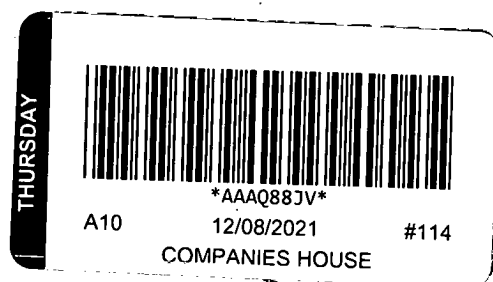


Company Registration No. 06541251 (England and Wales)

DAVID WOOD BAKING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 NOVEMBER 2020



DAVID WOOD BAKING LIMITED

COMPANY INFORMATION

Directors	Mr D A Wood Mrs K Wood
Secretary	Mrs K Wood
Company number	06541251
Registered office	1 Calverley Road Oulton Leeds LS26 8JD
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

DAVID WOOD BAKING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present the strategic report for the year ended 30 November 2020.

Fair review of the business

The company's principal activities are the manufacture and sale of breads, confectionery items and savoury products such as frozen pies and readymade meals to the retail and food service industry in the UK and Ireland. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company continues to invest in research and development. This has resulted in a number of updates to existing products. The directors regard R&D investment as necessary for continuing success in the medium to long term future by delivering sales growth through investment in organic growth drivers such as new product development and expansion in high growth markets.

As shown in the company's income statement on page 10, the company's sales have increased by 8.9% from £113,306,971 in 2019 to £123,429,563 in 2020, whilst operating profit has improved from £3,665,740 to £4,689,226. The company continues to offset strong competitive action by enhancing margins wherever possible through a relentless drive for operational improvement across all our producing sites. The slight improvement from last year is attributable to better labour efficiencies. Action plans for improved performance at all sites are in place and good progress is being made. The company has continued to invest heavily in capital projects at the sites in the year to reduce labour costs, increase capacity and widen the range of products that the business can manufacture. This investment has resulted in improved profits and will continue to show improvements as individual projects are completed.

The statement of financial position on page 11 of the financial statements shows that the company's financial position at the year end has improved, with net assets increasing from £8,845,644 in 2019, to £12,118,824 in 2020 and cash at bank and in hand increasing from £2,549,507 in 2019, to £6,113,394 in 2020. Working capital has also reduced, and the company manages its working capital and operations efficiently to generate strong cash-flows.

The company will continue to look at potential acquisitions that add complementary customers or products. The key focus for management is to fill capacity at each site to maximize operational efficiencies. Late in the year the company divested of one site in order to amalgamate activities onto one larger site. This will result in better cost efficiencies. Assets were sold in excess of net book value. The company acquired a new site in Spalding which it will develop into a large efficient bread producing site and is expected to commence production in early summer 2021.

Key performance indicators

Key performance indicators used to monitor the performance of the business include:

- Detailed weekly and monthly operating reports for each site highlighting continual improvements in site efficiencies and capacity utilisation. We monitor adherence to plans, customer service levels, variances to our production standard costs and stock levels.
- Health and safety - accidents, both reportable and other are measured and trend analysis used to monitor improvements.
- Food safety - regular site audits are conducted by our own internal teams as well as by customers and external auditors. We recognise that we have obligations to our customers and the consumers. The company holds BRC Global Standard for Food Safety Certification for each of its sites. All audit actions no matter how small are acted upon

DAVID WOOD BAKING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

Principal risks and uncertainties

The ongoing global Coronavirus pandemic continues to present a principal risk for the company post year end. The welfare of staff is of paramount concern to the company, therefore the board took positive steps to ensure that the company is able to continue to operate effectively, whilst also ensuring the ongoing welfare of its staff. We are fortunate that our business operates over multiple sites and so we can shift production requirements between those sites as required.

The company's operating revenue is derived wholly from the manufacture and sale of breads, confectionary items and savoury products to the food service industry in the UK and Ireland. Whilst Covid-19 has continued to adversely impact sectors of our market, we have been able to grow in other sectors.

The most recent forecasts show that the company is expecting to be able to continue to meet its liabilities as they fall due for the foreseeable future and to stay within agreed borrowing limits on banking facilities.

We have critically reviewed our site forecasts and monitor it against actual weekly and monthly results on a site by site basis. We have identified several capital expenditure projects that can be delayed without any detriment to forecast performance should the need to conserve cash arise. The biggest level of planned spend for 2021 is the substantial investment at the new Spalding site which is well underway. It requires a level of new financing to support the investment, all of which is now largely in place. We also have options to re-finance certain assets under the control of the directors, as and when required, to further support our plans should the need arise. Furthermore, we have identified a number of actions to improve the business' cash generation over the coming months. As a result, the directors have satisfied themselves that the business will continue to flourish and continue to meet its liabilities as they fall due for the foreseeable future and will meet all agreed covenants on banking facilities.

The Coronavirus pandemic has presented the business with challenges to maintain profitability in response to the changing eating and buying habits in the UK. Production across the manufacturing sites is constantly rebalanced to reflect these new habits & any impact on our customer demand. The company has reduced staffing at several sites and continues to make some use of government grant support. The company believes the measures taken have been effective and will allow it to continue to show good growth in sales and profitability. Full year forecasts for the current year show sales up approximately 8% and pre-tax profits in line with the reporting period under review.

Commercial risks include:

- Cost increases in raw materials or energy - where possible these are managed by means of longer term contracts or contracts with customers that provide a margin of profit over actual costs. The purchasing team focus on obtaining value for money on all materials acquired with a constant review of key materials acquired
- Contracts can and have been lost due to competition from other suppliers into the markets we serve. The company sets margin targets based on cost assumptions for a site as well as capacity opportunities at each site but will not commit to contracts unless the margins are acceptable to it. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.
- The company is financed by a number of fixed and variable rate loans from its bankers and other funders. It therefore has an exposure to interest rate increases but at a level that does not give rise to any concern.
- Currency risk - As the company does little business outside the UK, currency risk is not a significant issue in risk management.
- Fair value interest risk - The company does not hedge its interest rate risk.

DAVID WOOD BAKING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

- **Price risk** - The company uses a range of suppliers for each area of provision to ensure that market prices for purchases are achieved. In some cases escalation clauses are contained within sales contracts.
- **Credit risk** - The company mainly trades with long standing customers. The nature of these relationships assist management in controlling its credit risk. The company credit insures and operates within these limits.
- **Liquidity risk** - Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows.

Future developments

The company continues to focus on improving capacity utilisation at each site as well as maximising site operational efficiency.

The company has continued to invest heavily in capital projects to reduce labour costs, increase capacity and widen the range of products that the business can manufacture. This will improve profits as individual projects are completed.

We will focus on developing customer relationships by selling more of our existing products to existing customers.

We will focus on engineering improvements at each site to reduce materials wasted and avoid additional employee recruitment as we grow.

This will deliver products at the very best value for money to its customers whilst achieving acceptable margins for the future benefit of the business.

DAVID WOOD BAKING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

Section 172 statement

The directors have regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. Under this regulation, the directors have a duty to act in good faith and promote the long-term success of the company.

The company is ultimately wholly owned by a director of the company and therefore the interest of the directors and shareholder are aligned with the success of the company.

During the year, the company made several key decisions which affected the business. In making these decisions the company has had to balance the needs and requirement of its key stakeholders. These include shareholders, employees, customers, suppliers and other stakeholders such as the general public and the environment:

- The Flint site was sold during the course of the reporting period. The directors reviewed the long-term future for the site within the company considering current and likely market conditions for its products. An approach was received from a competitor better placed to take the site forward. The sale proceeds would allow the company to reinvest to create capacity and efficiency in other more strategic sites for its long-term benefit. The purchaser would retain all staff and be more likely to expand to benefit the local community.
- A site was acquired in Spalding during the reporting period. The purchase supports our value creation strategy to expand our production capabilities in markets where there is clear profitable demand for our products. It fits well with the geographic location of our customer base and our existing facilities. We financed the acquisition through the proceeds from the sale of the Flint site. In common with most of our previous site acquisitions, this site was non-operational at the time of purchase which will allow us to recruit to fit the values and culture of the company. The planned future investment will be funded with additional borrowings and will create several hundred jobs to benefit the local community.

The interests of the above key stakeholders are not always totally compatible and may even be mutually exclusive at times. Therefore, the company has to constantly weigh up the needs and requirements of all key stakeholders and attempt to find the right balance where decisions may affect more than one stakeholder. At all times, the company remains ethical in its dealings with key stakeholders and attempts to keep all key stakeholders informed of relevant business decisions.

In making long term decisions about the future of the group, at all times we have the requirements of our key stakeholders in mind. The board take our responsibility to ESG (Economic, Social and Corporate Governance) extremely seriously and the likely consequences of all our long-term decision making is part of our ongoing risk management process.

The culture of the business is one of support and inclusiveness with the aim of ensuring our business is sustainable in the long run. We aim to be an equal opportunities employer at all times and deal fairly and ethically with all stakeholders. Robust procedures are in place for conflict resolution.

DAVID WOOD BAKING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

Employee engagement

The directors and senior management promote effective engagement with all the company's employee. Directors visit each site on a regular basis and engage with all employees whilst there. Visits are often timed so that engagement includes night shift workers. Monthly senior management meetings and divisional sales meetings are often held at different sites to encourage engagement. This all provides valuable feed back to the directors on site opportunities and issues. The company operates a number of measures to facilitate workforce engagement including works councils, employee forums, staff briefings.

These channels have supported the regular communication of information and guidance which has taken place with employees throughout the Covid-19 pandemic and allowed the company to provide a safe working environment for our workforce who could not work from home.

Business relationships

The directors and senior management engage with customers to provide information about key customer relationships. Material relationships are being constantly monitored and reviewed by the directors who remain in close contact directly and indirectly with all key customers to understand their concerns and support their ever-changing needs, in particular minimising any potential disruption from the Covid-19 pandemic.

Information from key suppliers is provided directly to the directors and senior management. The directors review and approve most supplier contracts and are involved in sourcing strategies. The company is committed to fair payments and have remained in contact with key suppliers to understand their concerns and support their needs during the pandemic.

The directors recognise its impact on local communities and its responsibility to the environment.

On behalf of the board

David Wood

Mr D A Wood

Director

Date:

10th August 2021

DAVID WOOD BAKING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present their annual report and financial statements for the year ended 30 November 2020.

The financial statements are drawn up to the nearest Saturday to 30 November which falls on 28 November 2020 ("the financial year"). The comparative financial statements were prepared to 30 November 2019 ("the financial year").

Principal activities

The company's principal activities are the manufacture and sale of breads, confectionery items and savoury products such as frozen pies and readymade meals to the retail and food service industry in the UK and Ireland. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D A Wood
Mrs K Wood

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

During the period the company incurred costs in relation to research and development (including wages) amounting to £4,081,678 (2019 - £5,397,192). Costs have been expensed to the profit and loss account when incurred.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company is committed to equal opportunity in all employment practices, policies and procedures. This means that no employee or potential employee will receive less favourable treatment due to race, religion, nationality, age, sex, sexuality or disability.

All employees are trained for several roles and encouraged to move up to a higher grade. Employees are kept informed about company matters through internal media and through managers.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

DAVID WOOD BAKING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

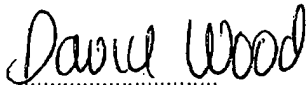
Matters of Strategic Importance

Certain information is not shown within the Directors' Report as it is instead included within the Strategic Report in accordance with section 414C(11) of the Companies Act 2006. It has done so in respect of future developments and financial risk management.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr D A Wood

Director

Date: 10th August 2021

DAVID WOOD BAKING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID WOOD BAKING LIMITED

Opinion

We have audited the financial statements of David Wood Baking Limited (the 'company') for the year ended 30 November 2019 which comprise the income statement, the statement of financial position, the statement of changes in equity and 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 annual report, 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.

Opinions 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID WOOD BAKING LIMITED (CONTINUED)

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 and 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 8, 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: <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.

For me Audit Ltd

Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

10 August 2021

DAVID WOOD BAKING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	123,429,563	113,306,971
Cost of sales		(102,771,772)	(91,586,479)
Gross profit		20,657,791	21,720,492
Distribution costs		(6,988,691)	(6,244,919)
Administrative expenses		(12,357,784)	(11,871,322)
Other operating income		3,377,910	61,489
Operating profit	5	4,689,226	3,665,740
Interest payable and similar expenses	8	(659,725)	(828,653)
Profit on ordinary activities before taxation		4,029,501	2,837,087
Taxation	9	(756,321)	(561,687)
Profit for the financial year	23	3,273,180	2,275,400

DAVID WOOD BAKING LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 NOVEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Negative goodwill	10	-	-	-	-
Intangible assets	10	19,000	-	-	-
Total intangible assets		19,000	-	-	-
Tangible assets	11	28,335,228	23,707,285	23,707,285	23,707,285
		28,354,228	23,707,285	23,707,285	23,707,285
Current assets					
Stocks	12	5,866,324	6,170,040	6,170,040	6,170,040
Debtors	13	23,995,593	23,463,133	23,463,133	23,463,133
Cash at bank and in hand		6,113,394	2,549,507	2,549,507	2,549,507
		35,975,311	32,182,680	32,182,680	32,182,680
Creditors: amounts falling due within one year	14	(42,195,198)	(40,319,593)	(40,319,593)	(40,319,593)
Net current liabilities		(6,219,887)	(8,136,913)	(8,136,913)	(8,136,913)
Total assets less current liabilities		22,134,341	15,570,372	15,570,372	15,570,372
Creditors: amounts falling due after more than one year	15	(8,299,443)	(5,311,126)	(5,311,126)	(5,311,126)
Provisions for liabilities	18	(1,623,909)	(1,315,771)	(1,315,771)	(1,315,771)
Government grants	20	(92,165)	(97,831)	(97,831)	(97,831)
Net assets		12,118,824	8,845,644	8,845,644	8,845,644
Capital and reserves					
Called up share capital	22	5,000,000	5,000,000	5,000,000	5,000,000
Revaluation reserve	23	555,210	817,798	817,798	817,798
Profit and loss reserves	23	6,563,614	3,027,846	3,027,846	3,027,846
Total equity		12,118,824	8,845,644	8,845,644	8,845,644

The financial statements were approved by the board of directors and authorised for issue on 10th August 2021 and are signed on its behalf by:

David Wood
Mr D A Wood
Director

10th August 2021

DAVID WOOD BAKING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2018		5,000,000	834,542	735,702	6,570,244
Year ended 30 November 2019:					
Profit and total comprehensive income for the year		-	-	2,275,400	2,275,400
Transfers	23	-	(16,744)	16,744	-
Balance at 30 November 2019		5,000,000	817,798	3,027,846	8,845,644
Year ended 30 November 2020:					
Profit and total comprehensive income for the year		-	-	3,273,180	3,273,180
Transfers	23	-	(262,588)	262,588	-
Balance at 30 November 2020		5,000,000	555,210	6,563,614	12,118,824

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

Company information

David Wood Baking Limited ("the company") is a private company limited by shares, and is registered and incorporated in England and Wales. The registered office and principal place of business is 1 Calverley Road, Oulton, Leeds, LS26 8JD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements are drawn up to the nearest Saturday to 30 November which falls on 28 November 2020 ("the financial year"). Comparative figures are for the year ended 30 November 2019.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – amount of any impairment loss;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of David Wood Baking UK Limited. These consolidated financial statements are available from its registered office, 1 Calverley Road, Oulton, Leeds, LS26 8JD.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies (Continued)

Going concern

The ongoing global Coronavirus pandemic continues to present a principal risk for the company post year end. The welfare of staff is of paramount concern to the company, therefore the board took positive steps to ensure that the company is able to continue to operate effectively, whilst also ensuring the ongoing welfare of its staff. We are fortunate that our business operates over multiple sites and so we can shift production requirements between those sites as required.

The company's operating revenue is derived wholly from the manufacture and sale of breads, confectionary items and savoury products to the food service industry in the UK and Ireland. Whilst Covid-19 has continued to adversely impact sectors of our market, we have been able to grow in other sectors.

The most recent forecasts show that the company is expecting to be able to continue to meet its liabilities as they fall due for the foreseeable future and to stay within agreed borrowing limits on banking facilities.

We have critically reviewed our site forecasts and monitor it against actual weekly and monthly results on a site by site basis. We have identified several capital expenditure projects that can be delayed without any detriment to forecast performance should the need to conserve cash arise. The biggest level of planned spend for 2021 is the substantial investment at the new Spalding site which is well underway. It requires a level of new financing to support the investment, all of which is now largely in place. We also have options to re-finance certain assets under the control of the directors, as and when required, to further support our plans should the need arise. Furthermore, we have identified a number of actions to improve the business' cash generation over the coming months.

As a result, the directors have satisfied themselves that the business will continue to flourish and continue to meet its liabilities as they fall due for the foreseeable future and will meet all agreed covenants on banking facilities, and therefore continue to prepare the accounts on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Other Income

Grant Income

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grant income is recognised within other operating income.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Negative goodwill arises when the cost of a business combination is less than the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-identifiable monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to be benefited, which the directors consider to be 40 months. The negative goodwill is now fully amortised.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. The patents are fully amortised.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% on valuation
Leasehold land and buildings	2 - 10% on cost
Plant and machinery	10 - 50% on cost
Fixtures, fittings and equipment	10% on cost
Motor vehicles	25% on cost

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is determined using the retail method whereby the sales value of the stock is reduced by the appropriate gross margin. This margin takes into consideration stock that has been marked down to below its original selling price.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank and other borrowings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar expenses.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

For non-depreciable assets measured using the revaluation model, deferred tax is measured using the tax rates and allowances that apply to the expected sale of the asset or property.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The directors do not consider there to be any key sources of estimation.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Lease classification

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

2 Judgements and key sources of estimation uncertainty (Continued)

Property valuation

The company's freehold properties are held at fair value or cost less any subsequent accumulated depreciation. The directors are required to ensure that revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the period end. In determining whether or not to perform a full valuation of the property portfolio, the directors have regard to current property conditions and they exercise their judgement in determining whether or not to perform a full valuation. The last such valuation was performed in May 2017, as disclosed in note 11.

Impairment of tangible fixed assets

Management conduct impairment tests where there is an indication of impairment of an asset. When reviewing the need for impairment, management considers external sources such as market value declines, increase in market interest rates and negative economic changes, as well as internal sources such as obsolescence or physical damage and the economic performance of the asset. See note 11 for the carrying amount of tangible fixed assets.

Measurement of stock

The company measures the cost of stock using the retail method, whereby the sales value of the stock is reduced by the appropriate gross margin, which is estimated by management. When making this estimation, management consider stock that has been marked down to below its original selling price. See note 12 for the carrying value of stock.

Holiday pay accrual

The company makes an estimate as to the amount of outstanding holiday held by its employees at the year end. In making this estimate, management consider factors such as number of days or hours worked by staff each week, irregular hours and changes to employees' pay. The holiday pay accrual is included within accruals and deferred income in note 14.

3 Turnover

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Manufacture of breads, confectionary items and savoury products	123,429,563	113,306,971
	<u>123,429,563</u>	<u>113,306,971</u>
Turnover analysed by geographical market		
	2020	2019
	£	£
United Kingdom	122,652,817	112,060,585
Rest of Europe	776,746	1,246,386
	<u>123,429,563</u>	<u>113,306,971</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Direct	1,161	1,133
Transport	69	61
Management	50	49
Technical and quality assurance	125	122
Administrative	62	61
	<u>1,467</u>	<u>1,426</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	34,822,701	30,099,065
Social security costs	2,883,736	2,457,917
Pension costs	641,544	504,267
	<u>38,347,981</u>	<u>33,061,249</u>

5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	12,684	21,165
Government grants (note 20)	(3,377,910)	(61,489)
Depreciation of owned tangible fixed assets	2,941,126	2,660,260
Depreciation of tangible fixed assets held under finance leases	999,736	687,657
Profit on disposal of tangible fixed assets	(254,340)	(9,700)
Amortisation of intangible assets	1,000	-
Operating lease charges	1,041,655	842,523
	<u>1,041,655</u>	<u>842,523</u>

The total costs for research and development amounted to £4,081,678 (2019 - £5,397,192). The research and development costs not included above are found within the wages and salaries figure in note 4, totalling £4,068,994 (2019 - £5,376,027).

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>20,025</u>	<u>19,672</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

7 Auditor's remuneration	2020	2019
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	37,550	37,550
For other services		
Taxation compliance services	3,000	3,000
Other taxation services	1,500	1,500
All other non-audit services	5,250	5,250
	<u>9,750</u>	<u>9,750</u>
8 Interest payable and similar expenses	2020	2019
	£	£
Interest on bank overdrafts and loans	61,401	73,030
Other interest on financial liabilities	64,728	186,684
Interest on finance leases and hire purchase contracts	172,561	146,251
Interest on other loans	361,035	422,688
	<u>659,725</u>	<u>828,653</u>
9 Taxation	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	573,973	-
Adjustments in respect of prior periods	(125,790)	(21,804)
Total current tax	<u>448,183</u>	<u>(21,804)</u>
Deferred tax		
Origination and reversal of timing differences	132,448	581,439
Changes in tax rates	156,996	(1,856)
Adjustment in respect of prior periods	18,694	3,908
Total deferred tax	<u>308,138</u>	<u>583,491</u>
Total tax charge	<u>756,321</u>	<u>561,687</u>

In his Budget in March 2020, the Chancellor announced that the rate of corporation tax would remain at 19% from 1 April 2020 rather than the rate of 17% which had previously been substantially enacted. As result of this change there will be an additional deferred tax charge in future periods.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	4,029,501	2,837,087
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	765,605	539,047
Tax effect of expenses that are not deductible in determining taxable profit	117,274	111,319
Adjustments in respect of prior years	(107,119)	(21,804)
Effect of change in corporation tax rate	156,995	(70,289)
Deferred tax adjustments in respect of prior years	-	3,908
Other adjustments	-	(494)
Difference in relation to capital gains	(176,434)	-
Tax expense/(income) for the year	756,321	561,687

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

10 Intangible fixed assets

	Negative goodwill	Patents	Total
	£	£	£
Cost			
At 1 December 2019	(1,464,110)	5,000	(1,459,110)
Additions - separately acquired	-	20,000	20,000
At 30 November 2020	(1,464,110)	25,000	(1,439,110)
Amortisation and impairment			
At 1 December 2019	(1,464,110)	5,000	(1,459,110)
Amortisation charged for the year	-	1,000	1,000
At 30 November 2020	(1,464,110)	6,000	(1,458,110)
Carrying amount			
At 30 November 2020	-	19,000	19,000

Negative goodwill arose on the acquisition in July 2014 of the trade and assets at the Flint site at a discount. These assets were restated to fair value as part of the accounting for a business combination. Amortisation is released in line with the annual amortisation charge on these revalued assets.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

11 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 December 2019	4,021,095	2,280,726	31,240,936	2,675,622	744,503	40,962,882
Additions	-	-	10,986,598	74,095	608,837	11,669,530
Disposals	(1,500,000)	-	(2,518,082)	(71,658)	(120,323)	(4,210,063)
At 30 November 2020	2,521,095	2,280,726	39,709,452	2,678,059	1,233,017	48,422,349
Depreciation and impairment						
At 1 December 2019	162,631	578,910	14,017,420	1,996,883	499,753	17,255,597
Depreciation charged in the year	80,840	109,016	3,290,473	302,569	157,964	3,940,862
Eliminated in respect of disposals	(90,854)	-	(860,044)	(33,103)	(125,337)	(1,109,338)
At 30 November 2020	152,617	687,926	16,447,849	2,266,349	532,380	20,087,121
Carrying amount						
At 30 November 2020	2,368,478	1,592,800	23,261,603	411,710	700,637	28,335,228
At 30 November 2019	3,858,464	1,701,816	17,223,516	678,739	244,750	23,707,285

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts:

	2020 £	2019 £
Plant and machinery	7,219,232	4,651,953
Fixtures, fittings and equipment	35,313	62,210
Motor vehicles	687,474	238,632
	<u>7,942,019</u>	<u>4,952,795</u>
Depreciation charge for the year in respect of leased assets	<u>999,736</u>	<u>687,657</u>

Computer equipment is presented within plant and machinery.

Freehold land and buildings of £2,368,478 (2019 - £3,858,464) includes revalued property with a carrying value of £2,347,383 (2019 - £3,837,369), based on a valuation undertaken by an external independent valuer on 3 May 2017. The directors have determined that this valuation provides a reasonable approximation of the fair value of the freehold land and buildings at 30 November 2020. During the year, the company disposed of revalued property with a carrying value of £1,409,146.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £	2019 £
Cost	1,826,800	3,162,800
Accumulated depreciation	210,082	316,053
Carrying value	<u>1,616,718</u>	<u>2,846,747</u>

Freehold land and buildings with a carrying amount of £2,347,383 (2019 - £3,837,369) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

12 Stocks

	2020 £	2019 £
Raw materials and consumables	3,330,778	3,644,421
Finished goods and goods for resale	2,535,546	2,525,619
	<u>5,866,324</u>	<u>6,170,040</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	21,676,828	20,657,825
Corporation tax recoverable	339,466	814,784
Amounts owed by group undertakings	91,596	91,596
Other debtors	1,652,799	1,524,071
Prepayments and accrued income	234,904	374,857
	<u>23,995,593</u>	<u>23,463,133</u>

14 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans	16	1,325,502	467,335
Obligations under finance leases	17	1,633,092	1,030,323
Other borrowings	16	18,272,769	18,000,480
Trade creditors		14,633,223	14,733,522
Other taxation and social security		828,565	756,215
Other creditors		781,877	729,676
Accruals and deferred income		4,720,170	4,602,042
		<u>42,195,198</u>	<u>40,319,593</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Bank loans	16	4,210,831	2,355,862
Obligations under finance leases	17	2,756,238	1,457,939
Other borrowings	16	1,332,374	1,497,325
		<u>8,299,443</u>	<u>5,311,126</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

16 Borrowings

	2020 £	2019 £
Bank loans	5,536,333	2,823,197
Other loans	19,605,143	19,497,805
	<u>25,141,476</u>	<u>22,321,002</u>
Payable within one year	19,598,271	18,467,815
Payable after one year	<u>5,543,205</u>	<u>3,853,187</u>

Bank loans of £5,536,333 (2019 - £2,823,197) and an invoice discounting facility of £17,475,265 (2019 - £17,494,641), which is included within other loans, are secured by a debenture over the company's trade debtors, goodwill and chattels. The directors, Mr D A Wood and Mrs K Wood, have given personal guarantees and a charge over their residential property.

Bank loans comprise of mortgage loans of £1,924,999 (2019 - £2,161,364), asset loans of £403,000 (2019 - £661,833) and loans under the Coronavirus Large Business Interruption Loan Scheme of £3,208,334 (2019 - £nil).

The company has one mortgage loan, which incurs interest of 2.75% over Bank of England base rate and is repayable in monthly repayments of £25,594 for five years and one final repayment of the outstanding balance in August 2022.

Asset loans of £183,000 (2019 - £305,000) and £220,000 (2019 - £340,000) incur interest of 2.94% over Bank of England base rate. The loans are repayable in equal monthly repayments of £12,147 and £12,283 respectively. The loans will be repaid in full by May 2022 and September 2022 respectively.

Asset loans of £nil (2019 - £16,833) incurred interest of 3% over Bank of England base rate. The loans were repayable in equal quarterly repayments of £25,250 and fully repaid in January 2020.

The company has a loan under the Coronavirus Large Business Interruption Loan Scheme of £3,208,334 (2019 - £nil) which incurs interest at 1.9% over Bank of England base rate. The loan is repayable in monthly repayments of £72,917 for three years and one final repayment in July 2023.

Included within other loans are pension scheme loans of £2,129,878 (2019 - £2,003,164). Pension scheme loans incur interest ranging from 1.5-4% and are secured against the assets of the company. The loans are repayable in equal annual repayments of between £17,764 and £276,741. The loans will be repaid in full by March 2022.

17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Less than one year	1,633,092	1,030,323
Between one and five years	2,756,238	1,457,939
	<u>4,389,330</u>	<u>2,488,262</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

17 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured against the assets to which they relate. The average interest charged on finance lease agreements is 4%.

18 Provisions for liabilities

	Note	2020 £	2019 £
Deferred tax liabilities	19	1,623,909	1,315,771
		<u>1,623,909</u>	<u>1,315,771</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	1,448,150	989,057
Tax losses	-	(69,143)
Other short term timing differences	(11,923)	(8,638)
Fair value uplift	187,682	404,495
	<u>1,623,909</u>	<u>1,315,771</u>
Movements in the year:		2020 £
Liability at 1 December 2019		1,315,771
Charge to profit or loss		308,138
Liability at 30 November 2020		<u>1,623,909</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

20 Government grants

Included within other operating income is £3,372,244 (2019 - £nil) from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS) which was utilised by the company during the year as a result of the Covid-19 pandemic. Included with prepayments and accrued income at the year end was £17,936 (2019 - £nil) in relation to the scheme.

Also included with other operating income is £5,666 (2019 - £61,489) from the respective councils in relation to the Bolton and Dudley sites. When these sites were purchased the government allowed grants against capital spend. The main conditions attached to the grants were that the money be spent on capital items and the headcount at the sites largely maintained. The grants are being released against the equipment that they relate to over the expected useful life of the assets. The outstanding liability in relation to the grants at the year end on the statement of financial position was £92,165 (2019 - £97,831).

21 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	641,544	504,267

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Creditors includes amounts of £21,833 (2019 - £15,194) in respect of outstanding pension contributions.

There is a separate scheme for the directors called the David Wood Pension Scheme. The amounts noted above are separate to that pension scheme.

22 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
5,000,000 Ordinary shares of £1 each	5,000,000	5,000,000
	5,000,000	5,000,000

Ordinary share rights

The Ordinary shares of £1 each carry full voting rights, full rights to participate in dividends and full rights to participate in capital on winding up. No options exist in respect of redemption of the shares.

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

23 Reserves

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

Reserve transfer

During the year, the company transferred £262,588 (2019 - £16,744) from the revaluation reserve to the profit and loss reserves, equivalent to the excess depreciation that has been charged in respect of the revalued property, plus the carrying amount of the revaluation reserve in relation to a property disposed of during the year.

24 Operating lease commitments

Lessee

At the reporting date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	1,125,167	765,750
Between two and five years	2,615,132	2,459,011
	<u>3,740,299</u>	<u>3,224,761</u>

25 Financial commitments, guarantees and contingent liabilities

The bank holds a composite company limited multilateral guarantee dated 26 August 2014 between David Wood Baking Limited, David Wood Baking UK Limited and Peter Hunt's Bakery Limited.

The company also provided a guarantee over borrowings taken out by the directors for a property they own personally, but which is occupied and used by the company. This amounted to £1,151,278 (2019 - £1,183,000) at the period end date.

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	<u>59,130</u>	<u>194,392</u>

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

27 Related party transactions

Mr D A Wood is a trustee and member of the David Wood Pension Scheme.

During the year the company paid rent of £165,700 (2019 - £197,550) on premises owned by the David Wood Pension Scheme. Other borrowings include an amount of £2,129,878 (2019 - £2,003,164) (split £797,504 (2019 - £505,839) due within one year and £1,332,374 (2019 - £1,497,325) due after one year) in respect of a loan from the David Wood Pension Scheme. Interest of £51,715 (2019 - £75,607) was charged on this loan during the year.

During the year the company paid rent of £143,000 (2019 - £273,000) on premises jointly owned by Mr D A and Mrs K Wood. The rental agreement includes an interest charge of 4% per annum on outstanding payments, however this interest has been waived by the landlord.

Included in creditors is £775,880 (2019 - £718,880) owed to Mr D A Wood. Interest is charged at rates ranging from 2.91% - 5.38% on this balance and £47,578 (2019 - £41,315) was charged during the period. The loan is unsecured and net advances of £57,000 (2019 - net repayments of £15,932) were made during the year.

During the year the company paid rent of £346,749 (2019 - £nil) on premises owned D A Wood and Sons Ltd, a company in which Mr D A Wood and Mrs K Wood are both directors and shareholders. Included in debtors is £330,498 (2019 - £460,498) due from D A Wood and Sons Ltd. Net repayments of £130,000 were made by D A Wood and Sons Ltd during the year (2019 - net advances of £460,498 made to D A Wood and Sons Ltd). The balance is interest free and repayable on demand.

During the year the company made sales of £2,549,876 (2019 - £nil) to Sayers and Poundbakery Limited, a company in which Mr D A Wood and Mrs K Wood are both and shareholders, and Mrs K Wood is a director. There were no outstanding balances at the year end.

During the year the company made sales of £2,818,903 (2019 - £nil) to S&PB Retail Limited, a company in which Mr D A Wood and Mrs K Wood are both and shareholders, and Mrs K Wood is a director. Included in debtors is £775,560 (2019 - £nil) due from S&PB Retail Limited.

28 Ultimate parent company and ultimate controlling party

The company is a wholly owned subsidiary of David Wood Baking UK Limited. David Wood Baking UK Limited is under the control of Mr D A Wood, the ultimate controlling party by virtue of his majority shareholding.

The smallest and largest group for which consolidated financial statements are prepared is David Wood Baking UK Limited. The consolidated accounts of David Wood Baking UK Limited are available from its registered office, 1 Calverley Road, Oulton, Leeds, LS26 8JD.