	6	73	31
Deferred tax asset	6	-	3
Cash and cash equivalents	11	1,078	1,076
Total current assets		<u>3,415</u>	<u>3,277</u>
<b>Total assets</b>		<u><u>9,642</u></u>	<u><u>5,345</u></u>
<b>Equity</b>			
Share capital	15	4	4
Share premium account	15	746	746
Retained earnings	16	756	678
Total equity		<u>1,506</u>	<u>1,428</u>
<b>Non-current liabilities</b>			
Financial liabilities – borrowings	12	4,862	820
Deferred tax liability	6	70	-
Total non-current liabilities		<u>4,932</u>	<u>820</u>
<b>Current liabilities</b>			
Financial liabilities – borrowings	12	950	288
Trade and other payables	13	2,254	2,710
Provisions	14	-	99
Total current liabilities		<u>3,204</u>	<u>3,097</u>
<b>Total equity and liabilities</b>		<u><u>9,642</u></u>	<u><u>5,345</u></u>

The financial statements were approved by the Board of Directors on 20 November 2020 and were signed on its behalf by:

  
Gonzalo Trujillo (Nov 20, 2020 12:00 GMT)

Gonzalo Trujillo  
Director

Company registration number: 04638465

## PIEMINISTER LIMITED

### STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020

	Share capital £000's	Share premium £000's	Retained earnings £000's	Total equity £000's
Balance at 1 April 2018	4	746	249	999
Profit for the year	-	-	429	429
Balance at 31 March 2019	4	746	678	1,428
Profit for the year	-	-	78	78
Balance at 31 March 2020	4	746	756	1,506

# PIEMINISTER LIMITED

## STATEMENT OF CASH FLOWS for the year ended 31 March 2020

	Notes	2020 £000's	2019 £000's
<b>Net cash flow from operating activities</b>	17	664	1,038
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment (PPE)		(609 )	(657 )
Proceeds from disposal of property, plant and equipment		-	95
<b>Net cash used in investing activities</b>		(609 )	(562 )
<b>Cash flows from financing activities</b>			
New borrowings		800	306
Repayment of borrowings		(255 )	(265 )
Repayment of lease liabilities		(598 )	-
<b>Net cash (outflow) / inflow from financing activities</b>		(53 )	41
<b>Net movement in cash and cash equivalents</b>		2	517
Cash and cash equivalents at beginning of year		1,076	559
<b>Cash and cash equivalents at end of year</b>	11	1,078	1,076

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

### 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.

#### 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 16 "Leases"

The new standard requires additional disclosures which have been provided in Notes 8 and 12.

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.

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

#### Going Concern

In response to the Coronavirus pandemic and the restrictions on trading imposed by the UK Government, the Directors have undertaken a range of operational improvements, cost saving measures, securing additional liquidity from our lender and accessing government financial support which has mitigated the effect of the closure of our retail estate and many of our wholesale customers for much of 2020. The key commercial priority during this time has been to preserve liquidity and re structure the Company's operations in order to secure the future of the business should the restrictions prevail.

When evaluating the issue of going concern, the Directors have considered not only the base profit and cash flow forecast for the next eighteen month period but have also considered extreme scenarios of further disruption to trading in the medium term that could pose a risk to the business. The Directors are satisfied with the results from those scenarios and are confident that with the multifaceted nature of the business; the excellent relationship with its lenders; the resources available to it; and the agility and adaptability of the management team that the company has adequate resources to continue in operational existence for the foreseeable future and therefore it is appropriate to adopt a going concern basis in preparing the 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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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.

#### 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 Property	-	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, 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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 1 Accounting policies (continued)

#### 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

The company leases 15 retail stores and a production facility in Bristol from which it conducts business. The lease terms vary and the remaining lease terms at the date of application vary. All leases feature fixed lease payments.

A lease is recognised when the company enters into a contract that conveys the right to control the use of an identified asset for a period of time in return for consideration. The lease term is the non-cancellable period of the lease. When a lease is identified, a lease liability and right of use asset is recognised.

Assets & liabilities arising from a lease are initially measured on a present value basis. Lease payments are discounted using the company's incremental borrowing rate as the interest rates implicit in the leases cannot be readily identified. Lease payments made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost, the finance cost is charged to profit and loss at a constant periodic rate of interest on the remaining balance of the liability for each period.

The company has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions of the Standard. The company has elected to apply the following practical expedients permitted by the Standard:

- applying a single discount rate to a portfolio of leases with similar characteristics;
- not to recognise a right of use asset or lease liability to leases for which the lease term ends within 12 months of the date of initial application;
- and to exclude initial direct costs from the right of use asset.

The company also leases IT equipment for use in its head office and production facility. It elects to apply the recognition exemption for leases of low value assets to these leases.

The company has not restated comparatives for the 2019 reporting period.



# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 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 and the calculation of the present value of lease liabilities.

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

Note 12 explains how the value of lease liabilities and right of use assets is assessed.

Note 14 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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

<b>2 Operating profit for the year</b>	<b>2020</b>	<b>2019</b>
is stated after charging/(crediting):	<b>£000's</b>	<b>£000's</b>
Cost of inventories recognised as an expense	5,144	5,063
Depreciation of owned property, plant and equipment	563	652
Depreciation of "right of use" assets	646	-
Staff costs (see note 4)	5,929	5,669
Low value and short-term lease expenses	20	639
Profit on disposal of fixed assets	-	(22)

<b>3 Auditors remuneration</b>	<b>2020</b>	<b>2019</b>
	<b>£000's</b>	<b>£000's</b>
Fees payable to the company's auditor for the audit of the annual financial statements	20	16
Other services relating to taxation	15	13

### 4 Staff costs

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Production	86	78
Selling and distribution	180	187
Administration	33	33
	<b>299</b>	<b>298</b>

	<b>2020</b>	<b>2019</b>
	<b>£000's</b>	<b>£000's</b>
Staff costs for the above persons were:		
Wages and salaries	5,397	5,184
Social security costs	441	420
Pension costs	91	65
	<b>5,929</b>	<b>5,669</b>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 4 Staff costs (continued)

	2020	2019
	£000's	£000's
Directors' emoluments:		
Emoluments	178	160
Social security costs	22	20
Pension contributions	5	5
	<hr/>	<hr/>
Aggregate emoluments	205	185
	<hr/>	<hr/>

During the year non-executive directors invoiced the company director fees of £42k (2019: £46k). The balance owing by the company at 31 March 2020 was £nil (2019: £9k).

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 £611k (2019: £659k) and represent short-term employee benefits payable after inclusion of employers' national insurance contributions of £65k (2019: £71k). 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

	2020	2019
	£000's	£000's
Interest payable on bank loans and overdrafts	27	18
Interest payable on leases	190	13
Other interest	-	5
	<hr/>	<hr/>
	217	36
	<hr/>	<hr/>
Interest receivable	2	1
	<hr/>	<hr/>
	2	1
	<hr/>	<hr/>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

6 Taxation	2020 £000's	2019 £000's
<b>(a) Charge for the year</b>		
Current income tax:		
UK corporation tax at 19% (2019: 19%)	-	-
Adjustments in respect of prior periods	(73 )	-
	<hr/>	<hr/>
Total current tax charge	(73 )	-
Deferred income tax:		
Origination and reversal of timing differences	(13 )	(12)
Adjustments in respect of prior periods	77	(68)
Effect of tax rate change on opening balance	9	-
	<hr/>	<hr/>
Total deferred tax charge / (credit)	73	(80)
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	<b>-</b>	<b>(80)</b>
	<hr/>	<hr/>
<b>(b) Provision for deferred tax</b>		
Accelerated capital allowances	117	82
Short term timing differences	(4 )	(11)
Losses	(43 )	(74)
	<hr/>	<hr/>
Total deferred tax liability	70	(3)
	<hr/>	<hr/>
Movement in Provision		
Provision at start of period	(3)	77
Deferred tax charged in the P&L account for the period	73	(80)
	<hr/>	<hr/>
<b>Provision at end of period</b>	<b>70</b>	<b>(3)</b>
	<hr/>	<hr/>
	<hr/>	<hr/>
<b>Corporation tax liability / (asset)</b>	<b>73</b>	<b>(31)</b>
	<hr/>	<hr/>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 6 Taxation (continued)

2020  
£000's

2019  
£000's

#### (c) Factors affecting tax expense

Profit / (loss) on ordinary activities before taxation	78	349
Tax on profit / (loss) on ordinary activities at standard CT rate of tax of 19% (2019: 19%)	15	66
Effects of:		
Permanent differences on fixed assets	15	19
Effect of tax rate change	9	1
Expenses not deductible for taxation	7	5
Chargeable gains / (losses)	-	12
Adjustments to tax charge in respect of prior periods	3	(67)
Additional deduction for R&D expenditure	(49)	(116)
<b>Total tax charge for the period</b>	<b>-</b>	<b>(80)</b>

### 7 Goodwill

£'000s

At 1 April 2019	227
Additions	-
At 31 March 2020	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

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

8. Property, plant and equipment	Leasehold property £000's	Plant & equipment £000's	Other assets £000's	Total £000's
<b>Cost</b>				
At 1 April 2018	1,671	1,451	1,022	4,144
Additions	216	359	82	657
Disposals	(103)	(42)	(15)	(160)
At 1 April 2019	1,784	1,768	1,089	4,641
Adjustment on adoption of IFRS16	4,759	-	-	4,759
Additions	237	238	134	609
Disposals	-	-	(39)	(39)
At 31 March 2020	6,780	2,006	1,184	9,970
<b>Depreciation</b>				
At 1 April 2018	874	637	702	2,213
Charge for the year	271	197	184	652
Disposal	(29)	(22)	(14)	(65)
At 1 April 2019	1,116	812	872	2,800
Charge on owned assets	291	152	120	563
Charge on leased assets	558	72	16	646
Disposals	-	-	(39)	(39)
At 31 March 2020	1,965	1,036	969	3,970
<b>Net book amount</b>				
At 31 March 2020	4,815	970	215	6,000
At 31 March 2019	668	956	217	1,841

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

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2020 £000's	2019 £000's
Leasehold property	4,200	-
Plant & equipment	405	477
Finished goods	8	24
	<u>4,613</u>	<u>501</u>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 8 Property, plant and equipment (continued)

#### Capital Commitments

	2020 £000's	2019 £000's
Contracted but not provided for	-	21
	<hr/>	<hr/>

### 9 Inventories

	2020 £000's	2019 £000's
Raw materials and consumables	247	188
Finished goods	193	191
	<hr/>	<hr/>
	440	379
	<hr/>	<hr/>

### 10 Trade and other receivables

	2020 £000's	2019 £000's
Trade receivables	1,291	1,309
Less provision for impairment	(95)	(20)
	<hr/>	<hr/>
Trade receivables – net	1,196	1,289
Prepayments and accrued income	247	497
VAT recoverable	80	-
Other receivables	301	2
	<hr/>	<hr/>
	1,824	1,788
	<hr/>	<hr/>

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.

## PIEMINISTER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

10	Provisions for impairment of trade receivables (continued)	2020 £000's	2019 £000's
	At 1 April	20	43
	Charge for the year, net of recoveries	93	11
	Uncollected amounts written off	(18 )	(34)
		<hr/>	<hr/>
	At 31 March	95	20
		<hr/>	<hr/>

As at 31 March 2020, trade receivables of £95k (2019: £20k) were impaired. As at 31 March 2020 trade receivables of £65k (2019: £45k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2020 £000's	2019 £000's
Up to one month past due	25	12
One to three months past due	12	10
Over three months past due	28	23
	<hr/>	<hr/>
	65	45
	<hr/>	<hr/>

The carrying value of trade receivables of £1,196k (2019: £1,289k) represents the maximum exposure to credit risk.

Other receivables do not contain impaired assets.

11	Cash and cash equivalents	2020 £000's	2019 £000's
	Cash at bank and in hand	1,078	1,076
		<hr/>	<hr/>



# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

12 Financial liabilities – borrowings	2020 £000's	2019 £000's
<b>Current liabilities</b>		
Bank loans	341	176
Lease liabilities	609	112
	<hr/>	<hr/>
	950	288
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Bank loans	861	481
Lease liabilities	4,001	339
	<hr/>	<hr/>
	4,862	820
	<hr/>	<hr/>
Borrowings are repayable as follows:		
Instalments within one year	950	288
Instalments within one to five years	2,898	820
Instalments after five years	1,964	-
	<hr/>	<hr/>
	5,812	1,108
	<hr/>	<hr/>

	2020 %	2019 %
The weighted average interest rates were as follows:		
Bank loans	2.8%	2.4%
Lease liabilities	3.9%	3.2%

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application of IFRS 16 was 3.9%.

The expense relating to low value and short term leases was £20k [2019: £639k].

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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

13 Trade and other payables	2020 £000's	2019 £000's
Trade payables	1,416	1,633
Other tax and social security payable	98	111
Accruals and deferred income	629	839
VAT payable	-	5
Other payables	111	122
	<hr/>	<hr/>
	2,254	2,710
	<hr/>	<hr/>

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

14 Provisions	2020 £000's	2019 £000's
Provisions	-	99
	<hr/>	<hr/>

In the year to 31 March 2020 the company has created a provision for dilapidations of £nil (2019: £nil) to recognise its obligations under the lease in relation to the Charlton Road site.

15	Called up share capital	2020 £000's	2019 £000's
	<b>Authorised</b>		
	200,000 ordinary shares of £0.05 each	10	10
	<b>Allotted, Called Up and Fully Paid</b>		
	No of shares	Share Capital £	Share premium £
	At 31 March 2020	82,059	4
			746
	At 31 March 2019	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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 16 Reserves

Details of the movements in reserves are set out in the Statement of Changes in Equity. A description of each reserve is set out below.

Share premium - The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Retained earnings – The retained earnings reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

### 17 Cash flow from operations

	2020 £000's	2019 £000's
Operating profit	293	384
Depreciation charge	1,209	652
Increase in inventories	(61 )	(39 )
(Decrease) / increase in provisions	-	(87 )
Increase in trade and other receivables	(35 )	(148 )
(Decrease) / increase in trade and other payables	(558 )	309
	<hr/>	<hr/>
<b>Cash inflow from operations</b>	848	1,071
Interest paid	(217 )	(36 )
Interest received	2	1
Tax received	31	2
	<hr/>	<hr/>
	664	1,038
	<hr/>	<hr/>

## PIEMINISTER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

#### 18 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 2020 the company paid rent of £148k (2019: £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 2020 was £nil (2019: -£nil) the balance owed to the Pension Scheme at 31 March 2020 was £nil (2019: £nil).

During the year to 31 March 2020 the company received fees from Pieminister Charlton Road LLP and Pieminister Executive Pension Scheme of £12k (2019: £12k). The balance owed to the company at 31 March 2020 was £nil (2019: £nil).

The spouse of a director of the company provided services to the company during the year of £46k (2019: £33k). The balance owing by the company at 31 March 2020 was £4k (2019: £nil).

During the year to 31 March 2020 the company paid software support and development fees to Agilebase Limited, an entity with a common director, of £28k (2019: £18k). The balance owing by the company at 31 March 2020 was £8k (2019: £5k).

On 3 September 2019 the company extended loans to three directors totalling £301k (2019: £nil). The loans are unsecured and are repayable in full on 31 December 2020. The loans shall bear interest on the principal amount at 2.5%. The balance owing by the directors at 31 March 2020 was £301k (2019: £nil).

## PIEMINISTER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

#### 19 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:

	2020 £000's	2019 £000's
Cash and cash equivalents	1,078	1,076
Borrowings	(5,812)	(1,107)
	<hr/>	<hr/>
Net debt	(4,734)	(31)
	<hr/>	<hr/>
Equity	1,506	1,428
	<hr/>	<hr/>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020 (continued)

### 19 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% (2019: 0.1%).

Details of the terms of the company's borrowings at 31 March 2020 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 £10k (2019: £12k).

The table below summarises the Company's financial liabilities as at 31 March 2020 and 31 March 2019 based on contractual undiscounted payments:

Year ended 31 March 2020	Within 1 year £000's	After 1 year £000's	Total £000's
Bank borrowings	341	861	1,202
Finance lease liabilities	609	4,001	4,610
Trade and other payables	2,254	-	2,254
Total	3,204	4,862	8,066

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