Cb/s

Company Registration No. 06541251 (England and Wales)

DAVID WOOD BAKING LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
5 DECEMBER 2015

7-4-16-14 (F205)

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DAVID WOOD BAKING LIMITED

COMPANY INFORMATION

Directors	Mr D A Wood Mrs K Wood
Secretary	Mrs K Wood
Company number	06541251
Registered office	1 Calverley Road Oulton Leeds LS26 8JD
Auditors	RSM UK Audit LLP Chartered Accountants 2 Whitehall Quay Leeds West Yorkshire LS1 4HG

DAVID WOOD BAKING LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 5 DECEMBER 2015

The directors present the strategic report and financial statements for the period ended 5 December 2015

Fair 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

The business has returned to profitability following a site rationalisation in 2014 & is now in a position to focus on filling capacity & improving each site's 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

David Wood

Mr D A Wood
Director
21 March 2016

DAVID WOOD BAKING LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 5 DECEMBER 2015

The directors present their annual report and financial statements for the period ended 5 December 2015

For commercial reasons, the directors have taken the decision to prepare the financial statements for a period other than a year For this reason the financial statements reflect the results for the 8 month period ended 5 December 2015, and as such comparative amounts presented in the financial statements are not entirely comparable

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

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

Mr D A Wood
Mrs K Wood

Results and dividends
The results for the period are set out on page 6

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

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

Research and development
During the period the company incurred costs in relation to research and development amounting to £23,705 (March 2015 - £37,328) Costs have been expensed to the profit and loss account when occurred

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

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

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

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company'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 company's auditors are aware of that information

On behalf of the board

David Wood.

Mr D A Wood
Director
21 March 2016

DAVID WOOD BAKING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 5 DECEMBER 2015

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

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

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

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

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

We have audited 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 company's affairs as at 5 December 2015 and of its profit for the period 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 matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial period 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

RSM UK Audit LLP

Neil Sevitt (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds
West Yorkshire
LS1 4HG
31st March 2016

DAVID WOOD BAKING LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 5 DECEMBER 2015

	Notes	Period from 29 March 2015 to 5 December 2015 £	Year ended 28 March 2015 £
Turnover	3	46,794,685	61,737,207
Cost of sales		(37,854,452)	(52,377,216)
Gross profit		8,940,233	9,359,991
Distribution costs		(2,761,328)	(3,255,502)
Administrative expenses		(5,263,051)	(6,699,032)
Other operating income	3	49,099	71,488
Operating profit/(loss)	5	964,953	(523,055)
Interest receivable and similar income	9	-	5,461
Interest payable and similar charges	10	(326,224)	(390,821)
Costs of a fundamental reorganisation or restructuring of existing operations	4	(224,800)	(2,138,615)
Profit/(loss) on ordinary activities before taxation		413,929	(3,047,030)
Taxation	11	8,946	578,578
Profit/(loss) for the financial period	25	422,875	(2,468,452)
Total comprehensive income for the period		422,875	(2,468,452)

The income statement has been prepared on the basis that all operations are continuing operations

Company Registration No. 06541251

DAVID WOOD BAKING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 5 DECEMBER 2015

	Notes	5 December 2015 £	£	28 March 2015 £	£
Fixed assets					
Intangible assets	12		(841,863)		(1,134,685)
Tangible assets	13		14,232,695		14,937,802
			13,390,832		13,803,117
Current assets					
Stocks	14	4,756,689		4,373,688	
Debtors	15	16,467,070		14,207,013	
Cash at bank and in hand		786,986		2,036,816	
		22,010,745		20,617,517	
Creditors amounts falling due within one year	16	(26,596,196)		(25,542,982)	
Net current liabilities			(4,585,451)		(4,925,465)
Total assets less current liabilities			8,805,381		8,877,652
Creditors amounts falling due after more than one year	17		(3,940,513)		(4,377,614)
Provisions for liabilities	20		(302,380)		(311,326)
Deferred income	22		(380,271)		(429,370)
Net assets			4,182,217		3,759,342
Capital and reserves					
Called up share capital	24		5,000,000		5,000,000
Profit and loss reserves	25		(817,783)		(1,240,658)
Total equity			4,182,217		3,759,342

The financial statements were approved by the board of directors and authorised for issue on 21 March 2016 and are signed on its behalf by

David Wood

Mr D A Wood
Director

DAVID WOOD BAKING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 5 DECEMBER 2015

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 30 March 2014		5,000,000	1,227,794	6,227,794
Period ended 28 March 2015.				
Loss and total comprehensive income for the period		-	(2,468,452)	(2,468,452)
Balance at 28 March 2015		5,000,000	(1,240,658)	3,759,342
Period ended 5 December 2015·				
Profit and total comprehensive income for the period		-	422,875	422,875
Balance at 5 December 2015		5,000,000	(817,783)	4,182,217

1 Accounting policies

Company information
David Wood Baking Limited is a limited company domiciled and incorporated in England and Wales The registered office is 1 Calverley Road, Oulton, Leeds, LS26 8JD

The company's principal activities are disclosed in the Directors' Report

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

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

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value The principal accounting policies adopted are set out below

First time adoption of FRS 102
These financial statements are the first financial statements of David Wood Baking Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) The financial statements of David Wood Baking Limited for the year ended 28 March 2015 were prepared in accordance with previous UK GAAP

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP Consequently, the directors have amended certain accounting policies to comply with FRS 102 The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS' Adjustments are recognised directly in retained earnings at the transition date

Reduced Disclosures
In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements,

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument, basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

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

1 Accounting policies (Continued)

Going concern
The accounts have been prepared on a going concern basis The directors have considered how the company will meet the challenges presented by the current economic climate and have carried out a detailed review of the company's resources including the adequacy of working capital for the next twelve months At the year end the company had net current liabilities of £4,585,451 (March 2015 - £4,925,465) However, the company 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 company has in place at the date of approval of the financial statements, the directors are satisfied that the company will have sufficient resources to meet all liabilities as they fall due in the 12 months from approval of these financial statements

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts The difference between the fair value of the consideration and the nominal amount received is recognised as interest income

Other Income
Interest Income
Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate

Grant Income
Government grants relating to turnover are recognised as income over the periods when the related costs are incurred Grants relating to an asset are recognised in income systematically over the asset's expected useful life Grant income is recognised within other operating income

Intangible fixed assets - goodwill
Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life If an entity is unable to make a reliable estimate of the useful life of goodwill, the life shall not exceed five years

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply

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

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

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

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

Patents	20% on cost

Tangible fixed assets

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

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

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 - 50% on cost
Fixtures, fittings and equipment	10% on cost
Motor vehicles	25% on cost

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

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

1 Accounting policies (Continued)

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential

At each reporting date, an assessment is made for impairment Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss Reversals of impairment losses are also recognised in profit or loss

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts are shown within borrowings in current liabilities

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

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

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

Loans and receivables
Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' Loans and receivables are measured at amortised cost using the effective interest method, less any impairment

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition

Impairment of financial assets
Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date

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

1 Accounting policies (Continued)

Derecognition of financial assets

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

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

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

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

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

Current tax is based on taxable profit for the year Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period

1 Accounting policies (Continued)

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

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

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

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

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

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

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

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

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred Grants relating to an asset are recognised in income systematically over the asset's expected useful life If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount

Dividends
Dividends are recognised as liabilities once they are no longer at the discretion of the Company

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 5 DECEMBER 2015

1 Accounting policies (Continued)

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

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows

Dilapidation Provision
The dilapidation provision has been estimated based upon consultations with an industry expert to reach the best estimate of the amounts payable This takes into consideration the experience of that expert and present industry trends

3 Turnover

An analysis of the company's turnover is as follows

	Period ended 5 December 2015	Year ended 28 March 2015
	£	£
Turnover		
Manufacture of breads, confectionary items and savoury products	46,794,685	61,737,207

	Period ended 5 December 2015	Year ended 28 March 2015
	£	£
Other significant revenue		
Interest income	-	5,461
Grants received	49,099	71,488

3 Turnover (Continued)

Turnover analysed by geographical market

	Period ended 5 December 2015 £	Year ended 28 March 2015 £
United Kingdom	46,672,653	61,526,207
Republic of Ireland	59,238	137,000
Germany	62,794	74,000
	46,794,685	61,737,207

4 Exceptional items

	5 December 2015 £	28 March 2015 £
Exceptional - cost of a fundamental reorganisation or restructuring	(224,800)	(2,138,615)
	(224,800)	(2,138,615)

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

5 Operating profit/(loss)

	5 December 2015 £	28 March 2015 £
Operating profit/(loss) for the period is stated after charging/(crediting)		
Research and development costs	23,705	37,328
Government grants	(49,099)	(71,488)
Depreciation of owned tangible fixed assets	1,121,081	1,508,904
Depreciation of tangible fixed assets held under finance leases	136,893	114,687
Loss on disposal of tangible fixed assets	-	10,848
Amortisation of intangible assets	(292,822)	(329,425)
Cost of stocks recognised as an expense	21,428,801	34,842,395
Operating lease charges	301,890	887,568

6 Auditors' remuneration

	5 December 2015	28 March 2015
Fees payable to the company's auditor and its associates	£	£
For audit services		
Audit of the company's financial statements	30,000	29,000
For other services		
Audit-related assurance services	10,500	5,000
Taxation compliance services	3,500	3,500
	14,000	8,500

7 Employees

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

	5 December 2015 Number	28 March 2015 Number
Direct	643	615
Transport	38	35
Management	45	35
Technical and quality assurance	45	36
Administrative	22	14
	793	735

Their aggregate remuneration comprised

	5 December 2015 £	28 March 2015 £
Wages and salaries	12,860,547	14,270,239
Social security costs	806,570	1,265,328
Pension costs	198,435	132,083
	13,865,552	15,667,650

8 Directors' remuneration

	5 December 2015 £	28 March 2015 £
Remuneration for qualifying services	45,907	68,510

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (March 2015 - 2)

9 Interest receivable and similar income

	5 December 2015 £	28 March 2015 £
Interest income		
Interest on bank deposits	-	5,461

10 Interest payable and similar charges

	5 December 2015 £	28 March 2015 £
Interest on bank overdrafts and loans	138,208	74,146
Interest on finance leases and hire purchase contracts	47,448	58,239
Interest on other loans	140,568	258,436
Total interest expense	326,224	390,821

11 Taxation

	5 December 2015 £	28 March 2015 £
Current tax		
UK corporation tax on profits for the current period	-	(224,355)
Deferred tax		
Origination and reversal of timing differences	267,806	(417,957)
Adjustment in respect of prior periods	(276,752)	63,734
Total deferred tax	(8,946)	(354,223)
Total tax charge	(8,946)	(578,578)

11 Taxation (Continued)

The charge for the period can be reconciled to the profit/(loss) per the income statement as follows

	5 December 2015 £	28 March 2015 £
Profit/(loss) before taxation	413,929	(3,047,030)
Expected tax charge based on a corporation tax rate of 20 00%	82,786	(609,406)
Tax effect of expenses that are not deductible in determining taxable profit	83,788	48,471
Effect of change in corporation tax rate	-	(53,203)
Amortisation of intangible assets	(59,536)	(66,937)
Deferred tax adjustments in respect of prior years	(276,752)	63,734
Deferred tax not provided	160,768	38,763
Tax expense for the period	(8,946)	(578,578)

Deferred tax has not been recognised on losses of £3,928,026 (March 2015 - £3,566,259)

12 Intangible fixed assets

	Negative goodwill £	Patents £	Total £
Cost			
At 29 March 2015 and 5 December 2015	(1,464,110)	5,000	(1,459,110)
Amortisation and impairment			
At 29 March 2015	(329,425)	5,000	(324,425)
Amortisation charged for the period	(292,822)	-	(292,822)
At 5 December 2015	(622,247)	5,000	(617,247)
Carrying amount			
At 05 December 2015	(841,863)	-	(841,863)
At 28 March 2015	(1,134,685)	-	(1,134,685)

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

13 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 29 March 2015	3,162,800	1,838,259	13,357,354	1,706,646	473,303	20,538,362
Additions	-	14,155	481,540	22,691	34,480	552,866
At 5 December 2015	3,162,800	1,852,414	13,838,894	1,729,337	507,783	21,091,228
Depreciation and impairment						
At 29 March 2015	20,858	73,651	4,661,968	713,659	130,423	5,600,559
Depreciation charged in the period	42,171	123,494	856,072	160,574	75,663	1,257,974
At 5 December 2015	63,029	197,145	5,518,040	874,233	206,086	6,858,533
Carrying amount						
At 05 December 2015	3,099,771	1,655,269	8,320,854	855,104	301,697	14,232,695
At 28 March 2015	3,141,942	1,764,608	8,695,386	992,987	342,879	14,937,802

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts The depreciation charge in respect of such assets amounted to £136,893 (March 2015 - £114,687) for the period

	5 December 2015 £	28 March 2015 £
Plant and machinery	861,604	495,390
Motor vehicles	274,581	321,076
	1,136,185	816,466

Computer equipment is presented within plant and machinery

14 Stocks

	5 December 2015 £	28 March 2015 £
Raw materials and consumables	2,306,499	1,974,296
Finished goods and goods for resale	2,450,190	2,399,392
	4,756,689	4,373,688

15 Debtors

Amounts falling due within one year	5 December 2015 £	28 March 2015 £
Trade debtors	15,285,436	13,221,024
Corporation tax recoverable	-	224,355
Other debtors	566,149	384,588
Prepayments and accrued income	615,485	377,046
	16,467,070	14,207,013

16 Creditors· amounts falling due within one year

	Notes	5 December 2015 £	28 March 2015 £
Loans and overdrafts	18	13,072,650	10,700,097
Obligations under finance leases	19	347,656	426,658
Corporation tax payable		2,634	-
Other taxation and social security		481,623	389,179
Trade creditors		8,269,256	10,028,924
Directors' current account		1,019,884	1,126,590
Amounts due to fellow group undertakings		58,262	93,942
Other creditors		532,450	342,000
Accruals and deferred income		2,811,781	2,435,592
		26,596,196	25,542,982

17 Creditors amounts falling due after more than one year

	Notes	5 December 2015 £	28 March 2015 £
Loans and overdrafts	18	3,452,540	3,760,689
Obligations under finance leases	19	487,973	616,925
		3,940,513	4,377,614

18 Borrowings

	5 December 2015 £	28 March 2015 £
Bank loans	3,567,083	3,975,690
Other loans	12,958,107	10,485,096
	16,525,190	14,460,786
Payable within one year	13,072,650	10,700,097
Payable after one year	3,452,540	3,760,689
Amounts included above which fall due after five years		
Payable by instalments	506,250	1,025,785

Bank loans of £3,567,083 (March 2015 - £3,975,690) and invoice discount facility of £12,449,150 (March 2015 - £10,089,096) are secured by various mortgages, charges and a debenture over the company's and other group companies' tangible fixed assets and trade debtors The directors, David Wood and Karen Wood, have given personal guarantees and a charge over their residential property

DAVID WOOD BAKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 5 DECEMBER 2015

18 Borrowings (Continued)

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

19 Finance lease commitments

Future minimum lease payments due under finance leases

	5 December 2015 £	28 March 2015 £
Less than one year	347,656	426,658
Between one and five years	487,973	616,925
	835,629	1,043,583

Hire purchase assets are secured against the assets to which they relate The average interest charged on hire purchase agreements is 4%

20 Provisions for liabilities

	Notes	5 December 2015 £	28 March 2015 £
Deferred tax liabilities	21	302,380	311,326
		302,380	311,326

21 Deferred taxation

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

Balances	Liabilities 5 December 2015 £	Liabilities 28 March 2015 £
Accelerated capital allowances	(551,403)	(551,403)
Tax losses	551,403	551,403
Fair value uplift	302,380	311,326
	302,380	311,326

21 Deferred taxation (Continued)

Movements in the period:	2015 £
Liability at 29 March 2015	311,326
Credit to profit and loss	(8,946)
Liability at 5 December 2015	302,380

The deferred tax liability set out above is expected to reverse in line with movements in negative goodwill and relates to uplifts in values of the property arising on accounting for a business combination

22 Government grants

Government grants relate to grants from the respective councils in relation to the Bolton and Dudley sites When these sites were purchased the government allowed grants against capital spend The main conditions attached to the grants were that the money be spent on capital items and the headcount at the sites largely maintained The grants are being released against the equipment that they relate to over the expected useful life of the assets

The balance brought forward was £429,370 with £49,099 being released to the profit and loss during the period, resulting in a balance to be carried forward of £380,271

23 Retirement benefit schemes

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

The charge to profit or loss in respect of defined contribution schemes was £198,435 (March 2015 - £132,083)

Creditors includes amounts of £18,893 (March 2015 - £34,672) in respect of outstanding pension contributions

24 Share capital

	5 December 2015 £	28 March 2015 £
Ordinary share capital		
Issued and fully paid		
5,000,000 Ordinary of £1 each	5,000,000	5,000,000

The ordinary shares carry full voting rights, full rights to participate in dividends and full rights to participate in capital on winding up No options exist in respect of redemption of the shares

25 Reserves

Profit and loss reserves
Reserves of the Company represent the following

Retained earnings
Cumulative profit and loss net of distributions to owners

26 Financial commitments, guarantees and contingent liabilities

There is a pre-emption right included within a key customer contract In the event that David Wood Baking Limited want to sell the Flint site, acquired in July 2014, 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

27 Operating lease commitments

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

	5 December 2015 £	28 March 2015 £
Within one year	345,667	311,500
Between two and five years	875,117	911,872
In over five years	297,000	378,000
	1,517,784	1,601,372

28 Capital commitments

	5 December 2015 £	28 March 2015 £
At 5 December 2015 the company had capital commitments as follows		
Contracted for but not provided in the financial statements		
Acquisition of property, plant and equipment	-	8,174

29 Related party transactions

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

During the period the company paid rent of £35,000 (March 2015 - £35,000) on premises jointly owned by David and Karen Wood Additionally the company paid a further £245,000 (March 2015 - £245,000) in rent for property owned by the pension scheme

Other creditors include an amount of £678,609 (March 2015 - £495,000) (split £169,652 due within one year and £508,957 due after one year) in respect of a loan from the David Wood 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 £1,613,330 (March 2015 - £1,701,332) at the period end date

Included in creditors are amounts of £1,019,884 (March 2015 - £1,126,590) owed to David Wood Interest is charged at rates ranging from 2 91% - 5 38% on these balances and £24,019 (March 2015 - £36,028) was charged during the period

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group

30 Controlling party

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

The largest group for which consolidated financial statements are prepared is David Wood Baking UK Limited

31 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	30 March 2014 £	28 March 2015 £
Equity as reported under previous UK GAAP		6,227,794	3,754,540
Adjustments arising from transition to FRS 102			
Deferred tax provision on fair value uplifts	a)	-	10,064
Change in amortisation rate of negative goodwill	b)	-	(5,262)
Equity reported under FRS 102		6,227,794	3,759,342

31 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of profit or loss

	Notes	Year ended 28 March 2015 £
Profit or loss as reported under previous UK GAAP		(2,473,254)
As restated		(2,473,254)
Adjustments arising from transition to FRS 102		
Deferred tax provision on fair value uplifts	a)	10,064
Change in amortisation rate of negative goodwill	b)	(5,262)
Profit or loss reported under FRS 102		(2,468,452)

Notes to reconciliations on adoption of FRS 102

a) Deferred tax provision on fair value uplifts
During the year ended 28 March 2015 the company acquired the trade and assets of the Flint site at a discount The assets acquired were restated to fair value, resulting in a negative goodwill balance of £1,785,500

As a result of the transition to FRS 102, deferred tax has been provided on the uplift in values of the property arising on accounting for a business combination This has resulted in a deferred tax liability of £321,390 being recognised in July 2014, the date of the acquisition, which has reduced the negative goodwill balance recognised by this amount

At 28 March 2015, £10,064 of this deferred tax liability has been released, resulting in a corresponding increase in profit

b) Change in amortisation rate of negative goodwil
In addition to the deferred tax adjustment impacting the negative goodwill balance, the directors have also deemed it appropriate to amend the estimated useful economic life of the negative goodwill from the original 48 months down to 40 months

This change in estimation, along with the reduction in the negative goodwill recognised due to the deferred tax impact, has decreased the amount of negative goodwill released in the year ended 28 March 2015 from £334,687 to £329,425, resulting in a £5,262 decrease to profit