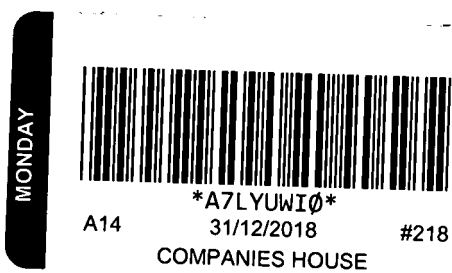


**Company's Registration Number 04638465**

**PIEMINISTER LIMITED**

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

**31 MARCH 2018**



# PIEMINISTER LIMITED

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# PIEMINISTER LIMITED

## DIRECTORS AND ADVISORS

### Directors

Tristan Hogg  
Jonathan Simon  
Gonzalo Trujillo  
Simon Turner

### Secretary

Gonzalo Trujillo

### Registered office

Charlton Road  
Brenty  
Bristol  
BS10 6NF

### 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 2018.

### Principal activities

Pieminister Limited makes, distributes and retails award winning, high quality, ethically produced pies and other branded products. The Company sells its products across the UK, through Pieminister restaurants, branded foodservice partners and selected retailers.

### Business Review

The Directors are pleased to report that sales increased 14% to £14,345k for the year ending 31st March 2018, compared with £12,556k the year before. We have seen impressive revenue growth in our core business channels, Pieminister Restaurants and Brand Licence business which grew by 23% during the year, our other sales channels reported growth of 10%.

Our restaurants have delivered total growth of 16% in the year with like-for-like sales up 5%. Two new restaurants were opened in the period and more than 25 full-time jobs were created in the UK. We have continued to see a positive performance in this channel so far in 2018 and opened two additional restaurants since the year end bringing the total number of sites to 15.

The company continues to seek out suitable retail opportunities to expand its portfolio of restaurants. Challenging trading conditions including higher food costs, margin erosion from delivery services, increased labour costs and low consumer confidence driven by the uncertainty of Brexit present great opportunities for pieminister as more affordable sites become available. However, we are adopting a cautious approach to new openings, only doing deals in exceptional locations to avoid over burdening the company with further debt during this uncertain time.

Pieminister has distribution across the major supermarkets and continues to be the premium pie of choice in the best food halls and premium grocers across the country. Pieminister has more than doubled grocery sales over three years with consistent YoY growth and is the fastest growing premium pie supplier in this sector. Pieminister is now the leading brand in both Ocado and Waitrose and has added £1m incremental category sales in a year.

Gross margin has decreased by one percentage point, from 22% in 2017 to 21% in the period. As for many food businesses, gross margin continues to be under pressure following severe cost inflation particularly in dairy and meat. In the year, we invested significantly in our production facility in order to continue to drive product innovation and efficiencies and offset ongoing inflationary pressures. The gross margins in the year has also been affected by pre-opening costs in four new restaurants which are recognised in cost of sales.

During the year the company set up a provision for dilapidations of £186k to recognise its responsibilities under our lease to maintain the main production site at Charlton Road. This provision combined with investment to fund the growth strategy in sales revenues, and reduction in gross margin has resulted in a loss before tax of £310k (2017: profit £148k).

During the period Pieminister has made capital investments of £1.2m. Approximately half of this is attributable to new retail outlets and the remainder invested into our production facility to improve efficiencies. We have also invested in a state of the art product development facility to further drive innovation and ensure that our products and services are always one step ahead of consumer trends and we can react quickly when required. This investment has been partly funded through additional borrowings during the period which has impacted the net cash position of the company which has changed to a net debt position £508k at year end (2017: £633k net cash).

Pieminister has also invested in skills and people and created over 45 new jobs in the UK and donated in excess of 35,000 pies to good causes tackling hunger and homelessness. The strength of the Pieminister brand as the leading premium pie company in the UK continues to gather momentum. The exposure through our combined business channels and ongoing commitment to product innovation, animal welfare, reducing the ecological impact of all our business activities and supporting good causes through our CSR activities included within our 'Little Acts of Pieness' initiative, allows us to remain confident that Pieminister will become the UK's favourite pie brand.

Despite the ongoing and challenging market conditions and uncertainty over Brexit, the Directors are confident that Pieminister is a strong, sustainable and well-established brand that will continue to outperform the market and be loved by consumers.

### 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.

# PIEMINISTER LIMITED

## STRATEGIC REPORT

### Future developments

We will continue to develop a strong brand presence in restaurants, food service and retail channels and to continue to deliver one of the best dining experiences in the market be it at home or at our venues. The Directors are delighted with steps taken to strengthen the organisation and have full confidence in its ability to execute the strategy; they will continue to support investment in its restaurants, new products, brand, people and systems.

### Principal risks & uncertainties

Whilst mindful of the potential for some economic uncertainty in the months ahead, we believe that the current economic environment presents significant opportunities and are confident in our strategy and the actions we are taking to grow a strong and sustainable business. The Directors consider increases in ingredient costs, consumer trends and loss of production as key risk; 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 investing in our production facilities to increase their resilience and efficiency. Pieminister continues to develop a business that works across multiple sales channels and the Directors believe that this not only strengthens the brand, expands its reach but builds business resilience in a rapidly evolving market.

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

12 December 2018

# PIEMINISTER LIMITED

## DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2018.

### Results & dividends

During the year sales increased to £14,345k (2017: £12,556k) and the company made a loss before tax of £310k (2017: £148k profit).

During the year the company paid a dividend of £300k (2017: £17k).

### Directors

The directors who served the company during the year are those set out on page 2.

### Disclosure of information to the auditors

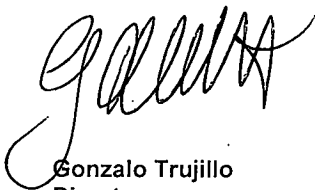
In the case of each person who was a director at the time this report was approved:

- 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

12 December 2018

# 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.

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 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash flows, 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 2018 and of its loss 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.



# 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 set out on page 6, 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*

**Fiona Westwood**

Senior Statutory Auditor, for and on behalf of

**Nexia Smith & Williamson**

Statutory Auditor

Chartered Accountants

12 December 2018

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# PIEMINISTER LIMITED

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2018

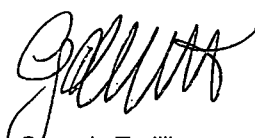
	Notes	2018 £000's	2017 £000's
Revenue		14,345	12,556
Cost of sales		(11,352 )	(9,792 )
<b>Gross profit</b>		<b>2,993</b>	<b>2,764</b>
Administrative expenses		(3,087 )	(2,610 )
Provision for dilapidations	15	(186 )	-
<b>Operating (loss) / profit</b>	2	<b>(280 )</b>	<b>154</b>
Finance costs	5	(30 )	(7 )
Investment revenues	5	-	1
<b>(Loss) / profit before taxation</b>		<b>(310 )</b>	<b>148</b>
Taxation	6	38	(12 )
<b>Total comprehensive income for the year</b>		<b>(272 )</b>	<b>136</b>

# PIEMINISTER LIMITED

## STATEMENT OF FINANCIAL POSITION as at 31 March 2018

	Notes	2018 £000's	2017 £000's
<b>Non-current assets</b>			
Goodwill	7	227	227
Property, plant and equipment	8	1,931	1,317
<b>Total non-current assets</b>		<u>2,158</u>	<u>1,544</u>
<b>Current assets</b>			
Inventories	9	339	335
Trade and other receivables	10	1,640	1,177
Income tax asset	6	33	-
Cash and cash equivalents	11	559	1,038
<b>Total current assets</b>		<u>2,571</u>	<u>2,550</u>
<b>Total assets</b>		<u>4,729</u>	<u>4,094</u>
<b>Equity</b>			
Share capital	16	4	4
Share premium account	16	746	746
Retained earnings		249	821
<b>Total equity</b>		<u>999</u>	<u>1,571</u>
<b>Non-current liabilities</b>			
Financial liabilities – borrowings	12	840	294
Deferred tax liability	6	77	81
<b>Total non-current liabilities</b>		<u>917</u>	<u>375</u>
<b>Current liabilities</b>			
Financial liabilities – borrowings	12	227	111
Income tax liability	6	-	39
Trade and other payables	14	2,400	1,998
Provisions	15	186	-
<b>Total current liabilities</b>		<u>2,813</u>	<u>2,148</u>
<b>Total equity and liabilities</b>		<u>4,729</u>	<u>4,094</u>

The financial statements were approved by the Board of Directors on 12 December 2018 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 2018

	Share capital £000's	Share premium £000's	Retained earnings £000's	Total equity £000's
Balance at 1 April 2016	4	746	702	1,452
Dividends	-	-	(17 )	(17 )
Profit for the year	-	-	136	136
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	4	746	821	1,571
Dividends	-	-	(300 )	(300 )
Loss for the year	-	-	(272 )	(272 )
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	4	746	249	999
	<hr/>	<hr/>	<hr/>	<hr/>

# PIEMINISTER LIMITED

## STATEMENT OF CASH FLOWS for the year ended 31 March 2018

	Notes	2018 £000's	2017 £000's
Net cash flow from operating activities	17	338	721
Cash flows from investing activities			
Purchases of property, plant and equipment (PPE)		(1,192 )	(511 )
Acquisition of subsidiary company net of cash acquired		-	(126 )
Proceeds from disposal of property, plant and equipment		14	2
Net cash used in investing activities		(1,178 )	(635 )
Cash flows from financing activities			
New borrowings		1,122	244
Repayments of borrowings		(461 )	(76 )
Dividends		(300 )	(17 )
Net cash inflow / (outflow) from financing activities		361	151
Net movement in cash and cash equivalents		(479 )	237
Cash and cash equivalents at beginning of year		1,038	801
Cash and cash equivalents at end of year	11	559	1,038

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

### 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 not material 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 measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

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

#### **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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

### 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.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

### 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%
Other assets	-	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.

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

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.



# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (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.

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

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

#### Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

#### New and amended standards which are not effective for the current period.

IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from contracts with customers* and IFRS 16, *Leases* are in issue but are not yet effective so the company has not adopted these standards in these financial statements. The directors are currently assessing the impact of these standards on the financial statements.

#### New and amended standards which became effective during the year

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

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

<b>2 Operating profit for the year</b>	<b>2018</b>	<b>2017</b>
is stated after charging/(crediting):	£000's	£000's
Cost of inventories recognised as an expense	4,689	4,342
Depreciation of property, plant and equipment	564	493
Staff costs (see note 4)	4,958	4,504
Operating lease rentals	537	417
Profit on disposal of fixed assets	1	2

<b>3 Auditors remuneration</b>	<b>2018</b>	<b>2017</b>
	£000's	£000's
Fees payable to the company's auditor for the audit of the annual financial statements	16	15
Other services relating to taxation	13	12

### 4 Staff costs

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

	<b>2018</b>	<b>2017</b>
	Number	Number
Production	70	62
Selling and distribution	156	122
Administration	31	26
	<b>257</b>	<b>210</b>

	<b>2018</b>	<b>2017</b>
	£000's	£000's
Staff costs for the above persons were:		
Wages and salaries	4,539	4,203
Social security costs	385	263
Pension costs	34	38
	<b>4,958</b>	<b>4,504</b>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

### 4 Staff costs (continued)

	2018	2017
	£000's	£000's
Directors' emoluments:		
Emoluments	160	158
Social security costs	20	20
Pension contributions	5	5
	<hr/>	<hr/>
Aggregate emoluments	185	183
	<hr/>	<hr/>

During the year non-executive directors invoiced the company director fees of £52k (2017: £43k). The balance owing by the company at 31 March 2018 was £10k (2017: £2k).

The directors and the operational board, comprising heads of functional departments, are considered to be the only key management personnel. The aggregate emoluments for the key management personnel were £615k (2017: £526k) and represent short-term employee benefits payable after inclusion of employers' national insurance contributions of £66k (2017: £57k). 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

	2018	2017
	£000's	£000's
Interest payable on bank loans and overdrafts	10	6
Interest payable on finance leases	20	1
	<hr/>	<hr/>
	30	7
	<hr/>	<hr/>
Interest receivable	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>

# PIEMINISTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

6	Taxation	2018 £000's	2017 £000's
(a)	Charge for the year		
	Current income tax:		
	UK corporation tax at 19% (2017: 20%)	-	33
	Adjustments in respect of prior periods	(33 )	(20 )
	Total current tax charge	(33 )	13
	Deferred income tax:		
	Origination and reversal of timing differences	(5 )	(12 )
	Adjustments in respect of prior periods	-	16
	Effect of tax rate change on opening balance	-	(5 )
	Total deferred tax charge / (credit)	(5 )	(1 )
	<b>Tax on profit on ordinary activities</b>	<b>(38 )</b>	<b>12</b>
(b)	Provision for deferred tax		
	Accelerated capital allowances	86	88
	Losses	(9 )	(7 )
	Total deferred tax liability	77	81
	Movement in Provision		
	Provision at start of period	81	79
	Transfer in from subsidiary	-	3
	Deferred tax charged in the P&L account for the period	(5 )	(1 )
	<b>Provision at end of period</b>	<b>77</b>	<b>81</b>
	<b>Corporation tax liability</b>	<b>(33 )</b>	<b>39</b>

# PIEMINISTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

6	Taxation (continued)	2018 £000's	2017 £000's
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## (c) Factors affecting tax expense

(Loss) / profit on ordinary activities before taxation	(310 )	149
Tax on (loss) / profit on ordinary activities at standard CT rate of tax of 19% (2017: 20%)	(59 )	30
Effects of:		
Permanent differences on fixed assets	16	18
Effect of tax rate change	(1 )	(4 )
Expenses not deductible for taxation	8	12
Loss carried back	30	-
Adjustments to tax charge in respect of prior periods	(33 )	(4 )
Additional deduction for R&D expenditure	1	(40 )
<b>Total tax charge for the period</b>	<b>(38 )</b>	<b>12</b>

## 7 Goodwill

	£'000s
At 1 April 2017	227
Additions	-
At 31 March 2018	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 2018 (continued)

8 Property, plant and equipment	Leasehold improvements £000's	Plant & equipment £000's	Other assets £000's	Total £000's
<b>Cost</b>				
At 1 April 2016	1,127	743	683	2,553
Additions	74	338	99	511
Fixed assets acquired on hive-up of subsidiary	3	-	22	25
Disposals	-	-	(20)	(20)
At 1 April 2017	1,204	1,081	784	3,069
Additions	467	486	239	1,192
Disposals	-	(116)	(1)	(117)
At 31 March 2018	1,671	1,451	1,022	4,144
<b>Depreciation</b>				
At 1 April 2016	398	510	367	1,275
Charge for the year	246	84	163	493
Disposal	-	-	(16)	(16)
At 1 April 2017	644	594	514	1,752
Charge for the year	230	145	189	564
Disposals	-	(102)	(1)	(103)
At 31 March 2018	874	637	702	2,213
<b>Net book amount</b>				
At 31 March 2018	797	814	320	1,931
At 31 March 2017	560	487	270	1,317

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

The net book value of plant and equipment includes £249k (2017: £262) in respect of assets held under finance leases, the depreciation charge on these assets during the year was £33k (2017: £7). 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

	2018 £000's	2017 £000's
Contracted but not provided for	73	-

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

9	Inventories	2018 £000's	2017 £000's
	Raw materials and consumables	189	195
	Finished goods	150	140
		<hr/>	<hr/>
		339	335
		<hr/>	<hr/>
10	Trade and other receivables	2018 £000's	2017 £000's
	Trade receivables	1,085	910
	Less provision for impairment	(43)	(26)
		<hr/>	<hr/>
	Trade receivables – net	1,042	884
	Prepayments and accrued income	506	277
	VAT recoverable	27	15
	Other receivables	65	1
		<hr/>	<hr/>
		1,640	1,177
		<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 2018 (continued)

10	Provisions for impairment of trade receivables	2018 £000's	2017 £000's
	At 1 April	26	7
	Charge for the year, net of recoveries	19	21
	Uncollected amounts written off	(2 )	(2 )
		<hr/>	<hr/>
	At 31 March	43	26
		<hr/>	<hr/>

As at 31 March 2016, trade receivables of £43k (2017: £26k) were impaired. As at 31 March 2018 trade receivables of £24k (2017: £13k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2018 £000's	2017 £000's
Up to one month past due	19	12
One to three months past due	5	1
	<hr/>	<hr/>
	24	13
	<hr/>	<hr/>

The carrying value of trade receivables of £1,042k (2017: £884k) represents the maximum exposure to credit risk.

Other receivables do not contain impaired assets.

11	Cash and cash equivalents	2018 £000's	2017 £000's
	Cash at bank and in hand	559	1,038
		<hr/>	<hr/>



# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

12 Financial liabilities – borrowings	2018 £000's	2017 £000's
<b>Current liabilities</b>		
Bank loans	175	58
Finance lease liabilities	52	53
	<u>227</u>	<u>111</u>
<b>Non-current liabilities</b>		
Bank loans	654	107
Finance lease liabilities	186	187
	<u>840</u>	<u>294</u>
Borrowings are repayable as follows:		
Instalments within one year	227	111
Instalments within one to five years	840	294
	<u>1,067</u>	<u>405</u>
The weighted average interest rates were as follows:	2018 %	2017 %
Bank loans	2.10%	3.00%
Finance lease liabilities	3.47%	3.55%

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 2018 (continued)

13 Finance lease liabilities	2018 £000's	2017 £000's
Liabilities due:		
Within one year	52	53
Within two to five years	186	187
	<hr/>	<hr/>
Future finance charges under finance lease	238 (37 )	240 (23 )
	<hr/>	<hr/>
Present value of lease obligations	201	217
	<hr/>	<hr/>

The net book value of assets includes £249k (2017: £262k) in respect of assets held under finance leases.

14 Trade and other payables	2018 £000's	2017 £000's
Trade payables	1,539	1,231
Other tax and social security payable	108	89
Accruals and deferred income	637	549
Other payables	116	129
	<hr/>	<hr/>
	2,400	1,998
	<hr/>	<hr/>

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

15 Provisions	2018 £000's	2017 £000's
Provisions	186	-
	<hr/>	<hr/>

In the year to 31 March 2018 the company has created a provision for dilapidations of £186k (2017: £nil) to recognise its obligations under the lease in relation to the Charlton Road site.

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

16 Called up share capital	2018 £000's	2017 £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 2018	82,059	4	746
At 31 March 2017	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	2018 £000's	2017 £000's
Operating (loss) / profit	(280 )	155
Depreciation charge	564	493
(Increase) / decrease in inventories	(4 )	9
Profit on sale of fixed asset	1	2
Increase in provisions	186	-
Increase in trade and other receivables	(463 )	(35 )
Increase in trade and other payables	402	96
<b>Cash inflow from operations</b>	<b>406</b>	<b>720</b>
Interest paid	(30 )	(7 )
Tax (paid) / received	(38 )	8
	<b>338</b>	<b>721</b>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

### 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:	2018 £000's	2017 £000's
Within one year	641	437
Within two to five years	1,667	1,021
Over five years	564	99
	<hr/>	<hr/>
	2,872	1,557
	<hr/>	<hr/>

### 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 and operational board members of Pieminister Limited. The directors consider there is no one controlling party.

During the year to 31 March 2018 the company paid rent of £148k (2017: £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. At the year end the company had prepaid rent to the LLP for future periods of £62k (2017: £nil)

During the year to 31 March 2018 the company received fees from Pieminister Charlton Road LLP and Pieminister Executive Pension Scheme of £12k (2017: £12k). The balance owed to the company at 31 March 2018 was £nil (2017: £nil).

The spouse of a director of the company provided services to the company during the year of £31k (2017: £36k). The balance owing by the company at 31 March 2018 was £2k (2017: £4k).

During the year to 31 March 2018 the company paid software support and development fees to Agilebase Limited, an entity with a common director, of £20k (2017: £26k). The balance owing by the company at 31 March 2018 was £4k (2017: £5k).

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

### 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:

	2018 £000's	2017 £000's
Cash and cash equivalents	559	1,038
Borrowings	(1,067)	(405 )
	<hr/>	<hr/>
Net cash	(508)	633
	<hr/>	<hr/>
Equity	999	1,571
	<hr/>	<hr/>

# PIEMINISTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018 (continued)

### 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% (2017: 0.1%).

Details of the terms of the company's borrowings at 31 March 2017 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 £7k (2017: £4k).

The table below summarises the Company's financial liabilities as at 31 March 2018 and 31 March 2017 based on contractual undiscounted payments:

Year ending 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
<b>Total</b>	<b>2,627</b>	<b>840</b>	<b>3,467</b>

Year ending 31 March 2017	Within 1 year £000's	1 – 5 Years £000's	Total £000's
Bank borrowings	53	107	160
Finance lease liabilities	58	187	245
Trade and other payables	1,998	-	1,998
<b>Total</b>	<b>2,109</b>	<b>294</b>	<b>2,403</b>