

Financial Statements Patisserie Holdings Plc

For the year ended 30 September 2016



Company No. 08963601

PATISSERIE HOLDINGS PLC

COMPANY INFORMATION

Company registration number
08963601

Registered office
146 - 156 Sarehole Road
Birmingham
B28 8DT

Website
www.patisserie-valerie.co.uk

Directors

Luke Johnson	Executive Chairman
Paul May	Chief Executive Officer
Chris Marsh	Finance Director
Lee Ginsberg	Non-Executive Director
James Horler	Non-Executive Director

Secretary

Chris Marsh

Bankers

HSBC
120 Edmund Street
Birmingham
B3 2QZ

Nominated Adviser and Broker

Canaccord Genuity
88 Wood Street
London
EC2V 7QR

Legal adviser

Osborne Clarke
One London Wall
London
EC2Y 5EB

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

Financial PR

Maitland
Orion House
5 Upper St Martin's Lane
London
WC2H 9EA

Registrars

Capita Asset Service
The Registry

34 Beckenham Road
Beckenham
Kent
BR3 4TU

OUR BRANDS

Patisserie Valerie is an iconic brand established in Soho in 1926 offering fine continental patisserie. Patisserie Valerie offers indulgent, freshly baked premium cakes and pastries, high quality teas, coffees, continental breakfasts and light meals. Formats include cafés, concessions, brasseries, takeaways, kiosks and an online channel. Patisserie Valerie's 134 stores are located predominantly in London and across England, with a developing Scottish presence.

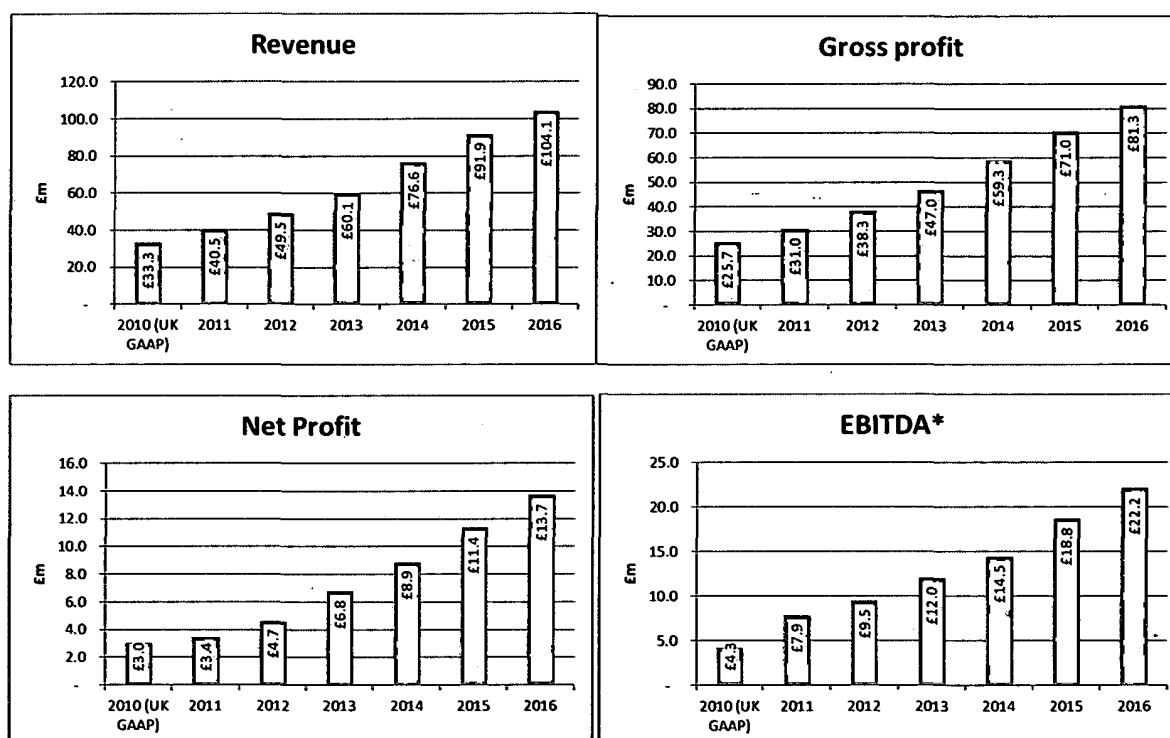
Druckers – Vienna Patisserie is a Viennese cake shop and continental coffee lounge established by Andre Drucker in 1964, offering a range of made-to-order gateaux, tarts and patisserie, premium coffees and teas and light meals. It operates 21 stores in England. Formats include cafés, takeaways and online.

Philpotts is a premium sandwich and salad retailer, established in 1985, with a strong corporate and retail lunch offering. Philpotts focuses on gourmet sandwiches, salads, specialty savoury dishes, continental meats and cheeses. Philpotts' 23 stores include sandwich shops, online and takeaway with stores located across England and Scotland.

Baker & Spice is a high-end deli and bakery concept offering locally sourced, fair trade, organic, artisanal breads, cakes and deli foods. The offering includes premium cakes, artisan breads, cookies, treats, jams, seasonal salads and vegetable dishes. Its five stores are located across prime central London locations.

Flour Power City Bakery is an organic, artisan bakery and wholesaler supplying markets and restaurants with high-quality breads, pastries, tarts and cakes. The bakery is based in Lewisham and supplies stores in London and the Home Counties.

HIGHLIGHTS



* Details of depreciation and amortisation can be found in note 4 in the financial statements

Financial Highlights

- Tenth consecutive year of revenue growth with revenue up 13.3% to £104.1m (2015: £91.9m)
- Gross profit of £81.3m up by 14.5% (2015: £71.0m)
- EBITDA of £22.2m up 18.1% (2015: £18.8m)
- Excellent growth in pre-tax profit of £17.2m up 18.2% (2015: £14.6m)
- Net cash at year end of £13.3m with operating cash inflows of £22.0m
- Online sales up 23% to £3.8m (2015: £3.1m)
- Average store payback period of 23 months, ahead of 24 month target
- Final dividend of 2.00 pence per share proposed

Operational Highlights

- 21 new stores opened in the year all funded from operating cash flows including flagship stores in Belfast, Birmingham Resorts World and London Oxford Street
- First store opened in Northern Ireland which has an attached bakery with capacity to support a further 10 stores
- New standalone bakery opened in Edinburgh which will facilitate expansion in Scotland
- Number of stores opened in new towns and cities which are trading ahead of management's expectations.
- 184 stores at end of year (2015:166)
- Six new stores opened since the year end with well-developed pipeline for 2017
- Significant investment in people with a number of senior positions appointed in the year

BOARD OF DIRECTORS

Luke Oliver Johnson, aged 54 – Executive Chairman and Chairman of the Remuneration Committee

Luke has been the Executive Chairman and majority owner of the Group since 2006. He has been involved in the hospitality industry for over 20 years: he was chairman of PizzaExpress Plc during the 1990s, was co-founder and chairman of the Strada restaurant chain, and chairman of Giraffe restaurants for nine years until 2014. He is currently chairman of Gail's bakeries and Neilson Active Holidays.

Paul Edward May, aged 57 – Chief Executive Officer

Paul joined the Group as Chief Executive Officer in 2006 and since then has overseen its expansion from eight to over 180 stores. He has a highly successful entrepreneurial background which includes founding and selling Cash a Cheque, having grown it from one to 60 stores in four years. Paul has over 20 years of experience as a manager and owner of public and private companies and has made investments across multiple industries, including the Greyhound Racing Association in the leisure sector.

Christopher David Marsh, aged 42 – Finance Director

Chris joined the Group as Finance Director in 2006. Chris has advised many companies over the past 17 years in both finance director and consultancy roles. His experience includes finance director roles at two AIM quoted companies, namely Fishworks Plc and Healthy Living Centres Plc. Chris qualified as a Chartered Accountant with Vantis Plc (formerly Morton Thornton) and also qualified as a Chartered Tax Accountant with Ernst & Young.

Lee Dale Ginsberg, aged 59 – Non-executive Deputy Chairman, Senior Independent Director and Chairman of the Audit Committee

Lee joined the Group as a non-executive Director in April 2014. He is a non-executive director and chairman of the audit committee at Mothercare plc since 2012 and has also holds the same role at Trinity Mirror Plc since January 2015. Lee is also the senior independent director and chairman of the audit committee of On The Beach plc having joined the board in August 2015. Lee also joined the board of Softcat plc in September 2015 as the senior independent director and chairman of the audit committee.

James Michael Alexander Horler, aged 51 – Non-executive Director

James joined the Group as a Non-executive Director in June 2013. James also currently serves as the Chief Executive Officer of 3Sixty Restaurants Ltd and holds non-executive directorships at Cartwheel Recruitment Ltd and Charterhouse Leisure Ltd. James has extensive experience in the hospitality and leisure industry. In 1995, he joined City Centre Restaurants Plc (now the Restaurant Group Plc) to set up Frankie & Benny's. James' tenure at Frankie & Benny's saw the chain grow to 65 trading restaurants. In 2001, James completed the management buy-in of La Tasca restaurants (16 trading restaurants) for £28 million as Chief Executive Officer. The business was floated on AIM in 2005 at a market capitalisation of £54m and a successful exit was achieved in 2007 for £134m with 74 trading restaurants, both throughout the UK and North America.

CORPORATE GOVERNANCE

As an AIM listed entity, the Group is not subject to and does not comply with the requirements of the UK Corporate Governance Code. However, the Directors recognise the value and importance of good corporate governance and are fully accountable to the Group's stakeholders including shareholders, customers, suppliers and employees. The corporate governance framework to which the Group operates including Board leadership and effectiveness, Board remuneration and internal control is set out below.

The Board

The Board is responsible for successful stewardship of the Group, creating long term value for shareholders, setting strategic objectives, managing the Group's resources effectively and mitigating risks. The Group has been effectively managed by the Executive team since 2006 growing the business from annual revenues of £5m from 8 stores to £104m from 184 sites in 2016. The Board includes two Non-Executive directors who were appointed to add experience and independent challenge to the Group as the Executive team considered their appointment appropriate for the size and complexity of the Group.

The Group does not have an independent Chairman or a nominations committee. Luke Johnson is the Executive Chairman of the Group and is beneficially interested in 38.6 per cent. of the Enlarged Share Capital of the Group, and therefore is not considered to be independent. The Board believes that Mr Johnson's position as Executive Chairman and his knowledge of the hospitality sector is strategically important to the future development of the Group.

Key sub-committees of the Board include the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee is chaired by Lee Ginsberg. Its other members are James Horler and Luke Johnson. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets at least three times a year and has unrestricted access to the Group's auditors.

Remuneration Committee

The Remuneration Committee is chaired by Luke Johnson. Its other members are Lee Ginsberg and James Horler. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the non-executive directors of the Group is set by the Board.

Internal control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and the risk profile of the Group.

The key elements of the Group's control system include:

- close management of the day to day operations by the Executive team assisted by senior management
- a comprehensive budgeting system with an annual budget approved by the Board
- daily review of revenue and staffing at store level along with cash at the Group level by senior management
- actual results are compared monthly with budgets and past results by the Board
- all significant capital expenditure and organisational changes are reviewed and approved by the Board
- the integrity and competence of personnel is ensured through high recruitment standards and subsequent training
- a clearly defined organisation structure which promotes entrepreneurial decision making whilst minimising risks

Corporate Social Responsibility

Patisserie Holdings is not subject to and does not comply with the requirements of the UK Corporate Governance Code and has not previously reported on Corporate Social Responsibility (CSR). CSR is an important feature of the business and the Group has decided to make a voluntary statement outlining the key areas of CSR within the business.

Products

Historically we have supported independent businesses by sourcing local fresh ingredients. As we have grown we have supplemented our supply chain with a handful of carefully selected suppliers. We aim to purchase ethically sourced products ranging from Fair Trade tea to MSC certified fish.

With the financial freedom we have achieved on listing on AIM, we are going through a process of reviewing our larger suppliers and our procurement function has been refreshing our supplier base, focusing on technical and ethical standards, in particular the Modern Slavery Act.

In terms of allergens, we are compliant with EU legislation and hold this information instore for our customers. We are working with our supply chain to see whether we can make this information more accessible for our customers.

We are conscious of the growing media interest in “sugar tax” and are monitoring this situation closely.

Environment

Patisserie Holdings has embarked on a number of sustainable initiatives in the year.

In order to drive these improvements we have commissioned a survey to identify significant areas of energy consumption and how these can be managed more sustainably. This will form part of the Energy Savings Opportunities Scheme (ESOS) requirements. We have consolidated our waste collections to one provider, securing a unified waste procedure, allowing us to now separate our waste streams and target recycling levels.

In addition to having our waste oil collected, we’ve also added food waste collection for anaerobic digestion.

Energy consumption reduction is important to us and we are targeting several areas. We are investing in smart metering to measure and then implement reductions to our gas and electric consumption and we are also investing in LED lighting in our new stores.

We have made changes to our logistics arm over the past 12 months and invested in new vehicles so that they are less than three years old ensuring all vehicles comply with the latest Euro IV European emission standards. All of our journeys have been designed with the assistance of professional route planning software to give optimum mile per gallon per delivery whilst ensuring vans are at full capacity.

People

With over 2500 employees, our people are our most important assets. Our new store rollout programme generates between 200 and 250 new jobs per year in the community. Employee information is considered at monthly Board meetings and discussed in detail. Average length of service across our brands ranges from 2.5 to 5 years and within our head office team we have a number of long serving employees. With the competitive nature of the industry we operate in, we have recognised that staff turnover is increasing and in 2016 we have introduced a new employee training scheme to ensure employees receive appropriate accredited H&S and Food Safety qualifications; these courses will not only raise safety standards, but will also have a positive impact on customer service and employee retention.

We aim to develop our people with numerous examples of front of house employees progressing their careers to become operations managers. On listing to AIM we also implemented an employee share option scheme which has helped to focus and motivate our teams. We do not use tips to subsidise employee wages and ensure our pay rates are competitive.

STRATEGIC REPORT

Business review and future developments

Despite uncertain market conditions the Group has delivered excellent results for the year ended 30 September 2016. The current management team has delivered ten successive years of growth and for the first time annual revenues have exceeded £100m.

The Group's primary strategy is that of organic growth targeting 20 new store openings per year and during 2016, the group successfully opened 21 new stores all funded from operating cash flows. The mix of new store locations includes five highstreets, five shopping centres, three retail parks, two motorway service stations and six Debenhams concession stores.

Of the 21 openings, one opening was in Glasgow, taking the total number of stores in Scotland to ten, and the Group also opened its first store in Belfast, Northern Ireland. The Belfast store is equipped with its own bakery which is able to support a further 10 openings in Northern Ireland.

The group is committed to continue with its rollout programme targeting 20 stores per annum and since the year end has already opened six new stores. The strategy remains that of organic growth however the Group is well positioned for acquisitions which are accretive to the group

Performance

The Group generated revenues of £104.1m, an increase of £12.2m or 13.3% (2015: £91.9m).

The operating profit for the year was £17.2m an increase of £2.6m (2015: £14.6m) and EBITDA for the year was £22.2m, an increase of £3.4m (2015: £18.8m).

The Group has no external borrowings and therefore had no material finance costs in either the current or prior year.

The income tax charge for the year is £3.5m an increase of £0.3m (2015: £3.2m) resulting in profit after tax of £13.7m (2015: £11.4m).

Position & Liquidity

The balance sheet remains strong with no external borrowing.

The group generated gross operating cash flows of £22.0m, up £3.7m or 19.7% (2015: £18.3m), £3.4m was used to make income tax payments and £8.7m was invested in capital expenditure, resulting in cash flows before financing activities of £9.9m (2015: £7.5m).

We invested £5.6m in new stores and £1.3m of capex on refreshing the existing estate. The return on investment from our stores remains strong with the majority of stores having a payback period of less than 24 months.

In the year we also started a plan of enhancing our production facilities and invested a further £1.8m on infrastructure; this included £0.4m at a bakery in Leith, £0.4m at our main bakery in Birmingham, £0.4m at our bakery in Northern Ireland and £0.6m upgrading central infrastructure.

In the year, dividends of £2.67m were paid in relation to the final dividend for the year ended 30 September 2015 of 1.67 pence per share and an interim dividend for the year ended 30 September 2016 of 1.00 pence per share.

Net cash at the end of the year is £13.3m (2015: £6.1m) and the group remains solely funded from operating cash flows.

Key Performance Indicators

The Group is monitored in line with a number of key performance indicators. These are formulated at weekly and monthly Board meetings and are reviewed at both operational and Board level.

Turnover growth

The Group is measured against sales growth with a target of 15%. Sales growth in the year was 13%.

Margin

The Group is measured against gross profit less staff costs with a target of 30% and achieved 39% in the year.

Budget

The Group is measured against targeted EBITDA which was delivered in the year.

New sites

New sites are measured against cash payback and return on capital expenditure with a target in excess of 40% return on investment and two year payback on average. All sites are performing as expected.

Principal risks and uncertainties

The Group is subject to a number of business risks and uncertainties including general economic risks beyond the Group's control, risk of not delivering the Group's strategy of growing its estate, risk of increased costs, risk of reliance on key personnel, risk of failure to comply with existing or increased regulation and risk of system failures. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. Some of the more key areas are detailed below:

Increased prices of key commodities and operating costs

The Group spends considerable time tracking the commodity prices of a number of products namely coffee, dairy, fruit, packaging, cocoa and wheat items, an increase in which could erode the Group's gross profit margin. We are beginning to see ingredient prices harden and with a weakening pound following Brexit managing increased prices is a key area of risk to the Group. Where possible we enter into supply agreements for certain periods of time depending upon the market. We do not commit to volumes but lengths of agreement which guarantees prices. This way the Group is able to reduce the risk to inflationary pressure.

Economic environment

In common with other restaurant businesses, the Group relies on continuing levels of disposable income within the UK market place and a decline in the UK economy would have an impact on turnover. However, due to the nature of our product and market position as an upmarket patisserie, having this unique position helps to mitigate the economic market place. Our products are seen as affordable treats in times of uncertainty and also as a luxurious indulgence when celebrating and we saw little or no impact on sales from Brexit and experienced no impact on our workforce.

Competition

The Group operates in a highly competitive market putting pressure on margin and turnover growth. However, we continuously strive to be positioned between restaurants and coffee shops and having this diversity in our offerings, all day dining, an online channel and bespoke cake facilities ensures we are safeguarded in terms of margins and turnover.



On Behalf of the Board

C Marsh

Director

28th November 2016

DIRECTORS REPORT

The directors present their report and the financial statements of the Group for the year ended 30 September 2016.

Incorporation

The company was incorporated on 27 March 2014. On 9 May 2014 the company acquired, in return for the issue of new equity share capital, the entire issued share capital of Patisserie Acquisition Limited (formerly Patisserie Holdings Limited). This share for share exchange qualifies as a common control transaction and a group reorganisation, and therefore falls outside of the scope of IFRS 3 Business Combinations. Consequently a policy based on the principles of merger accounting has been adopted. Accordingly, the group financial statements present the information as if the group had been in existence for the whole of the current and previous years.

Directors of the company

The present membership of the Board is set out below:

Luke Johnson	Executive Chairman Chairman of the Remuneration Committee
Paul May	Chief Executive Officer
Chris Marsh	Finance Director
Lee Ginsberg	Non-Executive Deputy Chairman Senior Independent Director Chairman of the Audit Committee
James Horler	Non-Executive Director

The Directors who held office at 30 September 2016 had the following beneficial interests in the share capital of the Company:

	Number of Ordinary shares
Luke Johnson	38,621,181
Paul May	4,554,000
Chris Marsh	465,052
James Horler	147,116
Lee Ginsberg	58,823

Details of directors share options and transactions with directors are provided in the note 6 to the financial statements.

Major Shareholdings

On 30 September 2016 the Company had been notified of the following beneficial interests in 3% or more of its issued share capital:

	Percentage of voting rights and issued share capital	Number of Ordinary shares
Luke Johnson	38.62%	38,621,181
Black Rock Investment Management	11.02%	11,023,823
Wasatch Advisors	4.92%	4,919,118
Old Mutual Global Investors	4.82%	4,820,891
Paul May	4.55%	4,554,000
Hargreave Hale	3.72%	3,722,196

Dividends

The Board has proposed a final dividend for the year ended 30 September 2016 of 2.0 pence per share, which is a total of £2,000k. This dividend has not been accounted for within the current year financial statements as it has yet to be approved at the Annual General Meeting which is to be held on 25 January 2017. During the year, a final dividend in respect of the year ended 30 September 2015 of 1.67 pence per share or £1,670k was paid along with an interim dividend for the year ended 30 September 2016 of 1.0 pence per share or £1.0m.

Going concern

The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The Group uses various financial instruments, these include loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities. The risks are managed by overdraft facilities and availability of a capital drawdown facility thus reducing exposure.

Interest rate risk

The Group has financed its operations through a mixture of equity, shareholder loans (which are now repaid) and bank overdrafts. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of fixed facilities. Business has benefitted from the stable interest rates the UK economy has had for a number of years. If this starts to become more volatile hedging will be considered. In addition, the interest cover in the business is much lower than it used to be as a result of reduced gearing.

Future developments

Future developments have been discussed within the Strategic Report on pages 8 and 9.

Credit risk

The Group's principal financial assets are mainly cash and trade debtors. The credit risk associated with cash is limited, the principal credit risk arises therefore from its trade debtors. Trade debts are monitored closely and the Group does not have a history of significant impairments.

Disabled employees

The Group's policy on employment of disabled persons is to give full consideration to applications for employment having regard to their particular aptitudes and abilities and to encourage training and career developments and promotion for all employees, including disabled employees.

Employee involvement

The Group is an equal opportunity employer with particular reference to non-discrimination and non-harassment on the basis of ethnic origin, age, gender, religion, sexual orientation or disability. The Group is run in a fully open manner and it strongly encourages its employees to provide their opinions on how the various companies in the Group are run. Regular management meetings are undertaken where all levels of management are fully informed of developments of the Group and have a fully operational role in how the Group functions.

The Group has put in place mechanisms to provide information to employees with particular emphasis on operational and health and safety matters. Regular meetings are held between site General Managers and Head Office Operational Management.

Auditors

Grant Thornton UK LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

On behalf of the Board

C Marsh
Director

28th November 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent Company's own financial statements continue to be prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS101 Reduced Disclosure Framework). 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 and profit or loss of the company and 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 IFRSs or UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



On behalf of the Board

C Marsh
Director
28th November 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATISSERIE HOLDINGS PLC

We have audited the financial statements of Patisserie Holdings plc for the year ended 30 September 2016 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, parent company balance sheet, the parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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 explained more fully in the Directors' Responsibilities Statement as set out on page 12, 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 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 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 of the parent company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

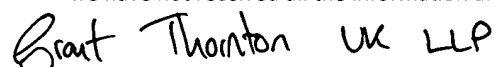
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

 Grant Thornton UK LLP

David Newstead

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Milton Keynes

28th November 2016

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

		12 months ended 30 September 2016 £'000 Total	12 months ended 30 September 2015 £'000 Total
	Notes		
Continuing operations			
Revenue	3	104,141	91,925
Cost of sales		(22,832)	(20,884)
Gross profit		81,309	71,041
Administrative expenses		(64,099)	(56,457)
Operating profit		17,210	14,584
Finance expense	7	(6)	(27)
Profit before income tax	3/4	17,204	14,557
Income tax expense	8	(3,469)	(3,152)
Profit after tax and total comprehensive income for the year attributable to equity holders		13,735	11,405
Earnings per share			
Basic earnings per share (pence)	9	13.74	11.41
Diluted earnings per share (pence)		13.60	11.32

The notes on pages 18 to 36 are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

30 SEPTEMBER 2016

		30 September 2016 £'000	30 September 2015 £'000
	Notes		
ASSETS			
Non-current assets			
Intangible assets	11	17,797	17,847
Property, plant and equipment	12	36,498	32,679
		54,295	50,526
Current assets			
Trade and other receivables	13	11,004	9,895
Corporation tax		1,896	1,762
Inventories	14	4,862	4,436
Cash and cash equivalents	15	13,273	6,095
		31,035	22,188
Total assets		85,330	72,714
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to the equity holders			
Ordinary share capital	19	1,000	1,000
Share premium		33,661	33,661
Other reserves		391	58
Retained earnings		43,143	31,979
Total equity		78,195	66,698
Non-current liabilities			
Deferred tax	17	2,054	1,934
		2,054	1,934
Current liabilities			
Trade and other payables	16	5,081	4,082
		5,081	4,082
Total liabilities		7,135	6,016
Total equity and liabilities		85,330	72,714

The notes on pages 18 to 36 are an integral part of the consolidated financial statements.

The financial statements were authorised for issue by the board of directors on 28th November 2016 and were signed on its behalf.

P May
Chief Executive Officer

C Marsh
Finance Director

Registered no. 08963601

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 October 2014	1,000	33,661	(312)	46	54	20,407	54,856
Result and total comprehensive income for the year	-	-	-	-	-	11,405	11,405
	1,000	33,661	(312)	46	54	31,812	66,261
Transactions with owners							
Deferred tax credit relating to share option scheme	-	-	-	-	-	167	167
Increase in share based payments reserve	-	-	-	-	270	-	270
As at 30 September 2015	1,000	33,661	(312)	46	324	31,979	66,698
Result and total comprehensive income for the year	-	-	-	-	-	13,735	13,735
	1,000	33,661	(312)	46	324	45,714	80,433
Transactions with owners							
Dividends to equity holders of the company	-	-	-	-	-	(2,670)	(2,670)
Deferred tax credit relating to share option scheme	-	-	-	-	-	99	99
Increase in share based payments reserve	-	-	-	-	333	-	333
As at 30 September 2016	1,000	33,661	(312)	46	657	43,143	78,195

The notes on pages 18 to 36 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Year to 30 September 2016 £'000	Year to 30 September 2015 £'000
Notes		
Cash flows from operating activities		
Profit before income tax	17,204	14,557
Adjusted by:		
Depreciation	4,901	4,127
Amortisation	50	50
Net finance charges in the consolidated statement of comprehensive income	6	27
Share based payment charge	333	271
Changes in working capital:		
Inventory	(426)	(509)
Trade and other receivables	(1,109)	(1,113)
Trade and other payables	999	932
Cash generated from operations	21,958	18,342
Interest paid	(6)	(29)
Income tax paid	(3,378)	(2,787)
Net cash generated from operating activities	18,574	15,526
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,726)	(8,012)
Net cash used in investing activities	(8,726)	(8,012)
Cash flows from financing activities		
Dividends paid to equity holders of the parent	(2,670)	-
Net cash used in financing activities	(2,670)	-
Net increase in cash and cash equivalents	7,178	7,514
Cash and cash equivalents at the beginning of the year	6,095	(1,419)
Cash and cash equivalents at the end of the year	15 13,273	6,095

The notes on pages 18 to 36 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. General information

Patisserie Holdings plc (the Company) and its subsidiaries (collectively the Group) operate in the casual dining sector offering cakes, pastries, snacks, meals and hot and cold drinks across the UK.

The Company is a public limited company which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange and incorporated and domiciled in England and Wales. The registered office of the Company is 146 - 156 Sarehole Road, Birmingham, B28 8DT.

2. Basis of preparation

The Company was incorporated on 27 March 2014. On 9 May 2014 the Company acquired, in return for the issue of new equity share capital, the entire issued share capital of Patisserie Acquisition Limited (formerly Patisserie Holdings Limited). This share for share exchange qualifies as a common control transaction and therefore falls outside of the scope of IFRS 3 Business Combinations. Consequently an accounting policy has been developed based on the principles of merger accounting. No goodwill has been recorded and the difference between the parent company's cost of investment and the net assets of the group formerly headed by Patisserie Acquisition Limited is presented as a merger reserve within equity on consolidation. Comparative amounts were restated as if the combination had taken place at the beginning of the earliest comparative period presented.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.4.

2.1. Going concern

The group meets its day-to-day working capital requirements through operating cash flows and where required through its bank facilities. The group does not have any external debt and has a £3m revolving bank facility in place. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate from within its operating cash flows. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.2. Standards, amendments and interpretations to existing standards

At the date of authorisation of the consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements in the future are as follows:

Standard / Interpretation	Effective date
IFRS 9 Financial Instruments **	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements	1 January 2016
IFRS 16 Leases**	1 January 2019
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions**	1 January 2018
Amendments to IAS 7: Disclosure Initiative**	1 January 2017

** not yet endorsed by the EU

The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU endorsement mechanism.

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated financial statements in future periods except for IFRS16. IFRS16 will change the measurement and disclosure method for leases and it is expected that all of the Group's current operating leases which have a term of 12 months or more will be classified as finance leases as opposed to operating leases on adoption of the standard. Management have not yet quantified the impact of this change.

2.3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.3.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. A subsidiary company is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method from the date control passes to the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. All transactions and balances between Group companies are eliminated on consolidation, including gains and losses on transactions between Group companies.

2.3.2. Intangible assets

Goodwill is recognised to the extent that it arises through a business combination and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired entity.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Negative goodwill (bargain purchase) is written back to the consolidated statement of comprehensive income in the period it is incurred.

Brands acquired in a business combination are recognized at fair value at the acquisition date. Brands are considered to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the brand over its useful estimated useful life of 10 years.

2.3.3. Revenue

Revenue arises from the sale of goods. It is measured at fair value of the consideration received or receivable, less VAT and trade discounts.

Revenue from restaurant and online sales is recognised when the significant risks and benefits of ownership of the product has been transferred to the buyer at the point of sale, or for wholesale revenue, when goods have been delivered.

Revenue from voucher sales is recognised at point of redemption at the face value of the voucher. Any commissions and charges payable to agencies are recognised as costs of sales.

2.3.4. Property, plant and equipment

Property, plant and equipment is stated at historical cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

Freehold land and buildings	-	20 years straight line
Leasehold property improvements	-	Over the life of the lease from the month of acquisition
Plant and equipment	-	15-25% straight line from the month of acquisition
Fixtures and fittings	-	10-20% reducing balance
Motor vehicles	-	25% straight line

As no finite useful life for land can be determined, related carrying amounts are not depreciated. The useful life, the residual value and the depreciation method is assessed annually.

2.3.5. Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Those intangible assets not yet available for use and goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.3.6. Inventories

Inventory is carried at the lower of cost or net realisable value. The costs of raw materials, consumables, work in progress and finished goods are measured by means of weighted average cost using standard costing techniques. Cost of finished goods comprises direct production costs such as raw materials, consumables, utilities and labour, and production overheads such as employee costs, depreciation, maintenance and indirect factory costs. Standard costs are reviewed regularly in order to ensure relevant measures of utilisation, production lead-time and appropriate levels of manufacturing expense are reflected in the standards.

Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell.

2.3.7. Leased assets

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is initially recognised.

Subsequent accounting for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the consolidated statement of comprehensive income over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred. Lease incentives received are recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

2.3.8. Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using current rates, and any adjustments to the tax payable in respect of previous years.

Deferred taxation is provided on all temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its obligations on a net basis.

Tax is recognised in the consolidated statement of comprehensive income, except where it relates to items recognised directly in equity, or other comprehensive income.

2.3.9. Share based employee compensation

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant and are recognised in the consolidated statement of comprehensive income on a straight-line basis over the vesting period, based on the Groups' estimate of the number of share options which will eventually vest.

Fair value is measured by use of the Black Scholes pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are reallocated to share capital with any excess being recorded as additional share premium.

2.3.10. Store pre-opening costs

All pre-opening costs are written off as incurred except those which qualify for capitalisation in accordance with IAS 16 – Property, Plant and Equipment.

2.3.11. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”). The CODM is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined that its CODM is the Board of Directors of the Group.

2.3.12. Financial instruments

Financial instruments are assigned to their different categories by management on initial recognition, depending on the contractual arrangements.

Financial assets

The Group’s financial assets fall within the heading of ‘Loans and receivables’. Loans and receivables comprise trade and certain other receivables as well as cash and cash equivalents.

Loan and receivables are recognised when the Group becomes a party to the contractual provisions of the instrument and are recognised at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the consolidated statement of comprehensive income.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Group’s financial liabilities comprise borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value net of issue costs. After initial recognition borrowings are measured at amortised cost using the effective interest method. All interest-related charges are included in the consolidated statement of comprehensive income line item “finance expense”. Financial liabilities are derecognised when the obligation to settle the amount is removed.

2.3.13. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

2.3.14. Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.
- Share premium: includes any premium received on the sale of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any income tax benefits.
- Retained earnings: retained profits available for distribution.
- Other reserves: includes the nominal value of equity shares cancelled and amount relating to equity settled share based payments and a merger reserve: includes permanent adjustments arising on consolidation.

2.3.15. Employee benefits

The cost of pensions in respect of the Group’s defined contribution scheme is charged to profit or loss in the period in which the related employee services were provided.

2.3.16. Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or nature to enable full understanding of the Group’s financial performance. Transactions which may give rise to exceptional items include, but are not limited to, gains or losses on disposal of assets, costs associated with subsidiary acquisitions and costs incurred in relation to listing on AIM.

2.4. Accounting estimates and judgements

The preparation of financial statements under IFRS requires the Group to make estimates and judgements that effect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

Judgements

- *Group reconstruction*

As explained in Note 2.0, the acquisition of Patisserie Acquisition Limited (formerly Patisserie Holdings Limited) by Patisserie Holdings plc and the formation of the enlarged Group has been accounted for as a common control transaction and a group reorganisation, which falls outside of the scope of IFRS 3 Business Combinations. Merger accounting has been applied and the Group financial statements present information as if the Group had been in existence for the whole of the current and previous years. If this judgement had not been applied, the transaction would have been accounted for as an acquisition, and the goodwill arising accounted for in line with the policy set out in 2.3.2. This judgement was made in 2014 when the Company was incorporated, however continues to have an on-going impact in the financial statements.

Estimations

- *Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting date. At the reporting date management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to unforeseen events. The carrying value of assets is disclosure in note 12.

- *Impairment*

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. The carrying value of assets subject to annual impairment are disclosed in note 11.

- *Valuation of share options*

The fair value of share options is determined using the Black-Scholes method. The significant inputs into the model are share price at grant date, exercise price, expected option life, expected volatility and risk free rate. Expected volatility has been determined by reviewing the historical volatility of the share price since the company has traded on AIM and benchmarked against comparable quoted companies. Expected life has been estimated to be the earliest point in time in which options can be exercised based on the expected exercise profile of option holders. Details of share based payments can be found in note 20.

- *Valuation of intangibles acquired in business combinations*

Intangible assets, namely brand value, acquired in business combinations have been valued internally using royalty relief methods. The value has been estimated using discounted cash flows based on market royalty rates applied to revenue streams of the business acquired. Other key inputs to the cash flows are growth rate which was determined using historic performance and discount rate which was determined using the Group's weighted average cost of capital. The carrying value of intangibles in respect of brand values is £400,000 as detailed in note 11.

3. Segmental information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") comprising the Board of Directors. The segmental information is split on the basis of those same profit centres, however, management report only the contents of the consolidated statement of comprehensive income and therefore no balance sheet information is provided on a segmental basis in the following tables. The basis of segmental reporting is unchanged from the previous year.

September 2016	Patisserie Valerie	Druckers	Baker & Spice	Flour Power	Philpotts	Overhead	As reported to the CODM	Reconciling items *	Total IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	73,905	13,310	4,701	3,684	10,244	-	105,844	(1,703)	104,141
Cost of sales	(13,550)	(2,983)	(1,332)	(1,336)	(3,511)	(2,053)	(24,765)	1,933	(22,832)
Gross profit	60,355	10,327	3,369	2,348	6,733	(2,053)	81,079	230	81,309
Administrative expenses	(42,754)	(8,976)	(2,212)	(1,592)	(5,105)	1,721	(58,918)	(230)	(59,148)
Depreciation and amortisation	(3,786)	(135)	(46)	(221)	(420)	(343)	(4,951)	-	(4,951)
Finance expense	(2)	(3)	-	(1)	-	-	(6)	-	(6)
Profit before income tax	13,813	1,213	1,111	534	1,208	(675)	17,204	-	17,204
Income tax expense	-	-	-	-	-	(3,469)	(3,469)	-	(3,469)
Profit for the financial year	13,813	1,213	1,111	534	1,208	(4,144)	13,735	-	13,735
Non-current assets							54,295	-	54,295
Current assets							31,035	-	31,035
Non-current liabilities							(2,054)	-	(2,054)
Current liabilities							(5,081)	-	(5,081)
Net assets							78,195	-	78,195
Capital expenditure							8,726	-	8,726

*The reconciling items relate to year-end consolidation adjustments and reclassification for statutory reporting purposes.

Revenue within each trading segment is derived from income from restaurant, takeaway, online and wholesale sales and revenue within overheads relates to income received centrally which is not allocated to individual operating segments.

Segmental revenues are reported gross of sales to other reportable segments. Flour Power revenues include £1.7m (2015: £1.1m) made to other operating segments. Other operating segments report sales to external customers only.

Segmental operating profit excludes costs relating to central services provided by our Operations, IT, Marketing, HR and Finance Teams and our Board of Directors

All of the Group's revenue from continuing operations has been generated from UK operations, and all non-current assets are held in the UK.

The Group does not have any customers whom account for more than 10% of external revenue.

September 2015	Patisserie Valerie	Druckers	Baker & Spice	Flour Power	Philpotts	Overhead	As reported to the CODM	Reconciling items *	Total IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	62,867	12,446	4,431	3,206	10,025	-	92,975	(1,050)	91,925
Cost of sales	(11,477)	(3,380)	(1,265)	(852)	(3,440)	(1,620)	(22,034)	1,150	(20,884)
Gross profit	51,390	9,066	3,166	2,354	6,585	(1,620)	70,941	100	71,041
Administrative expenses	(37,419)	(7,693)	(1,995)	(1,629)	(5,009)	1,565	(52,180)	(100)	(52,280)
Depreciation and amortisation	(3,071)	(128)	(67)	(91)	(462)	(358)	(4,177)	-	(4,177)
Finance expense	(1)	(29)	-	3	-	-	(27)	-	(27)
Profit before income tax	10,899	1,216	1,104	637	1,114	(413)	14,557	-	14,557
Income tax expense	-	-	-	-	-	(3,152)	(3,152)	-	(3,152)
Profit for the financial year	10,899	1,216	1,104	637	1,114	(3,565)	11,405	-	11,405
Non-current assets							50,526	-	50,526
Current assets							22,188	-	22,188
Non-current liabilities							(1,934)	-	(1,934)
Current liabilities							(4,082)	-	(4,082)
Net assets							66,698	-	66,698
Capital expenditure							8,012	-	8,012

4. Profit before income tax

	Sept 2016 £'000	Sept 2015 £'000
Profit before taxation has been arrived at after charging:		
Depreciation of owned property, plant and equipment	4,901	4,127
Amortisation of intangible assets	50	50
Employee costs (Note 5)	40,142	35,108
Operating lease rentals		
- Land and buildings	12,904	10,979
Audit and non-audit services:		
Fees payable to the Company's auditor for the audit of the Group accounts	18	18
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries	58	58
Tax compliance services	22	22
Corporate finance services	-	-
Other assurance services	12	15

5. Employee numbers and benefits expense

The average number of employees (including Directors) during the period was made up as follows:

	Sept 2016	Sept 2015
Directors	5	5
Management	83	74
Production	367	320
Sales	2,424	2,148
	<u>2,879</u>	<u>2,547</u>

The cost of employees (including directors) during the period was made up as follows:

	Sept 2016 £'000	Sept 2015 £'000
Wages and salaries	37,354	32,771
Social security costs	2,287	1,916
Share options granted to directors and employees	333	271
Pension costs – defined contribution plans	168	150
	<u>40,142</u>	<u>35,108</u>

The Company had no employees in the current or prior year.

6. Key Management Personnel

The Chief Operating Decision Makers consider that the key management personnel of the Group are the Executive and Non-Executive directors.

	Sept 2016 £'000	Sept 2015 £'000
Directors' Remuneration		
Short-term employment benefits	984	642
Share based payments	215	221
Post-employment benefits – defined contribution plans	-	-
	<u>1,199</u>	<u>863</u>
	Sept 2016 £'000	Sept 2015 £'000
Individual Director's Emoluments		
L Johnson	60	60
P May	499	289
C Marsh	340	208
L Ginsberg	50	50
J Horler	35	35
	<u>984</u>	<u>642</u>

Total amounts payable to the highest paid director were £499k (2015: £289k) in respect of emoluments and £nil in respect of gains on share options (2015: £nil).

The Company operates a Long Term Incentive Plan (LTIP) scheme and an Employee Share Option Scheme (ESOS), details of which can be found in note 20. Details of options held under these schemes by Directors who served during the year are as follows:

Share Option Schemes		No of Options			Dates on which exercisable	
		At 1 Oct 2015	Granted	At 30 Sept 2016	Exercise Price (£)	Earliest Latest
LTIP 27 June 2014 Award (see note 20)						
P May	1,000,000	-	1,000,000	1.70	27 Jun 2017	27 Jun 2019
C Marsh	666,666	-	666,666	1.70	27 Jun 2017	27 Jun 2019

No options were exercised during the year.

7. Finance expenses

	Sept 2016 £'000	Sept 2015 £'000
Bank loans and overdrafts	6	27
Other loans	-	-
	<u>6</u>	<u>27</u>

8. Income tax expense

	Sept 2016 £'000	Sept 2015 £'000
Current tax:		
UK corporation tax at rates: 2016 – 20.0%, 2015-20.5%	3,236	2,664
Prior period adjustment	14	133
	<u>3,250</u>	<u>2,797</u>
Deferred tax: (note 17)		
Origination and reversal of temporary differences	219	355
	<u>3,469</u>	<u>3,152</u>

Factors affecting current tax charge:

The tax assessed on the profit for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	Sept 2016 £'000	Sept 2015 £'000
Profit before income tax	<u>17,204</u>	<u>14,557</u>
Profit for the year multiplied by the standard rate of corporation tax at 20.0% (2015: 20.5%)	3,441	2,984
Expenses not deductible for tax purposes	-	33
Adjustment in respect of prior periods	14	133
Other	14	2
	<u>3,469</u>	<u>3,152</u>

Factors affecting future tax charges:

The UK main rate of corporation tax will fall from 20% to 19% with effect from 1 April 2017 and then to 17% from 1 April 2020. These rates were substantively enacted at the balance sheet date and will effect current tax in future years.

9. Earnings per share

	Earnings £'000	2016 Weighted average number of shares	Earnings per share (pence)	Earnings £'000	2015 Weighted average number of shares	Earnings per share (pence)
Basic earnings per share	13,735	100,000,000	13.74	11,405	100,000,000	11.41
Effect of dilutive share options	-	998,163	-	-	719,160	-
Diluted earnings per share	13,735	100,998,163	13.60	11,405	100,719,160	11.32

10. Dividends

The Board has proposed a final dividend for the year ended 30 September 2016 of 2.0 pence per share, which is a total of £2.0m. This dividend has not been accounted for within the current year financial statements as it has yet to be approved at the Annual General Meeting which is to be held on 25 January 2017. During the year, a final dividend in respect of the year ended 30 September 2015 of 1.67 pence per share or £1.67m was paid along with an interim dividend for the year ended 30 September 2016 of 1.0 pence per share or £1.0m.

11. Intangible assets

	Goodwill £'000	Brand £'000	Total £'000
Cost			
As at 30 September 2015 and 30 September 2016	17,397	500	17,897
Amortisation			
As at 1 October 2014	-	-	-
Charge for the year		50	50
As at 30 September 2015	-	50	50
Charge for the year	-	50	50
As at 30 September 2016	-	100	100
Net book values			
As at 30 September 2016	17,397	400	17,797
As at 30 September 2015	17,397	450	17,847

Positive goodwill arising from business combinations is not amortised and is tested for impairment annually in accordance with International Financial Reporting Standards. Intangible assets assessed to have finite useful lives are amortised on a straight line basis.

The Group's brand value has an estimated life of 10 years and is amortised over this period, with eight years remaining. The estimated life is based on the period in which the Group expects to derive net cash inflow from the brand.

The carrying value of goodwill in respect of Philpotts and Flour Power City is £4,114,000 and £629,000 respectively. The remainder of the goodwill is attributable to the cash generating units held within Stonebeach Limited, being Patisserie Valerie, Druckers Vienna Patisserie and Baker & Spice.

For the purposes of impairment testing the Directors consider each acquired business or operating segment as separate cash generating units (CGUs). The recoverable amount for each CGU was determined using a value in use calculation based upon management forecasts for the trading results for those entities.

As each CGU operates in similar economic circumstances and have common risk, a group discount rate has been calculated based on the weighted average cost of capital of the group and applied to each CGU. The pre-tax discount rate of 12.9% was applied. The key assumptions utilised within the forecast models relate to the level of future sales, which have been estimated for a period of 3 years, which is the forecasting period of the group, based upon the Directors expectations, current trading and recent actual trading performance. Cash flow projections have then been extrapolated to perpetuity assuming zero growth. The value in use calculations indicate that the recoverable amount of the CGUs is in excess of the carrying value of the assets allocated to them.

12. Property, plant and equipment

	Freehold land and buildings	Leasehold property improvements	Plant, equipment, fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2014	1,798	13,937	36,780	113	52,628
Additions	-	739	7,273	-	8,012
Disposals	-	-	-	(57)	(57)
At 30 September 2015	1,798	14,676	44,053	56	60,583
Additions	-	363	8,363	-	8,726
Disposals	-	(68)	(526)	(29)	(623)
At 30 September 2016	1,798	14,971	51,890	27	68,686
Depreciation					
At 1 October 2014	229	4,545	18,979	81	23,834
Charge for the year	26	945	3,143	13	4,127
Disposals	-	-	-	(57)	(57)
At 30 September 2015	255	5,490	22,122	37	27,904
Charge for the year	26	937	3,930	8	4,901
Disposals	-	(68)	(526)	(23)	(617)
At 30 September 2016	281	6,359	25,526	22	32,188
Net book values					
At 30 September 2016	1,517	8,612	26,364	5	36,498
At 30 September 2015	1,543	9,186	21,931	19	32,679

There were no assets held under finance leases during the year.

13. Trade and other receivables

	Sept 2016 £'000	Sept 2015 £'000
Trade receivables	668	924
Other receivables	695	1,259
Prepayments and accrued income	9,641	7,712
	<u>11,004</u>	<u>9,895</u>

Prepayments and accrued income predominantly relates to prepaid rent and rates.

There is an allowance account for impaired receivables of £27,000 (2015: £nil). As at 30 September 2016 there were £116,000 of receivables past due by up to 30 days (2015: £470,000), £83,000 past due by over 30 days but less than 60 days (2015: £135,000) and £256,000 past due by over 60 days (2015: £30,000). The remaining balances were not past due. There is no material difference between the fair value and the carrying value of these assets. The maximum credit risk exposure at the reporting date equated to the fair value of trade receivables. Standard payment terms are 30 days net. There are no concentrations of credit risk.

14. Inventories

	Sept 2016 £'000	Sept 2015 £'000
Raw materials and consumables	4,120	4,014
Work in progress	396	104
Finished goods	346	318
	<u>4,862</u>	<u>4,436</u>
Cost of inventories recognised as an expense	<u>24,710</u>	<u>20,696</u>

There were no inventory provisions in place in 2016 and 2015 as all inventory is considered to be fast moving and the group does not have a history of inventory impairment.

15. Cash and cash equivalents

Cash balances at the end of each year are as follows:

	Sept 2016 £'000	Sept 2015 £'000
Cash and cash equivalents per balance sheet	13,273	6,095
Bank overdrafts	-	-
Cash per statement of cash flows	<u>13,273</u>	<u>6,095</u>

16. Trade and other payables

	Sept 2016 £'000	Sept 2015 £'000
Trade payables	4,007	3,201
Social security and other taxes	775	486
Accruals and deferred income	299	395
	<u>5,081</u>	<u>4,082</u>

17. Deferred taxation

	Sept 2016 £'000	Sept 2015 £'000
At 1 October	1,934	1,746
Charge for the year	219	355
Credited to equity	(99)	(167)
At 30 September	<u>2,054</u>	<u>1,934</u>
Deferred taxation – share based payments	(394)	(232)
Deferred taxation – accelerated capital allowances	<u>2,448</u>	<u>2,166</u>
Deferred tax liability (net)	<u>2,054</u>	<u>1,934</u>

18. Lease commitments

At the end of each period the Group had total minimum commitments under non-cancellable operating lease agreements as set out below:

	Sept 2016 £'000	Sept 2015 £'000
Land and buildings		
Operating leases which expire:		
Within one year	11,036	9,608
In two to five years	32,437	31,634
In over five years	19,968	21,890
	<u>63,441</u>	<u>63,132</u>

Leases relate to the rental of stores and offices

All operating lease commitments relate to non-cancellable leases at the Group's portfolio of trading sites.

The Group does not have any renewal, purchase or escalation clauses in its operating leases, nor are there any restrictions imposed by its operating leases.

The Group has contingent rent arrangements in respect of turnover leases where minimum base amounts are exceeded. Amounts charged in the year were £384k (2015: £245k).

19. Share capital

As at 30 September 2015 and 30 September 2016

	Number	£'000
Allotted, called up and fully paid:		
Ordinary shares of £0.01 each	100,000,000	1,000
	<u>100,000,000</u>	<u>1,000</u>

20. Share based payments

During the current and previous year, options were granted to certain employees of the Group under the Company's Employee Share Option Scheme (the "ESOS"). The options under the ESOS become exercisable only if Earnings Per Share ("EPS") linked performance criteria and a three year service condition are both met. In normal circumstances, the options can be exercised (subject to performance conditions being met) for a period of 2 years after the vesting date.

	Sept 2016		Sept 2015	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at the beginning of the period	2,306,666	1.94	2,024,666	1.75
Granted during the period	320,000	2.92	320,000	3.16
Forfeited during the period	-	-	(38,000)	1.75
Exercised during the period	-	-	-	-
Outstanding at year end	<u>2,626,666</u>	<u>2.06</u>	<u>2,306,666</u>	<u>1.94</u>
Exercisable at year end	-	-	-	-

1,986,666 options were granted in 2014 which were outstanding at 30 September 2016 and had a range of exercise prices from £1.70 to £1.99 all with an average contractual life of 3 years.

320,000 options were granted in 2015 which were outstanding at 30 September 2016 and had an exercise prices of £3.16 all with an average contractual life of 3 years.

The 320,000 options granted in 2016 which were outstanding at 30 September 2016 had an exercise prices of £2.92 all with an average contractual life of 3 years.

The total expense for share-based payments charge to the consolidated statement of comprehensive income was:

	Sept 2016 £'000	Sept 2015 £'000
Equity settled schemes	<u>333</u>	<u>271</u>

The fair value of equity settled share options granted during the period was calculated using the following information:

	Sept 2016 Black Scholes
Option pricing model used	
Weighted average share price (pence)	284.0
Exercise price (pence)	292.0
Expected Volatility (%)	32.6%
Option life (days)	1,095
Expected dividend growth rate (%)	1.1%
Risk free interest rate (%)	1.11%

Expected volatility was determined by reviewing the volatility of the Group's share price since being traded on AIM. No other features of the option grant were incorporated when measuring the fair value of the grant.

21. Capital commitments

The Group had the following capital commitments at each period end:

	Sept 2016 £'000	Sept 2015 £'000
Relating to the purchase of assets	-600	2,880

22. Related party transactions

There are no related party transactions in current or previous year. Details of sales between group companies are given in note 3. Details of remuneration of key management personnel are given in note 6.

23. Categories of financial instruments

	Sept 2016 £'000	Sept 2015 £'000
Current financial assets		
Loans and receivables	3,259	3,945
Loans and receivables - cash and cash equivalents	13,273	6,095
Total financial assets	16,532	10,040
Non-financial assets	9,641	7,712
Total	26,173	17,752
Non-current financial liabilities		
At amortised cost - borrowings	-	-
Current financial liabilities		
At amortised cost - borrowings	-	-
At amortised cost - payables	4,007	3,201
Total current financial liabilities	4,007	3,201
Non-financial liabilities	1,074	881
Total current liabilities	5,081	4,082

24. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

Market risk - Foreign exchange risk

The Directors consider that there is limited foreign exchange risk as the Group derives all revenues from the UK and makes all purchase in Sterling except for a small amount of purchases in Euros. Revenues and costs are transacted in Sterling.

Market risk - Interest rate risk

The Group did not have and borrowings in place in the current or prior year. The Group now only has a short term overdraft facility in place. Interest rates are fixed and the amounts outstanding at the year ends are as follows:

	Amount £'000	Rate of interest %	Repayment date
2015			
Current borrowings			
Overdraft	-	LIBOR + 3.5%	On demand
2016			
Current borrowings			
Overdraft	-	LIBOR + 3.5%	On demand

The impact of sensitivity on the interest rate on the overdraft is not considered to be a material risk to the Group.

The Group's overdraft facility has a cross company guarantee with the other group companies, namely Patisserie Acquisitions Limited, Patisserie Valerie Holdings Limited, Patisserie Valerie Limited, Hewmark Limited, Leonardo Limited, Stonebeach Limited, Patisserie Valerie Express Limited, Spice Bakery Limited, Flour Power City Limited, Philpotts (Holdings) Limited and Philpotts Limited.

Market risk - Price risk

The Group spends considerable time tracking the commodity prices of a number of products namely coffee, dairy, fruit, packaging, cocoa and wheat items, an increase in which could erode the Group's gross profit margin. We are beginning to see ingredient prices harden and with a weakening pound following Brexit managing increased prices is a key area of risk to the Group. Where possible we enter into supply agreements for certain periods of time depending upon the market. We do not commit to volumes but lengths of agreement which guarantees prices. This way the Group is able to reduce the risk to inflationary pressure.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy. In addition, a significant proportion of revenue results from cash transactions. The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables. The management do not consider that there is any concentration of risk within either trade or other receivables.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity. The Group also has access to both short term and long term borrowings to finance individual projects. Trade and other payables are monitored as part of normal management routines.

Borrowings and other liabilities mature according to the following schedule:

2016	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Trade payables	4,007	-	-	-
Accruals	299	-	-	-

2015	Within 1 year	One to two years	Two to five years	Over five years
	£'000	£'000	£'000	£'000
Trade payables	3,201	-	-	-
Accruals	395	-	-	-

Capital risk management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated balance sheet.

	Sept 2016 £'000	Sept 2015 £'000
Total equity	78,195	66,698
Cash and cash equivalents	(13,273)	(6,095)
Capital	64,922	60,603
Total financing	78,195	66,698
Borrowings	-	-
Overall financing	78,195	66,698
Capital to overall financing ratio	83%	91%
Target	80%	90%

The target is adjusted each year based on the expected growth in the cash and cash equivalents balance.

COMPANY BALANCE SHEET

FOR THE YEAR ENDED 30 SEPTEMBER 2016

		30 September 2016 £'000	30 September 2015 £'000
	Notes		
Fixed Assets			
Investment	C	143,787	143,787
		<u>143,787</u>	<u>143,787</u>
Current assets			
Debtors due less than 1 year	E	395	232
Cash at bank and in hand		948	1,670
		<u>1,343</u>	<u>1,902</u>
Net current assets			
		<u>1,343</u>	<u>1,902</u>
Total assets less current liabilities		<u>145,130</u>	<u>145,689</u>
Capital and reserves			
Called up share capital		1,000	1,000
Share premium account		33,661	33,661
Profit and loss reserve		109,765	110,658
Other reserves		704	370
		<u>145,130</u>	<u>145,689</u>
Shareholders' funds		<u>145,130</u>	<u>145,689</u>

The notes on pages 39 to 40 are an integral part of the parent company financial statements.

The financial statements were authorised for issue by the board of directors on 28th November 2016 and were signed on its behalf.

Paul May
Chief Executive Officer



Chris Marsh
Finance Director



Registered no. 08963601

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Profit and Loss reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 October 2014	1,000	33,661	46	54	108,850	143,611
Result and total comprehensive income for the year	-	-	-	-	1,641	1,641
	1,000	33,661	46	54	110,491	145,252
Transactions with owners						
Deferred tax credit relating to share option scheme	-	-	-	-	167	167
Increase in share based payments reserve	-	-	-	270	-	270
	1000	33,661	46	324	110,658	145,689
As at 30 September 2015						
Result and total comprehensive income for the year	-	-	-	-	1,679	1,679
	1,000	33,661	46	324	112,337	147,368
Transactions with owners						
Dividends to equity holders of the company	-	-	-	-	(2,670)	(2,670)
Deferred tax credit relating to share option scheme	-	-	-	-	99	99
Increase in share based payments reserve	-	-	-	333	-	333
	1,000	33,661	46	657	109,766	145,130
As at 30 September 2016						

The notes on pages 39 to 40 are an integral part of the parent company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

A. Significant accounting policies

Basis of preparation

The separate financial statements of the Company have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The separate financial statements of the Company have been prepared under the historical cost convention and the financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

The Company is included in the consolidated financial statements of Patisserie Holdings Plc for the year ended 30 September 2016, which are publicly available.

Changes in accounting policies

This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 October 2014. An explanation of the transition is included in note G to the financial statements. On applying FRS 101 for the first time the Company has applied early the amendment to FRS 101 which permits a first time adopter not to present an opening statement of financial position at the beginning of the earliest comparative period presented.

On applying FRS 101 for the first time the following transitional reliefs were adopted:

- the Company has elected not to restate business combinations that were entered into before the date of transition to FRS 101
- the Company has elected to retain its interests in subsidiaries, associates and joint ventures at the previous UK GAAP carrying amount at the date of transition to FRS 101.

On applying FRS 101 in the preparation of these financial statements the Company has taken advantage of the following disclosure exemptions:

- the Company has not presented a statement of cash flows and the related notes
- the Company has not reported related party transactions entered into between wholly owned member of the Group or disclosed key management personnel compensation
- the Company has not made disclosures in respect of financial instruments or capital management policies

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less any applicable provision for impairment.

Share based employee compensation

The Company adopts the same policy in respect of share based payments as the Group, as set out in note 2.3.9 of the notes to the Group consolidated financial statements. In preparing these financial statements the Company has taken advantage of the disclosure exemptions conferred by FRS 101 in relation to share based payments.

B. Profit for the year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year of £1,679k (2015: £1,641k). The auditors' remuneration for audit and other services is disclosed in note 4 to the consolidated financial statements. Auditors' remuneration for audit of the Company are borne by a subsidiary entity.

C. Fixed Assets Investments

At 30 September 2016 the Company had the following subsidiary undertakings, all of which are incorporated in England and Wales:

Company	Class of share capital held	Holding		Nature of Business
		Direct %	Indirect %	
Patisserie Acquisition Limited	Ordinary, A Ordinary and B Shares	100		Intermediate holding company
Patisserie Valerie Holdings Limited	Ordinary	-	100	Intermediate holding company
Philpotts (Holdings) Limited	Ordinary	-	100	Intermediate holding company
Flour Power City Limited	Ordinary	-	100	Trading
Philpotts Limited	Ordinary	-	100	Trading
Stonebeach Limited	Ordinary	-	100	Trading
Hewmark Limited	Ordinary	-	100	Dormant
Patisserie Valerie Express Limited	Ordinary	-	100	Dormant
Leonardo Limited	Ordinary	-	100	Dormant
Patisserie Valerie Limited	Ordinary	-	100	Dormant
Spice Bakery Limited	Ordinary	-	100	Non-trading

D. Debtors: due within one year

	Sept 2016 £'000	Sept 2015 £'000
Deferred taxation	395	232

E. Deferred taxation

	Sept 2016 £'000	Sept 2015 £'000
At 1 October	232	-
Credit for the year	64	65
Credited to equity	99	167
At 30 September	395	232
Deferred taxation – share based payments	395	232
Deferred tax asset	395	232

F. Related party transactions

In accordance with FRS101, the Company is exempt from the requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the group as they are wholly owned within the group.

G. Transition to FRS101

The Company has adopted FRS 101 for the first time having previously applied UK GAAP that was effective before periods commencing on or after 1 October 2015. The date of transition to FRS 101 was 1 October 2014. The Company has restated its comparatives for the year ended 30 September 2015.

On applying FRS 101 for the first time the following transitional reliefs were adopted:

- the Company has elected not to restate business combinations that were entered into before the date of transition to FRS 101
- the Company has elected to retain its interests in subsidiaries, associates and joint ventures at the previous UK GAAP carrying amount at the date of transition to FRS 101.

H. Transition to FRS 101 – reconciliations

There were no adjustments to either the Balance Sheet or the Profit and Loss account on transition to FRS101.