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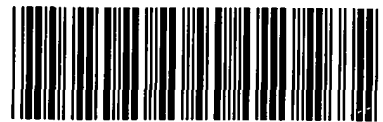
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Company Registration No. 06665444 (England and Wales)

DAVID WOOD BAKING UK LIMITED

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 MARCH 2015**

SATURDAY



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COMPANIES HOUSE

DAVID WOOD BAKING UK LIMITED

COMPANY INFORMATION

Directors	Mr D A Wood Mrs K Wood
Secretary	Mrs K Wood
Company number	06665444
Registered office	1 Calverley Road Oulton Leeds LS26 8JD
Registered auditors	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) 2 Whitehall Quay Leeds West Yorkshire LS1 4HG

DAVID WOOD BAKING UK LIMITED

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DAVID WOOD BAKING UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 MARCH 2015

The directors present the strategic report and financial statements for the year ended 28 March 2015.

Review of the business

Our strategy is to deliver shareholder value by:

- Delivering sales growth through investment in organic growth drivers such as new product development and expansion in high growth markets;
- Enhancing margins through a relentless drive for operational improvement across all our businesses;
- Managing the balance sheet and operations efficiently to generate strong cash-flows;
- Making acquisitions that add complementary customers or products; and
- Improving returns on capital.

In the summer of 2014 the company acquired a well-equipped site in North Wales with contracted sales activity. The value of the property & equipment acquired far exceeded the value paid. The company has taken on the TUPE commitments of the employees at the site & contracted to continue supply to the seller at market prices for a period of time.

Taking a longer term view of its operations the business undertook a significant re-organisation at two of its seven sites, closing an older, expensive, third party leased site in North London and moving all production into a pension scheme owned modern underutilised facility in the West Midlands. The cost of this exercise have exceeded £2m but will deliver significant savings & benefits for future periods.

As a result of the re-organisation & the underperformance at both of the sites involved, significant losses have been reported during this year. However the business is now in a position to focus on filling capacity & improving site operational efficiency.

Principal risks and uncertainties

Commercial risks include:

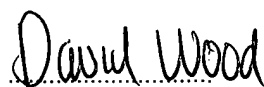
- Cost increases in raw materials or energy - where possible these are managed by means of longer term contracts or contracts with customers that provide a margin of profit over actual costs. The purchasing team focus on obtaining value for money on all materials acquired with a schedule of constant 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.

Key performance indicators

KPIs 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;
- Health & safety - accidents, both reportable and other are measured & 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 & the consumers. The company holds BRC Global Standard for Food Safety Certification for each of its sites.

On behalf of the board



Mr D A Wood

Director



DAVID WOOD BAKING UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 MARCH 2015

The directors present their report and financial statements for the year ended 28 March 2015.

Principal activities

The principal activity of the group continued to be that of the manufacture of breads, confectionary items and savoury products such as frozen pies and ready made meals.

Results and dividends

The group's trading loss for the year, after taxation, was £2,302,949 (2014 profit of £115,853).

Group research and development activities

During the period the group incurred costs in relation to research and development amounting £37,328 (2014 - £48,927). Costs have been expensed to the profit and loss account when occurred.

Future developments

The company is now focused on improving capacity utilisation at each site as well as maximising site operational efficiency.

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

We will focus on engineering improvements at each site to reduce materials wasted & 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.

Directors

The following directors have held office since 30 March 2014:

Mr D A Wood

Mrs K Wood

Employee involvement

The group 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 group matters through internal media and through managers.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

DAVID WOOD BAKING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 MARCH 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

Qualifying 3rd party indemnity provisions

Qualifying third party indemnity insurance is in place for all directors of the company.

On behalf of the board



Mr D A Wood

Director

15 March 2016

DAVID WOOD BAKING UK LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 MARCH 2015

The directors are responsible for preparing the Strategic Report, 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 UK LIMITED

We have audited the group and parent company financial statements ("the financial statements") on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 28 March 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Neil Sevitt

Neil Sevitt (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

West Yorkshire

LS1 4HG

15th March 2016

DAVID WOOD BAKING UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	61,737,207	59,696,343
Cost of sales		(52,377,216)	(50,763,015)
Gross profit		9,359,991	8,933,328
Distribution costs		(3,255,502)	(3,104,367)
Administrative expenses		(6,693,770)	(5,595,129)
Other operating income		71,488	62,273
Operating (loss)/profit		(517,793)	296,105
Costs of a fundamental reorganisation or restructuring of existing operations	7	(2,138,615)	-
(Loss)/profit on ordinary activities before interest		(2,656,408)	296,105
Interest receivable and similar income	4	5,461	-
Interest payable and similar charges	8	(390,821)	(283,037)
(Loss)/profit on ordinary activities before taxation		(3,041,768)	13,068
Tax on (loss)/profit on ordinary activities	9	568,514	102,785
(Loss)/profit on ordinary activities after taxation		(2,473,254)	115,853

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

DAVID WOOD BAKING UK LIMITED
BALANCE SHEETS
AS AT 28 MARCH 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Patents	12	-	-	-	-
Negative goodwill	13	(1,450,813)	-	-	-
Intangible assets		(1,450,813)	-	-	-
Tangible assets	15	14,937,802	9,967,000	-	-
Investments	16	-	-	5,000,001	5,000,001
		13,486,989	9,967,000	5,000,001	5,000,001
Current assets					
Stocks	17	4,373,688	3,189,881	-	-
Debtors	18	14,207,012	9,961,139	93,940	141,513
Cash at bank and in hand		2,036,816	940,949	-	-
		20,617,516	14,091,969	93,940	141,513
Creditors: amounts falling due within one year	19	(25,449,040)	(15,911,810)	-	-
Net current (liabilities)/assets		(4,831,524)	(1,819,841)	93,940	141,513
Total assets less current liabilities		8,655,465	8,147,159	5,093,941	5,141,514
Creditors: amounts falling due after more than one year	20	(4,377,614)	(976,084)	-	-
Provisions for liabilities	21	-	(344,159)	-	-
Accruals and deferred income	22	(429,370)	(457,608)	-	-
Net assets		3,848,481	6,369,308	5,093,941	5,141,514
Capital and reserves					
Called up share capital	23	4,550,004	4,550,004	4,550,004	4,550,004
Profit and loss account	24	(701,523)	1,819,304	543,937	591,510
Shareholder's funds	25	3,848,481	6,369,308	5,093,941	5,141,514

The financial statements on pages 6 to 27 were approved by the Board of Directors and authorised for issue on 15 March 2016 and are signed on its behalf by:

David Wood

Mr D A Wood
Director

DAVID WOOD BAKING UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 MARCH 2015

		2015 £	2014 £
Net cash (outflow)/inflow from operating activities	32	(484,461)	1,245,681
Returns from investment and servicing of finance	32	(385,360)	(283,037)
Taxation		108,683	(207,994)
Capital expenditure and financial investment	32	(5,305,242)	(2,020,976)
Acquisitions and disposals	32	(394,173)	-
Equity dividends		(47,573)	(47,573)
Cash outflow before management of liquid resources and financing		(6,508,126)	(1,313,899)
Financing	32	7,603,993	1,539,113
Increase in cash in the year		1,095,867	225,214

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase in cash in the year		1,095,867	225,214
Net cash outflow from movement in debt and lease financing		(7,560,743)	(1,539,115)
Change in net debt resulting from cash flows		(6,464,876)	(1,313,901)
Movement in net debt in the year		(6,464,876)	(1,313,901)
Opening net debt		(7,101,677)	(5,787,776)
Closing net debt	32	(13,566,553)	(7,101,677)

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 MARCH 2015

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The accounts have been prepared on a going concern basis. The directors have considered how the group will meet the challenges presented by the current economic climate and have carried out a detailed review of the group's resources including the adequacy of working capital for the next twelve months. At the year end the group had net current liabilities of £4,831,524 (2014 - £1,819,841) and negative profit and loss reserves of £701,523 (2014 - positive £1,819,394). However, the group has significant cash reserves at the year end and having reviewed the cash flow forecasts for the next 12 months and having considered the borrowing facilities the group has in place at the date of approval of the financial statements, the directors are satisfied that the group will have sufficient resources to meet all liabilities as they fall due in the 12 months from approval of these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of those undertakings which are owned by David Wood Baking UK Limited. Group turnover excludes transactions between group undertakings, intra group sales being eliminated on consolidation. All subsidiary company accounting periods are co-terminus with the parent company.

No profit and loss account is presented for David Wood Baking UK Limited as permitted by Section 408 of the Companies Act 2006.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised at the point goods are delivered to the customer.

Negative goodwill

Negative goodwill is where a bargain purchase has arisen and represents the difference between the amount of consideration the company has paid compared to the fair value of the underlying assets and liabilities acquired. Negative goodwill is being released over a period of 4 years, being the useful economic life of the acquired trade.

Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual installments over their estimated useful lives. Amortisation is provided 20% on cost.

Research and development

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and its amortised in line with sales from the related product. All research and development costs are written off as incurred.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% on cost
Land and buildings Leasehold	Over the length of the lease or 10% on cost
Plant and machinery	10% on cost
Computer equipment	50% on cost
Fixtures, fittings and equipment	10% on cost
Motor vehicles	25% on cost

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value.

Pensions

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account. Past service cost is recognised as an expense immediately.

Deferred taxation

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 group'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 balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

1 Accounting policies (Continued)

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2015 £	2014 £
Geographical segment		
United Kingdom	61,526,207	59,479,343
Republic of Ireland	137,000	217,000
Germany	74,000	-
	<u>61,737,207</u>	<u>59,696,343</u>

3 (Loss)/profit on ordinary activities before taxation

	2015 £	2014 £
(Loss)/profit on ordinary activities before taxation is stated after charging/ (crediting):		
Amortisation of intangible assets	(334,687)	500
Depreciation of tangible fixed assets		
- owned	1,508,904	1,300,343
- held under finance leases and hire purchase contracts	114,687	37,632
Loss/(profit) on disposal of tangible assets	10,848	(6,936)
Research and development	37,328	48,927
Operating lease rentals		
- Plant and machinery	95,546	76,154
- Other assets	792,022	1,173,018
Government grants	(71,488)	(69,325)
	<u></u>	<u></u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

3 (Loss)/profit on ordinary activities before taxation (Continued)

Auditors' remuneration

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services were as follows

	RSM UK Audit LLP	WHS Accountants Limited
	2015 £	2014 £
Audit services		
- Statutory audit of financial statements	29,000	36,250
Non audit services		
Accounts preparation	5,000	-
Corporation tax	3,500	-
Other non audit services	-	11,250
	<u>37,500</u>	<u>47,500</u>
	<u><u>37,500</u></u>	<u><u>47,500</u></u>
4 Interest receivable and similar income	2015 £	2014 £
Bank interest	<u>5,461</u>	<u>-</u>
	<u><u>5,461</u></u>	<u><u>-</u></u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

5 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Direct	615	599
Transport	35	34
Management	35	31
Technical and quality assurance	36	29
Administration	14	13
	<u>735</u>	<u>706</u>

Employment costs

	2015 £	2014 £
Wages and salaries	14,270,239	14,526,180
Social security costs	1,265,328	1,210,763
Other pension costs	132,083	70,897
	<u>15,667,650</u>	<u>15,807,840</u>

6 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	<u>66,000</u>	<u>66,000</u>

7 Exceptional items reported after operating loss

Restructuring cost relate to redundancy , dilapidations and relocation expenses incurred in the amalgamation of the old Dudley and old Park Royal operations into one combined site during the year.

The effects of the exceptional items reported after operating (loss)/profit on the amounts charged to the profit and loss account for taxation were:

	2015 £	2014 £
Costs of a fundamental reorganisation or restructuring	<u>2,138,615</u>	<u>-</u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

8	Interest payable and similar charges	2015 £	2014 £
	On bank loans and overdrafts	74,146	54,354
	Lease finance charges	58,239	3,398
	Invoice finance and other loans	258,436	225,285
		<u>390,821</u>	<u>283,037</u>
9	Tax on (loss)/profit on ordinary activities	2015 £	2014 £
	Current tax		
	U.K. corporation tax	(224,355)	-
	Adjustment in respect of prior years	-	(109,406)
	Total current tax	<u>(224,355)</u>	<u>(109,406)</u>
	 Deferred tax		
	Origination and reversal of timing differences	(407,893)	6,621
	Deferred tax adjustments arising in previous periods	63,734	-
	Total deferred tax	<u>(344,159)</u>	<u>6,621</u>
	 Total tax on (loss)/profit on ordinary activities	<u><u>(568,514)</u></u>	<u><u>(102,785)</u></u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

9	Tax on (loss)/profit on ordinary activities	2015	2014 (Continued)
Factors affecting the tax credit for the year			
The tax assessed for the year is lower than the standard rate of corporation tax of 20.00% (2014 - 23.00%). The differences are explained below:			
	(Loss)/profit on ordinary activities before taxation	(3,041,768)	13,068
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014 - 23%)	(608,354)	3,006
	Effects of:		
	Expenses not deductible for tax purposes	(18,466)	3,270
	Capital allowances	(86,864)	(52,616)
	Utilisation of tax losses	(224,355)	63,734
	Adjustments to previous periods	-	(109,406)
	Short term timing differences	6,938	-
	Losses not utilised	706,746	-
	Income not taxable	-	(15,945)
	Other tax adjustments	-	(1,449)
		383,999	(112,412)
	Current tax credit for the year	(224,355)	(109,406)
10 (Loss)/profit attributable to members of the parent company			
		2015	2014
		£	£
	Dealt with in the financial statements of the parent company	-	201,473
11 Dividends			
		2015	2014
		£	£
	Interim dividends paid on ordinary shares	47,573	47,573

Dividends paid in the year amount to £105.10 (2014: £105.10) per ordinary share.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

12 Intangible fixed assets Group

	Patents £
Cost	
At 30 March 2014 & at 28 March 2015	5,000
Amortisation	
At 30 March 2014 & at 28 March 2015	5,000
Net book value	
At 28 March 2015	-
At 29 March 2014	-

13 Goodwill Group

	Negative goodwill £
Cost	
At 30 March 2014	-
Additions	(1,785,500)
At 28 March 2015	(1,785,500)
Amortisation	
At 30 March 2014	-
Charge for the year	(334,687)
At 28 March 2015	(334,687)
Net book value	
At 28 March 2015	(1,450,813)
At 29 March 2014	-

Negative goodwill has arisen on the July 2014 acquisition of the trade and assets of a new operation acquired 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 period over which the directors expect benefits to arise.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

13 Analysis of the business combination:

	Fair value to company £
Net assets acquired:	
Tangible fixed assets	1,300,000
Debtors	485,501
Stock	394,173
	<hr/>
Goodwill on acquisition	2,179,674
	<hr/>
Discharged by:	
Cash paid	(394,174)
	<hr/>
Negative goodwill	1,785,500
	<hr/> <hr/>

The contribution to turnover for the period to 28 March 2015 for the Flint site was £8,549,055, with an operating profit for the same period of £10,927.

15 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 30 March 2014	-	535,700	11,616,421	1,666,180	217,154	14,035,455
Additions	3,162,800	1,356,008	1,890,471	45,344	268,843	6,723,466
Disposals	-	(53,449)	(149,538)	(4,878)	(12,694)	(220,559)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2015	3,162,800	1,838,259	13,357,354	1,706,646	473,303	20,538,362
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 30 March 2014	-	54,853	3,471,272	477,006	65,324	4,068,455
On disposals	-	(49,361)	(31,022)	(789)	(10,314)	(91,486)
Charge for the year	20,858	68,159	1,221,718	237,442	75,414	1,623,591
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 March 2015	20,858	73,651	4,661,968	713,659	130,424	5,600,560
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 28 March 2015	3,141,942	1,764,608	8,695,386	992,987	342,879	14,937,802
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 29 March 2014	-	480,847	8,145,149	1,189,174	151,830	9,967,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

15 Tangible fixed assets (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 28 March 2015	495,390	321,076	816,466
At 29 March 2014	45,930	130,333	176,263
Depreciation charge for the year			
At 28 March 2015	51,816	62,871	114,687
At 29 March 2014	8,845	28,787	37,632

Computer equipment is presented within plant and machinery.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

16 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 April 2014 & at 28 March 2015	5,000,001
Net book value	
At 28 March 2015	5,000,001
At 29 March 2014	5,000,001

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Peter Hunt's Bakery Limited	United Kingdom	Ordinary	100.00
David Wood Baking Limited	United Kingdom	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Peter Hunt's Bakery Limited	Dormant*
David Wood Baking Limited	Baked and frozen goods

*denotes subsidiary is exempt from audit by virtue of s479A of Companies Act 2006

17 Stocks

	Group 2015 £	2014 £	Company 2015 £	2014 £
Raw materials and consumables	1,974,296	1,479,792	-	-
Finished goods	2,399,392	1,710,089	-	-
	<u>4,373,688</u>	<u>3,189,881</u>	<u>-</u>	<u>-</u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

18 Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	13,221,024	9,208,823	-	-
Amounts owed by group undertakings	-	-	93,940	141,513
VAT	329,588	277,495	-	-
Corporation tax	224,355	109,406	-	-
Other debtors	55,000	-	-	-
Prepayments and accrued income	377,045	365,415	-	-
	<u>14,207,012</u>	<u>9,961,139</u>	<u>93,940</u>	<u>141,513</u>

19 Creditors : amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and invoice discount facility	10,700,097	7,028,944	-	-
Net obligations under finance lease and hire purchase contracts	426,658	37,598	-	-
Trade creditors	10,028,924	6,301,494	-	-
Corporation tax	-	723	-	-
Taxation and social security costs	389,179	324,470	-	-
Directors current accounts	1,126,590	556,167	-	-
Other creditors	342,000	-	-	-
Accruals and deferred income	2,435,592	1,662,414	-	-
	<u>25,449,040</u>	<u>15,911,810</u>	<u>-</u>	<u>-</u>

Bank loans and invoice discount facility are secured by various mortgages, charges and a debenture over the group's tangible fixed assets and trade debtors. The directors, David Wood and Karen Wood, have given personnel guarantees and a charge over their residential property. Hire purchase assets are secured against the assets to which they relate.

Mortgage loans incur interest of 2.75% over Bank of England base rate. Pension scheme loans incur interest ranging from 3-4%. Asset loans incur interest of 3% over Bank of England base rate. The average interest charged on hire purchase agreements is 4%.

Creditors includes amounts of £34,672 (2014: £9,999) in respect of outstanding pension contributions.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

20 Creditors : amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	3,364,689	891,761	-	-
Other loans	396,000	-	-	-
Net obligations under finance leases and hire purchase agreements	616,925	84,323	-	-
	<u>4,377,614</u>	<u>976,084</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Wholly repayable within five years	14,559,786	7,920,705	-	-
Included in current liabilities	(10,799,097)	(7,028,944)	-	-
	<u>3,760,689</u>	<u>891,761</u>	<u>-</u>	<u>-</u>
Debt maturity analysis				
Amounts payable:				
In more than one year but not more than two years	1,762,904	352,768	-	-
In more than two years but not more than five years	972,000	538,993	-	-
In more than five years	1,025,785	-	-	-
	<u>3,760,689</u>	<u>891,761</u>	<u>-</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts				
Amounts payable:				
Within one year	426,658	37,598	-	-
Within two to five years	616,925	84,323	-	-
	<u>1,043,583</u>	<u>121,921</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(426,658)	(37,598)	-	-
	<u>616,925</u>	<u>84,323</u>	<u>-</u>	<u>-</u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

21 Provisions for liabilities Group

	Deferred taxation £
Balance at 30 March 2014	344,159
Profit and loss account	(344,159)
Balance at 28 March 2015	-

Deferred tax is provided as follows:

	Group 2015 £	2014 £	Company 2015 £	2014 £
Accelerated capital allowances	551,403	557,446	-	-
Tax losses available	(551,403)	(213,287)	-	-
	-	344,159	-	-

22 Accruals and deferred income due after more than one year

Group	Government grants £
Balance at 30 March 2014	457,608
Amortisation in the year	(71,488)
Grants received during the year	43,250
Balance at 28 March 2015	429,370

23 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
4,550,004 Ordinary of £1 each	4,550,004	4,550,004

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

24 Profit and loss account Group

	Profit and loss account £
Balance at 30 March 2014	1,819,304
Loss for the year	(2,473,254)
Dividends paid	(47,573)
Balance at 28 March 2015	<u>(701,523)</u>

Company

	Profit and loss account £
Balance at 30 March 2014	591,510
Dividends paid	(47,573)
Balance at 28 March 2015	<u>543,937</u>

25 Reconciliation of movements in shareholders' funds Group

	2015 £	2014 £
(Loss)/profit for the financial year	(2,473,254)	115,853
Dividends	(47,573)	(47,573)
Net (depletion in)/addition to shareholders' funds	(2,520,827)	68,280
Opening shareholders' funds	6,369,308	(2,449,600)
Closing shareholders' funds	<u>3,848,481</u>	<u>6,369,308</u>

Company

	2015 £	2014 £
(Loss)/Profit for the financial year	-	201,473
Dividends	(47,573)	(47,573)
Net (depletion in)/addition to shareholders' funds	(47,573)	153,900
Opening shareholders' funds	5,141,514	4,987,614
Closing shareholders' funds	<u>5,093,941</u>	<u>5,141,514</u>

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

26 Capital commitments

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Contracted for but not provided in the financial statements	8,174	-	-	-

27 Commitments under operating leases

At 28 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
Within one year	50,000	300,000
Between two and five years	171,000	25,300
In over five years	90,000	573,000
	<u>311,000</u>	<u>898,300</u>

28 Retirement Benefits

	2015	2014
	£	£
Contributions payable by the group for the year	<u>132,083</u>	<u>63,845</u>

29 Contingent liabilities

Group

There is a pre-emption right included within a key customer contract. In the event that David Wood Baking Limited want to sell the newly acquired Flint site, the customer has the right to acquire the site back for £900,000.

A £400,000 early termination clause also exists, if terminated within 4 years.

30 Control

The ultimate controlling party is David Wood by virtue of his majority shareholding.

31 Post Balance Sheet Events

Group

On 1 May 2015, a new loan of £275,000 was taken from the David Wood Pension Scheme. This loan is repayable over 5 years with 4% interest.

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

32 Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities	2015	2014
	£	£
Operating (loss)/profit	(517,793)	296,105
Depreciation of tangible assets	1,623,591	1,337,975
Amortisation of intangible assets	(334,687)	500
on disposal of tangible assets	10,848	(6,936)
Decrease in stocks	(789,634)	(625,625)
(Increase)/decrease in debtors	(3,645,423)	(2,172,100)
Increase in creditors	5,378,740	2,485,087
Movement on grant provision	(71,488)	(69,325)
Costs of fundamental reorganisation or restructuring of existing operations	(2,138,615)	-
Net cash inflow from operating activities	(484,461)	1,245,681
Analysis of cash flows for headings netted in the cash flow statement		
	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	5,461	-
Interest paid	(332,582)	(279,639)
Interest element of finance lease payments	(58,239)	(3,398)
Net cash outflow for returns on investments and servicing of finance	(385,360)	(283,037)
Capital expenditure and financial investment		
Purchase of tangible assets	(5,423,467)	(2,033,140)
Receipts from sale of tangible assets	118,225	12,164
Net cash outflow from capital expenditure & financial investment	(5,305,242)	(2,020,976)
Acquisitions and disposals		
Purchase of subsidiary undertakings	(394,173)	-
Net cash outflow from acquisitions and disposals	(394,173)	-
Financing		
New long term loans	3,307,141	962,577
Repayments of long term loans	(128,262)	(527,795)
New short term loans	172,992	-
Repayment of short term loans	-	(47,629)
New pension loans	495,000	-
Capital element of hire purchase contract payments	215,711	90,135

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

32 Notes to the cash flow statement (Continued)

Government grant received	43,250	-
Advances under invoice financing	3,498,161	1,061,825
Net cash inflow from financing	7,603,993	1,539,113

Analysis of net debt

	30 March 2014 £	Cash flow £	Other non- cash changes £	28 March 2015 £
Net cash:				
Cash at bank and in hand	940,949	1,095,867	-	2,036,816
Finance leases	(121,921)	(921,662)	-	(1,043,583)
Debts falling due within one year	(7,028,944)	(3,770,153)	-	(10,799,097)
Debts falling due after one year	(891,761)	(2,868,928)	-	(3,760,689)
Net debt	(7,101,677)	(6,464,876)	-	(13,566,553)

DAVID WOOD BAKING UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 MARCH 2015

33 Related party relationships and transactions

Group

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

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

During the year the group paid rent of £35,000 (2014: £136,000) on premises jointly owned by David and Karen Wood. Additionally the group paid a further £245,000 (2014: £105,000) in rent for property owned by the pension scheme. The company also provided a guarantee over borrowings taken out by the director for a property they own personally, but which is occupied and used by the company. These amounted to £1,701,332 at the year end date.

Included in creditors are amounts of £1,126,590 (2014: £556,167) owed to David Wood. Interest is charged at rates ranging from 2.91%- 5.38% on these balances and £36,028 (2014: £35,823) was charged during the year.

Other creditors include an amount of £495,000 (2014: £nil) split £99,000 due within one year and £396,000 due in greater than one year in respect of a loan from the David Wood Pension Scheme.

Dividends amounting to £47,573 (2014: £47,573) were paid to David Wood during the year.