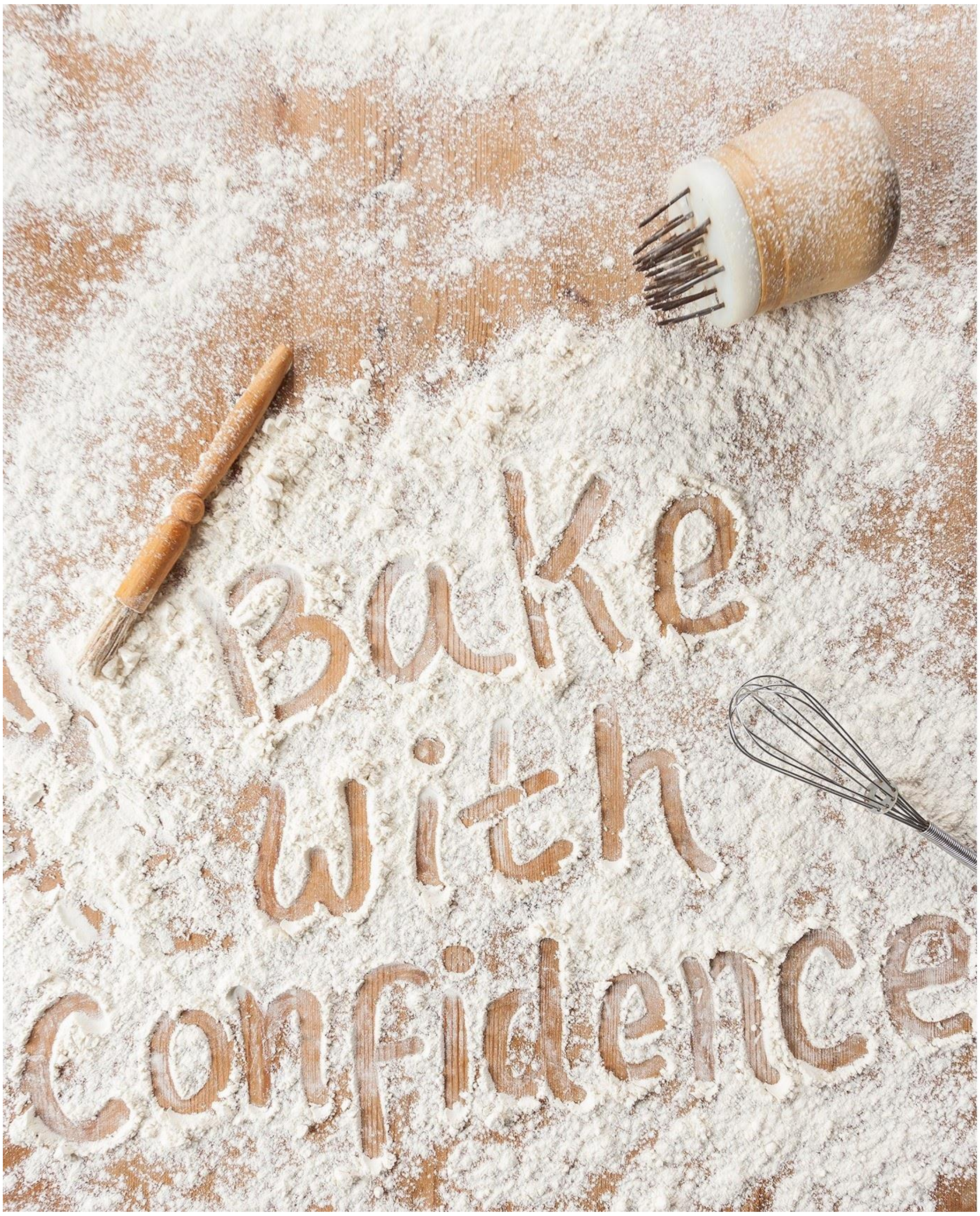
BAKO North Western (Group) Limited



BAKO SELECT Ingredient

BAKO SELECT Create

BAKO SELECT Finish

Annual Report & Financial Statements For the year ended 31 March 2019

Company Registration Number: 08802727

COMPANY INFORMATION

Directors	J Hall J Hill P Marshall A Moore D Walker D Hindley D Yates
Company number	08802727
Registered office	74 Roman Way Industrial Estate Longridge Road Preston Lancashire PR2 5BE
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston PR2 5PE
Bank	HSBC UK Bank Plc 1 Forest Green Caxton Road Preston PR2 9LJ

STRATEGIC REPORT

Highlights

Revenue

£120.9m

2018: £121.7m

Gross Profit £23.8m

2018: £23.2m

Shareholder Rebate

£0.3m

2018: £nil

Adjusted EBITDA £3.6m

2018: £1.4m

Profit Before Tax and Rebate £1.3m

2018: £0.1m

- Managing Directors appointed at each business unit driving growth and service levels
- Improved trading performance in BAKO South Eastern, with loss before tax (excluding non-recurring items) reducing by £0.5 million
- Merger of Anglian Bakery and Catering Suppliers, the Norwich business unit, with BAKO South Eastern
- BRC accreditations at Grade A or above for all 3 sites
- Reduction in headcount from a peak of 389 employees to 354
- Over 6,500 customers, including approximately 3,000 bakers
- National distribution network with a fleet of 79 vehicles, travelling in excess of 3.8 million miles.
- 100% of electricity supplied from renewable energy sources

STRATEGIC REPORT (CONTINUED)

Group overview

BAKO North Western (Group) Limited services customers throughout the United Kingdom with business units in Durham (BAKO Northern & Scotland), Preston (BAKO North Western) and Wimbledon (BAKO South Eastern). The trading operations are supported by a Group head office function in Preston. The Group functions of Executive Management, Finance, Human Resources, IT and Commercial Services provide support to the business units and ensure the Group works in a coordinated approach towards its strategic goals.

The Group takes pride in being owned by bakers for bakers and delivers a UK-wide service and product range that are highly valued by its customers. The Group specialises in the wholesale supply of bakery ingredients and finished goods, operating a multi temperature vehicle fleet to provide a one-stop shop for bakery and food service products.

Executive Management Team

Michael Tully: Group Chief Executive Officer

Originally from Scotland, Michael started his career on the Aldi graduate training scheme after obtaining a degree from Brunel University. Further postgraduate business qualifications were obtained from Strathclyde University Graduate Business School (Marketing), Edinburgh University (MBA) and executive management training at Harvard Business School. Prior to his General Management roles his career was developed in various marketing and commercial roles in the Scotch whisky, shortbread and legal sectors. Since 2004 he has worked in the bakery ingredients sector as General Manager at BFP Wholesale, Chief Executive Officer at Bako Northern and Scotland and was appointed Group Chief Executive Officer in October 2017.

Kirti Hirani: Group Chief Financial Officer

Kirti graduated with Honours in Economics and Finance from the University of Manchester before going on to qualify as a Chartered Accountant in 2008. He is a Fellow of the Institute of Chartered Accountants of England and Wales and started his career as an auditor before going on to various roles in finance. His experience lies in group finance, corporate restructures, systems and processes, and statutory accounting & tax. Kirti joined the Group in May 2017 and was appointed Chief Financial Officer in October 2017. Kirti also acts as the Company Secretary for the Group and oversees the Group's IT department.

Nicholas Harris: Managing Director BAKO South Eastern

Nicholas has many years' experience in food distribution and manufacturing, including 21 years as the Managing Director of BFP Wholesale. After a short time out of the industry he launched the new BFP as part of Kent Foods before joining the Group in January 2018. Within the bakery industry Nicholas has been part of the senior management teams of Gist Brocades UK (now Lallemand) and Lesaffre UK. Away from BAKO he also serves as an advisor on the NFU Sugar Board representing the 3,000 growers providing sugar beet for British Sugar, and is a Member of the Court of the Worshipful Company of Bakers.

Paul Long: Managing Director BAKO Northern and Scotland

Paul graduated in Business Management from Napier University and worked as a graduate trainee at UCB, one of Scotland's leading bakery manufacturers. This role lead to advancement to Rank Hovis McDougal (Premier Foods) where he was appointed General Manager of Fleming Howden, one of Scotland's major bakery ingredients wholesalers and manufactures. Paul joined BAKO as Managing Director for BAKO Northern and Scotland in September 2018, bringing with him over 20 years of experience in the industry and a wealth of commercial business management in food wholesaling.

STRATEGIC REPORT (CONTINUED)

Review of the business

During the year under review the Group consolidated its position as the largest bakery wholesaler in the United Kingdom. The cost savings from the strategic restructure in 2017/18 resulted in the Group posting a record year of results, with profit before tax exceeding £1.0 million for the first time ever. The turnaround of BAKO South Eastern Limited provides encouragement that it will return to profitability in the near future. The Group's Norwich operation (ABC Suppliers Limited) was merged with BAKO South Eastern in January 2019 which will reduce the Group's overhead costs and add a portfolio of valued customers to BAKO South Eastern whilst providing an improved range of products and improved service levels.

A share based Executive Incentive Scheme was implemented during the financial year to reward and further incentivise Executive Management. The Scheme will help to retain key Executives and align their interest with those of shareholders.

At the AGMs in 2017 and 2018, the Company's members voted in favour of a share restructure to ring fence value for existing shareholders and to expand the shareholder base, effectively replicating the successful business model from the North West of England across the United Kingdom to grow sales volumes and competitive purchasing power. Since the financial year-end eligible customers have been invited to subscribe for Ordinary shares in the Company at par

value of £40 for 40 £1 Ordinary shares.

The Group returned £90,000 (2018: £nil) to shareholders by way of an interim rebate and a further £171,000 (2018: £nil) is proposed as a final rebate for the year ended 31 March 2019. This represents an average rebate per shareholder of £585, making it the highest average rebate per shareholder for over ten years. Shareholders receive a proportion of the rebate based on their purchases relative to total shareholder purchases. As at 31 March 2019, the Company had 450 Ordinary shareholders who contributed £25.2 million to the Group's annual revenue and those that meet the eligibility requirements will share in the rebate.

Turnover for the year saw a small reduction to £120.9 million (2018: £121.7 million) however gross profit improved to £23.8 million (2018: £23.2 million) reflecting improved trade deals agreed with suppliers. The Group's adjusted EBITDA, which excludes one-off costs, share based payment charges and shareholder rebates, saw a significant improvement to £3.2 million from the prior year's adjusted EBITDA of £1.4 million. The EBITDA for the current year is adjusted for costs incurred in merging the Norwich operation with Wimbledon of £0.2 million, a share-based payment charge of £0.3 million relating to the Executive Incentive Scheme and £0.3 million of shareholder rebate. The prior year EBITDA is adjusted for one-off restructuring costs of £0.4 million.

The Group's profitability saw a marked improvement from prior years reflecting the reduction in the overhead cost base undertaken in 2017. Profit before tax and shareholder rebate for the year was £1.3 million, compared to £0.1 million in the previous financial year.

The Group's largest operating division, BAKO North Western, achieved turnover of £55.6 million (2018: £62.4 million) which represents a reduction on the prior year as customers, mainly from the Cumbria region, who were previously serviced by BAKO North Western were transferred to BAKO Northern & Scotland. Profit before tax and intercompany loan waivers for the year was £2.3 million (2018: £1.2 million). The division maintains a significant market share in the North West of England despite an increase in competition in the region.

STRATEGIC REPORT (CONTINUED)

In a much-improved year for BAKO South Eastern turnover increased to £24.7 million (2018: £21.8 million), representing a 13% increase over the prior year. The loss before tax, intercompany loan waivers and dilapidation provisions reduced to £0.7 million (2018: £1.2 million), helped not only by increased trade but also improved control of overheads. Staff turnover and relatively high rent and rates in Wimbledon continue to pose a challenge. The property dilapidations provision was increased by £0.3 million (2018: £nil) to £0.7 million following a professional review. The results for the current financial year are encouraging and management are confident that it will return to profitability in the short term.

BAKO Northern & Scotland generated turnover of £38.4 million (2018: £34.3 million) and a profit before tax and intercompany loan waivers of £1.7 million (2018: £1.1 million). The business benefited from the transfer of customers from BAKO North Western and continues to generate a steady contribution since its acquisition in 2015.

Cash generated by operating activities for the Group was £3.7 million (2018: £4.3 million) with £1.1 million being invested in stock by the year-end in anticipation of Brexit, which has since been deferred. Cash required for investing activities was limited as no major capital expenditure was undertaken. Financing activities consumed net cash of £3.0 million (2018: £4.1 million), which includes a £2.0 million (2018: £3.1 million) reduction in the Group's invoice discounting facility. The Group's cash and cash equivalents as at 31 March 2019 were £2.8 million (2018: £2.4 million) and external debt was significantly reduced from £9.3 million at 31 March 2018 to £6.5 million.

As at 31 March 2019 the Group's net assets were £7.6 million (2018: £6.5 million). Post year-end, the Group completed the sale of investment property for consideration of £1.0 million further improving cash flow and reducing external debt.

Future Developments

In the short-term, executive management will continue to focus on turning BAKO South Eastern into a profitable business unit whilst at the same time improving the profitability of the wider Group. The business continued to implement targeted KPI schemes for each department which focus attention on profitability, working capital and customer service, and promote a shift towards a results-driven culture. The Group's hierarchy has been streamlined and regional Managing Directors have been appointed for each business unit, bringing with it a sense of ownership and consistency of standards and service. The Group's headcount has reduced from a peak of full time equivalent of 389 employees in Sept 2017 to a base of 354.

The Group implemented a five-year strategy which focuses on increasing sales volumes and improving profitability. The Group will continue to focus on its core market of bakery wholesale and capitalise on trends in the bakery sector. A key part of delivering the strategy is the planned implementation of an Enterprise Resource Planning (ERP) system to replace a number of ageing, disjointed legacy systems. The key pillars of the strategy are:

- Increased productivity
- Focus on customer service
- Focus on expanding and updating product range

The Group continues to measure its efficiencies against challenging targets within our ISO and BRC approved quality systems, so providing the best possible service to our shareholders and customers. BAKO North Western, BAKO South Eastern and BAKO Northern & Scotland all hold the BRC accreditation at Grade A or above.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

We recognise that effective risk management is fundamental to helping the Group to achieve its strategic objectives. The principal risks facing the Group are:

Strategic

Consumer spending and preference for nutritional, healthier and free-from products highlights the need for the Group's product range to adapt to changing trends. The Group meets frequently with manufacturers to ensure innovative products are available for its customers in time to capitalise on trends. The structural changes on the UK high street present challenges to bakery retailers however market trends indicate that bakery consumption will be consistent, therefore the Group continuously reviews its price, range and customer mix.

Operational

The impact to the supply chain from an inbound and outbound perspective are key risks. A business continuity plan and risk register have been developed and adopted for all business units to combat potential threats to the business in servicing customer requirements. The uncertainty surrounding Brexit remains a key risk for the supply of ingredients into the United Kingdom and the Group is holding higher stock levels as a result.

Competition

Customer retention and competitive purchasing remain key risks for the group. Focus remains on ensuring prices are at the best commercial rates, with a quality service to ensure high levels of customer retention. Focus has been placed on continually improving commercial terms negotiated with suppliers to ensure the Group's offering remains competitive.

IT

Data security and integrity of all aspects of the IT platform comes under ever increasing threats from cyber-attacks. The Group has implemented industry leading firewall and anti-virus software and continuously trains its employees on cyber security. Legacy ERP systems mean there is an ever-increasing reliance on a declining pool of consultants which expedites the need to modernise systems.

Market

The Group mitigates the risk of fluctuating commodity prices by entering into forward contracts for its largest commodities. Forthcoming changes in allergen labelling regulations will have a significant impact on the compliance burden faced by our customers and will undoubtedly increase their cost base. The Group will continue to assist its customers with appropriate and informative product specifications.

Pricing

The selling price of products is key to the success of the business and achieving an appropriate gross margin on sales is vital. The Group mitigates this risk by passing on price increases to its customers in a timely and transparent manner and by hedging customer forward contracts with supply side forward contracts. Reducing the overhead cost has increased the headroom between gross margin and net profit which in turn enables the Group to price products more aggressively when required.

STRATEGIC REPORT (CONTINUED)

Corporate governance

The Board of Directors strive to keep pace with best practice and guidance on corporate governance. The Directors convene the following committees in order to formalise the governance of the Group:

Audit committee

The role of the Audit Committee is to review the significant financial reporting issues and judgements made in connection with the Group's financial statements and reports, and to review the scope and effectiveness of the Group's internal controls, including financial, operational and compliance controls including systems established by management to identify, assess, manage and monitor key risks.

The committee appoints the internal and external auditors and reviews the scope and findings of their reports. During the year the committee considered the Group's external audit service provision using a competitive tender process and RSM UK Audit LLP were re-appointed to this role. The Group uses a risk-based approach to areas of focus for internal audit; the annual scope is agreed in advance by the Audit Committee and the Executive Management Team, with due consideration of changing circumstances during the year.

Risk committee

The Risk Committee is responsible for overseeing the risk management framework for the Group. The Risk Committee maintains risk registers for the Group and is responsible for managing the risks to which the Group is exposed. The committee has made significant progress in embedding risk in the strategic and operational decision making of the Group and will seek to further refine the risk management framework.

Remuneration committee

The role of the Remuneration Committee is to assist the Board to fulfil its responsibility to shareholders to ensure the remuneration policy and practise of the Group reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

The committee is also responsible for making recommendations to the Board in respect of the remuneration policy for the Chairman, Directors and Executive Management Team. The committee also has an oversight of the remuneration arrangements for the direct reports to executives. The committee oversaw the implementation of the Executive Incentive Scheme during the year.

Nominations committee

The role of the committee is to make recommendations to the Board on suitable candidates for appointment as Directors or as members of the Executive Management Team, ensuring an appropriate balance of expertise and ability. In addition, it is responsible for reviewing the succession plan for Directors and executive managers, and for making recommendations on the composition of the Board and Executive Management Team.

The committee ensures there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The committee assists the Board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of shareholders; and in doing so, the committee shall work and liaise with other Board committees as appropriate.

Non-Executive Directors

The Board regularly reviews the independence of its Non-Executive Directors to determine whether there are any circumstances that might affect their independence. For the year under review the Board concluded that its Non-Executive Directors were independent in character and judgement.

STRATEGIC REPORT (CONTINUED)

Members of Committees

The current members of the Committees are as follows:

Audit Committee	Dianne Walker – Chair
	Duncan Hindley
	Alan Moore
Risk Committee	Janet Hill – Chair
	Dianne Walker
	Duncan Hindley
Remuneration Committee	Philip Marshall – Chair
	David Yates
	Martyn Taylor (resigned 26 March 2019)
Nominations Committee	Alan Moore – Chair
	David Yates
	Joseph Hall

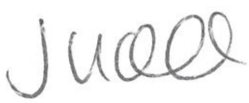
The Board of Directors met on twelve occasions during the year, attendance of the Directors at these meetings is set out below.

Meetings attended

J Hall	12
J Hill	12
P Marshall	12
A Moore	11
D Walker	12
M Taylor	10
D Hindley	11
D Yates	11

The Audit Committee, Risk Committee and Remuneration Committee each met on four occasions during the year, and the Nominations Committee met on two occasions. All meetings were fully attended by the members of these committees.

On behalf of the Board



J Hall

Director

31 July 2019

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the Group continued to be that of the purchase and resale of food and ancillary products and services to the bakery industry. The Company continues to act as the holding company for the Group's trading companies.

Directors

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

J Hall	
J Hill	
P Marshall	
A Moore	
D Hindley	
D Walker	
D Yates	
M Taylor	(Resigned 26 March 2019)

Results and dividends

The profit after taxation for the year amounted to £796,000 (2018: £9,000). The results for the year are set out on page 16. No ordinary dividends were paid. The Directors do not recommend payment of a dividend.

Financial instruments

Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The Group is exposed to interest rate risk on floating rate deposits, bank overdrafts and loans. The Group manages the risk by minimising borrowing.

Foreign currency risk

The Group's principal foreign currency exposures arise from purchasing commodities denominated in Euros. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in Sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of surplus cash, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary. The Group insures a majority of its trade debtors using credit insurance, thereby mitigating a majority of the risk of customer default.

DIRECTORS' REPORT (CONTINUED)

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 Group continues and that the appropriate training is arranged. It is the policy of the Group 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 Group's policy is to consult and discuss with employees through staff committees and at meetings, matters likely to affect employees' interests and wellbeing at work. This is supplemented by training mental health first-aiders at each site.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group recently implemented a group-wide intranet which will form an integral medium for employee communication.

Matters of strategic importance

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of a review of the business and future developments.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Directors of the Company and Group is unaware. Additionally, the Directors individually 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 auditor of the Company and Group is aware of that information.

On behalf of the Board

J Hall
Director
31 July 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 Group and Company, and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the BAKO North Western (Group) Limited website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO NORTH WESTERN (GROUP) LIMITED

Opinion

We have audited the financial statements of BAKO North Western (Group) Limited (the 'parent Company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent Company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO NORTH WESTERN (GROUP) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO NORTH WESTERN (GROUP) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP

Ian Taylor (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House, Brian Johnson Way, Preston, Lancashire, PR2 5PE
1 August 2019

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	**3**	120,881	121,727
Cost of sales		(97,117)	(98,564)
Gross profit		23,764	23,163
Administrative expenses - excluding non-recurring costs		(22,326)	(22,931)
Non-recurring costs	**4**	(190)	(405)
Administrative expenses		(22,516)	(23,336)
Operating profit/(loss)	**4**	1,248	(173)
Interest payable and similar expenses	**9**	(199)	(298)
Fair value gains and losses on investment properties	**14**	-	596
Profit before taxation		1,049	125
Taxation	**10**	(253)	(116)
Profit for the year	**28**	796	9

Profit for the year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

GROUP BALANCE SHEET

As at 31 March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Goodwill	**12**		5,670		6,095
Other intangible assets	**12**		117		237
Total intangible assets			5,787		6,332
Tangible assets	**13**		6,083		6,732
Investment properties	**14**		950		950
			12,820		14,014
Current assets					
Stocks	**18**	6,577		5,500	
Debtors	**19**	12,334		12,934	
Deferred tax assets	**25**	104		69	
Cash at bank and in hand		2,793		2,408	
		21,808		20,911	
Creditors: amounts falling due within one year	**20**	(24,233)		(24,990)	
Net current liabilities			(2,425)		(4,079)
Total assets less current liabilities			10,395		9,935
Creditors: amounts falling due after more than one year	**21**		(1,706)		(2,662)
Provisions for liabilities	**24**		(1,118)		(765)
Net assets			7,571		6,508
Capital and reserves					
Called up share capital	**27**		23		23
Revaluation reserve	**28**		1,000		1,073
Merger reserve	**28**		50		50
Share-based payment reserve	**28**		267		-
Capital redemption reserve	**28**		5		5
Profit and loss reserves	**28**		6,226		5,357
Total equity			7,571		6,508

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2019 and are signed on its behalf by:

J Hall
Director
Company Registration no. 08802727

COMPANY BALANCE SHEET

As at 31 March 2019

		2019		2018	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Investments	**15**		12,218		12,408
Current assets					
Debtors	**19**	1,133		161	
Cash at bank and in hand		3		2	
		1,136		163	
Creditors: amounts falling due within one year	**20**	(11,240)		(10,776)	
Net current liabilities			(10,104)		(10,613)
Total assets less current liabilities			2,114		1,795
Creditors: amounts falling due after more than one year	**21**		(1,700)		(2,500)
Net assets/(liabilities)			414		(705)
Capital and reserves					
Called up share capital	**27**		23		23
Share-based payment reserve	**28**		267		-
Capital redemption reserve	**28**		5		5
Profit and loss reserves	**28**		119		(733)
Total equity			414		(705)

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £852,000 (2018: £624,000 loss).

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2019 and are signed on its behalf by:

J Hall
Director
Company Registration No. 08802727

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital £'000	Revaluation reserves £'000	Capital redemption reserves £'000	Merger reserves £'000	Share-based payment reserves £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2017	25	1,148	3	50	-	5,273	6,499
Year ended 31 March 2018:							
Profit and total comprehensive income for the year	-	-	-	-	-	9	9
Redemption of shares (Note 27)	(2)	-	2	-	-	-	-
Transfers	-	(75)	-	-	-	75	-
Balance at 31 March 2018	23	1,073	5	50	-	5,357	6,508
Year ended 31 March 2019:							
Profit and total comprehensive income for the year	-	-	-	-	-	796	796
Credit to equity for equity settled share-based payments	-	-	-	-	267	-	267
Transfers	-	(73)	-	-	-	73	-
Balance at 31 March 2019	**23**	**1,000**	**5**	**50**	**267**	**6,226**	**7,571**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital £'000	Capital redemption reserve £'000	Share-based payment reserves £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2017	25	3	-	(109)	(81)
Year ended 31 March 2018:					
Loss and total comprehensive income for the year	-	-	-	(624)	(624)
Redemption of shares (Note 27)	(2)	2	-	-	-
Balance at 31 March 2018	23	5	-	(733)	(705)
Year ended 31 March 2019:					
Profit and total comprehensive income for the year	-	-	-	852	852
Credit to equity for equity settled share-based payments	-	-	267	-	267
Balance at 31 March 2019	23	5	267	119	414

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Cash generated from operations	**31**		3,675		4,281
Interest paid			(205)		(266)
Income taxes refunded/(paid)			13		(38)
Net cash inflow from operating activities			3,483		3,977
Investing activities					
Purchase of intangible assets		(5)		(111)	
Purchase of tangible fixed assets		(93)		72	
Proceeds on disposal of tangible fixed assets		10		62	
Net cash (used in)/generated from investing activities			(88)		23
Financing activities					
Net movement in other borrowings		(2,647)		(3,693)	
Net movement in bank loans		(200)		(200)	
Payment of finance leases obligations		(163)		(188)	
Net cash used in financing activities			(3,010)		(4,081)
Net increase/(decrease) in cash and cash equivalents			385		(81)
Cash and cash equivalents at beginning of year			2,408		2,489
Cash and cash equivalents at end of year			2,793		2,408
Relating to:					
Cash at bank and in hand			2,793		2,408
Cash and cash equivalents at end of year			2,793		2,408

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Accounting policies

Company information

BAKO North Western (Group) Limited ("the Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 74 Roman Way Industrial Estate, Longridge Road, Preston, Lancashire, PR2 5BE.

The Group consists of BAKO North Western (Group) Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in Sterling, which is the functional currency of the Group and Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

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

- 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 flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis and 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.

1.2 Basis of consolidation

In the parent Company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies (continued)

The consolidated financial statements incorporate those of BAKO North Western (Group) Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business 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 is considered to have a finite useful life and is amortised on a systematic basis over its expected life. Purchased goodwill in respect of a customer list acquired in 2013 is amortised on a straight line basis over five years. The goodwill arising on acquisition of a business in 2013 is being amortised on a straight line basis over ten years.

On 24 August 2015 the BAKO North Western (Group) Limited acquired 100% of the issued share capital of Sandco 1187 Limited. Goodwill arising on this acquisition is amortised on a straight line basis over twenty years.

Amortisation charges for goodwill are recognised in profit and loss wholly within administrative expenses.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies (continued)

1.6 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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset 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:

Software	25% straight line

Amortisation charges for other intangible assets are recognised in profit and loss wholly within administrative expenses.

1.7 Tangible fixed assets

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

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

Freehold land & buildings	2% straight line
Plant & machinery	7% - 25% straight line
Fixtures & fittings	10% - 20% straight line
Motor vehicles	25% straight line or over seven years

Freehold land is not depreciated.

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

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent Company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies (continued)

1.10 Impairment of fixed assets

At each reporting period end date, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

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

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.

1.12 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and 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.

1.13 Financial instruments

The Group has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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.

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and amounts due from group undertakings, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the Group 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 group.

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax liabilities are recognised for revaluation gains on assets held at fair value through profit and loss to the extent that it is probable that a future tax charge will arise on the disposal of the asset. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies

1.18 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 year 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.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.20 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.21 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 balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.22 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2 Judgements and key sources of estimation uncertainty

In the application of the Group'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.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill has been allocated. The value in use calculation requires the estimation of future cash flows expected to arise and a suitable discount rate in order to calculate present value. A change in these estimates would lead to a change in any impairment charged to the profit or loss for the year.

Dilapidations provision

Determining the value of the dilapidations provision requires an estimation of the value of repairs to be carried out at a future point in time on termination of a property lease. A change in the provision would result in a change in the amount charged to the profit and loss in the year.

Share-based payments

Calculating the value of the share-based payment charges has required management to make a number of estimations regarding the future value of the shares issued. Any difference between these estimations and the final value of the shares at redemption would lead to a charge or credit against retained earnings in the year in which the shares are redeemed.

Critical judgements

In the course of preparing these financial statements, other than judgements involving estimates and assumptions as above, no judgements have been made in the process of applying the Group's accounting policies that would have a material impact on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3 Turnover and other revenue

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

	2019 £'000	2018 £'000
Turnover analysed by class of business		
Sale of food and ancillary products and services	120,881	121,727

	2019 £'000	2018 £'000
Other significant revenue		
Fair value gains on investment property	-	596

4 Operating profit/(loss)

	2019 £'000	2018 £'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains	(71)	(27)
Depreciation of owned tangible fixed assets	532	577
Depreciation of tangible fixed assets held under finance leases	60	60
Impairment of owned tangible fixed assets	133	-
Loss on disposal of tangible fixed assets	7	2
Amortisation of intangible assets	550	573
Cost of stocks recognised as an expense	97,117	98,564
Share-based payments	267	-
Operating lease charges	2,709	2,756
Non-recurring costs		
Restructuring costs	-	405
Site closure costs	130	-
Impairment of tangible fixed assets arising from site closure	60	-

The non-recurring site closure costs incurred in the year relate to the closure of Anglian Bakery and Catering Services Limited’s operating depot at Norwich.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

5 Auditor's remuneration

Fees payable to the Company's auditor and associates:	2019 £'000	2018 £'000
For audit services		
Audit of the financial statements of the Group and Company	4	4
Audit of the financial statements of the Company's subsidiaries	45	44
	49	48
For other services		
Audit-related assurance services	9	-
Taxation compliance services	10	14
Internal audit services	4	8
	23	22

6 Employees

The average monthly number of persons (including Directors) employed by the Group and Company during the year was:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
Selling	64	70	-	-
Distribution	108	116	-	-
Warehousing	98	103	-	-
Office and management	84	78	31	-
	354	367	31	-

Their aggregate remuneration comprised:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	10,576	10,836	1,771	147
Social security costs	1,019	1,119	179	12
Pension costs	544	530	101	-
	12,139	12,485	2,051	159

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

7 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	157	147

8 Share-based payments

The Group operates an equity-settled share-based payment scheme for certain employees who are considered key to the operations of the Group. These employees are issued B Ordinary shares by the Company at a price equal to the nominal value of the shares. The conditions under which the shares are redeemable and their value at redemption are set out in the Company's Articles of Association. During the year, 40 B Ordinary shares were issued at their nominal value, these remain in issue at the year-end. A share-based payment charge amounting to £267,000 was recognised in profit and loss during the year, with a corresponding credit to equity.

The Group is unable to directly measure the fair value of employee services received. Instead the fair value of the B Ordinary shares granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the scheme operated by the Group.

9 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	41	79
Interest on finance leases and hire purchase contracts	2	5
Interest on invoice finance arrangements	118	132
Interest on other loans	38	82
	199	298

10 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current year	431	57
Adjustments in respect of prior years	(67)	(15)
Total current tax	364	42
Deferred tax		
Origination and reversal of timing differences	(27)	79
Adjustment in respect of prior years	(84)	(5)
Total deferred tax	(111)	74
Total tax charge	253	116

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

10 Taxation (continued)

During the year the main rate of UK corporation tax was 19%. A reduction in the corporation tax rate to 17% from 1 April 2020 has been substantively enacted at the balance sheet date. This will reduce the Company's future tax charge accordingly and the deferred tax balance as at 31 March 2019 has been calculated at 17%.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	1,049	125
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	199	24
Tax effect of expenses that are not deductible in determining taxable profit	(64)	7
Tax effect of income not taxable in determining taxable profit	-	(50)
Change in unrecognised deferred tax assets	30	15
Adjustments in respect of prior years	(67)	(15)
Effect of change in corporation tax rate	(5)	(2)
Depreciation on assets not qualifying for tax allowances	112	61
Amortisation on assets not qualifying for tax allowances	81	81
Share based payment charge	51	-
Deferred tax adjustments in respect of prior years	(84)	(5)
Taxation charge	253	116

11 Impairments

	Notes	2019 £'000	2018 £'000
In respect of:			
Property, plant and equipment	**13**	133	-
Recognised in:			
Administrative expenses		133	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

11 Impairments

The impairments in respect of property, plant and equipment incurred by the Group in the year relate to assets retained by the Group on the closure of the Norwich site, the carrying values for which have been reduced to their net realisable values.

The Company has recognised an impairment loss of £190,000 in respect of its investment in Anglian Bakery and Catering Suppliers Limited, a wholly owned subsidiary that ceased trading during the year.

12 Intangible fixed assets

Group	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 April 2018	8,686	543	9,229
Additions	-	5	5
Disposals	(170)	(46)	(216)
At 31 March 2019	8,516	502	9,018
Amortisation and impairment			
At 1 April 2018	2,591	306	2,897
Amortisation charged for the year	425	125	550
Disposals	(170)	(46)	(216)
At 31 March 2019	2,846	385	3,231
Carrying amount			
At 31 March 2019	5,670	117	5,787
At 31 March 2018	6,095	237	6,332

The Company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

Goodwill associated with the acquisition of the Sandco 1187 Ltd group in August 2015 has a cost bought forward of £6,769,535, accumulated amortisation brought forward of £871,114 and an amortisation charge in the year of £333,624. The carrying amount of the goodwill associated with this acquisition is £5,564,797 (2018: £5,801,413).

Goodwill associated with the acquisition of the BAKO South Eastern business has a cost of £1,515,818, accumulated amortisation brought forward of £1,324,857 and an amortisation charge in the year of £85,801. The carrying amount of the goodwill is £105,160 (2018: £190,961).

Purchased goodwill has a cost of £400,000, accumulated amortisation brought forward of £396,233 and an amortisation charge in the year of £3,767. The carrying amount of the goodwill is £nil (2018: £3,767).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

13 Tangible fixed assets

Group	**Freehold land & buildings £'000**	**Plant & machinery £'000**	**Fixtures & fittings £'000**	**Motor Vehicles £'000**	**Total £'000**
Cost or valuation					
At 1 April 2018	5,351	5,085	253	443	11,132
Additions	-	69	3	21	93
Disposals	-	(1,095)	-	(764)	(1,859)
Reclassification	-	56	(56)	-	-
At 31 March 2019	5,351	4,115	200	(300)	9,366
Depreciation and impairment					
At 1 April 2018	402	3,688	50	260	4,400
Depreciation charged in the year	138	398	14	42	592
Impairment losses	-	74	-	59	133
Eliminated in respect of disposals	-	(1,088)	-	(754)	(1,842)
At 31 March 2019	540	3,072	64	(393)	3,283
Carrying amount					
At 31 March 2019	4,811	1,043	136	93	6,083
At 31 March 2018	4,949	1,397	203	183	6,732

The Company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

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

	Group		**Company**	
	2019 £'000	**2018 £'000**	**2019 £'000**	**2018 £'000**
Plant & machinery	231	262	-	-
Computers	15	44	-	-
	246	306	-	-
Depreciation charge for the year in respect of leased assets	60	60	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

13 Tangible fixed assets (continued)

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cost	3,976	3,976	-	-
Accumulated depreciation	(1,394)	(1,326)	-	-
Carrying value	2,582	2,650	-	-

More information on impairment movements in the year is given in note 11.

14 Investment property

	Group	Company
	2019	2019
	£'000	£'000
Fair value		
At 1 April 2018 and 31 March 2019	950	-

Investment property comprises freehold land. The fair value of the investment property has been arrived at on the basis of an offer received to purchase the land. This offer was accepted and the sale completed post year-end.

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cost	252	252	-	-
Accumulated depreciation	-	-	-	-
Carrying amount	252	252	-	-

15 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	16	-	-	12,218	12,408

The impairment loss recognised by the Company in the year relates to its investment in Anglian Bakery and Catering Suppliers Limited, a wholly owned subsidiary that ceased trading during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

15 Fixed asset investments (continued)

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£'000
Cost or valuation	
At 1 April 2018 and 31 March 2019	12,408
Impairment	
At 1 April 2018	-
Impairment losses	190
At 31 March 2019	190
Carrying amount	
At 31 March 2019	12,218
At 1 April 2018	12,408

16 Subsidiaries

Details of the Company's subsidiaries, all of whom are registered in England and Wales and whose registered office address is the same as that for the Company, at 31 March 2019 are as follows:

Name of undertaking	**Nature of business**	**% of Ordinary shares held**	
		Direct	**Indirect**
BAKO North Western Limited	Wholesaler of bakery products	100	
BAKO South Eastern Limited	Wholesaler of bakery products	100	
Anglian Bakery and Catering Suppliers Limited	Wholesaler of bakery products	100	
Bakers (Area 1) Limited	Wholesaler of bakery products		100
Sandco 1187 Limited	Holding company	100	
BAKO Northern (Holdings) Limited	Property rental		100
LBBA Limited	Dormant	100	
BAKO Scotland Limited	Dormant		100
BAKO Limited	Dormant	100	

BAKO Scotland Limited, LBBA Limited and BAKO Limited, all of which are dormant companies, are exempt from audit in accordance with s480 Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

17 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	10,700	10,947	878	11
Carrying amount of financial liabilities				
Measured at amortised cost	25,939	27,014	12,940	13,276

18 Stocks

		Group		Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials and consumables	46	36	-	-
Finished goods and goods for resale	6,531	5,464	-	-
	6,577	5,500	-	-

19 Debtors

	Group		Company	
	2019	2018	2019	2018
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	9,913	10,891	-	-
Corporation tax recoverable	406	329	213	146
Amounts due from group undertakings	-	-	800	11
Other debtors	65	130	5	-
Prepayments and accrued income	1,950	1,584	111	-
	12,334	12,934	1,129	157
Deferred tax asset (note 25)	104	69	4	4
	12,438	13,003	1,133	161

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

20 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	22	200	200	200	200
Loan notes	22	600	600	600	600
Obligations under finance leases	23	154	161	-	-
Invoice discounting	22	3,968	6,015	-	-
Trade creditors		16,388	16,110	-	-
Amounts due to group undertakings		-	-	9,883	9,941
Corporation tax payable		837	383	-	-
Other taxation and social security		259	255	-	-
Other creditors		312	38	29	35
Accruals and deferred income		1,515	1,228	528	-
		24,233	24,990	11,240	10,776

21 Creditors: amounts falling due after more than one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£'000	£'000	£'000	£'000
Bank loans	22	1,100	1,300	1,100	1,300
Loan notes	22	600	1,200	600	1,200
Obligations under finance leases	23	6	162	-	-
		1,706	2,662	1,700	2,500

22 Loans and overdrafts

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans	1,300	1,500	1,300	1,500
Loan notes	1,200	1,800	1,200	1,800
Invoice finance	3,968	6,015	-	-
	6,468	9,315	2,500	3,300
Payable within one year	4,768	6,815	800	800
Payable after one year	1,700	2,500	1,700	2,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

22 Loans and overdrafts (continued)

A loan from HSBC Bank Plc of £2,000,000 commenced in 2015 and is repayable in quarterly instalments until 2023. Interest is charged as 1.6% over bank base rate. It is secured by fixed and floating charges over the assets of the Company together with a Composite Company Unlimited Multilateral Guarantee given by all the companies in the BAKO North Western (Group) Limited group. The balance outstanding at 31 March 2019 was £1,300,000 (2018: £1,500,000).

The invoice finance arrangement is with HSBC Bank Plc and is secured against the trade debtors of the Group.

Loan notes amounting to £3,000,000 were issued in August 2015 and are repayable in equal annual instalments over five years. Interest is charged at the lower of 2% over bank base rate or 4%. The balance outstanding at 31 March 2019 was £1,200,000 (2018: £1,800,000) of which £193,440 (2018: £290,160) are secured by a debenture.

23 Finance lease obligations

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Future minimum lease payments due under finance leases:				
Within one year	162	183	-	-
In two to five years	6	170	-	-
	168	353	-	-
Less: future finance charges	(8)	(30)	-	-
	160	323	-	-

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

The Group's obligations under hire purchase contracts are secured by the lessor's charge over the leased asset.

24 Provisions for liabilities

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Dilapidations		791	363	-	-
Deferred tax liabilities	**25**	327	402	-	-
		1,118	765	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

24 Provisions for liabilities (continued)

Movements on provisions apart from deferred tax liabilities:

Group	£'000
At 1 April 2018	363
Additional provisions in the year	462
Utilisation of provision	(34)
At 31 March 2019	791

The Group continues to recognise a provision in respect of future dilapidation costs for its Wimbledon site. Following a review of the provision during the year an additional £332,000 was provided to ensure an adequate level of provision is held against probable costs at the end of the lease. £34,000 was utilised during the year in respect of repairs that would otherwise have been undertaken at the end of the lease. The carrying amount of the provision at 31 March 2019 is £661,000 (2018: £363,000). No element of the provision is expected to be utilised within 12 months.

During the year the Group recognised a provision of £130,000 for dilapidation and closure costs at its Norwich site, arising from the cessation of trade at the site. The carrying value of the provision is £130,000 (2018: £nil), all of which is expected to be utilised within the next 12 months.

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and movements thereon:

	Liabilities		Assets	
	2019	2018	2019	2018
Group	£'000	£'000	£'000	£'000
Short term timing differences	271	344	75	33
Tax losses	-	-	4	4
Investment property	65	65	-	-
Other timing differences	(9)	(7)	25	32
	327	402	104	69

	Liabilities		Assets	
	2019	2018	2019	2018
Company	£'000	£'000	£'000	£'000
Tax losses	-	-	4	4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

25 Deferred taxation (continued)

Movements in the year:	Group 2019 £'000	Company 2019 £'000
Liability/(asset) at 1 April 2018	333	(4)
Credit to profit or loss	(110)	-
Liability/(asset) at 31 March 2019	223	(4)

A deferred tax asset of £370,000 (2018: £343,000) for tax losses carried forward at 31 March 2019 has not been provided for because the Directors do not expect that those losses will be able to be utilised against future trading profits.

26 Retirement benefit schemes

Defined contribution schemes	2019 £'000	2018 £'000
Charge to profit or loss in respect of defined contribution schemes	544	530

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

27 Share capital

	Company	
Ordinary share capital	**2019 £'000**	**2018 £'000**
Issued and fully paid		
18,000 Ordinary shares of £1 each	18	18
465 A Ordinary shares of £10 each	5	5
40 B Ordinary Shares of £1 each	-	-
	23	23

The Company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. During the year the Company repurchased and cancelled 600 Ordinary shares from shareholders who had ceased trading with the Group. Total consideration of £600 was paid for the shares.

The Company's A Ordinary shares do not carry any voting or income rights, but have priority rights to capital on a sale or winding-up of the business.

The Company's B Ordinary shares do not carry any voting or income rights, but have priority rights to capital on a sale or winding-up of the business. During the year 40 B Ordinary shares were issued to members of the Company’s Executive Management (see note 8 for further details). Total consideration of £40 was received.

After the date of these financial statements but prior to their approval by the Board, the Company issued 6,840 Ordinary shares to new shareholders at par. Total consideration of £6,840 was received.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

28 Reserves

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

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period.

Merger reserve
On 14 May 2014 Ordinary shares of £1 each were issued in respect of 100% of the Ordinary shares in BAKO North Western Limited. This was accounted for by the merger method of accounting under Statutory Instrument 2008 No 410 Schedule 6(10) and falls to be treated as a group reconstruction under Section 611 of the Companies Act 2006. The fair value of the shares issued at 14 May 2014 was £50,100 which is held as a merger reserve in the consolidated balance sheet.

Share-based payment reserve
The share-based payment reserve represents the aggregate charge to profit and loss relating to issued B Ordinary shares that have not yet been redeemed.

Profit and loss reserves
Cumulative profit and loss net of distributions to shareholders.

29 Operating lease commitments

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	2,527	2,217	-	-
Between two and five years	5,651	5,790	-	-
In over five years	347	634	-	-
	8,525	8,641	-	-

30 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2019	2018
	£'000	£'000
Aggregate compensation	1,135	682

The aggregate compensation for the current year includes £267,000 in respect of share-based payment charges (2018: £nil). The further increase in the cost for the current year is due to key management being appointed partway through the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

30 Related party transactions (continued)

Transactions with related parties

During the year the Group made sales of goods to businesses run by the Directors of the BAKO North Western (Group) Limited. These were made under normal trading terms. The value of sales for the year ended 31 March 2019 was £662,949 (2018: £503,675) and the balance owed to the Group at 31 March 2019 was £52,355 (2018: £63,469).

31 Cash generated from Group operations

	2019 £'000	2018 £'000
Profit for the year after tax	796	9
Adjustments for:		
Taxation charged	253	116
Finance costs	199	298
Loss on disposal of tangible fixed assets	7	2
Fair value gains and losses on foreign exchange contracts and investment properties	-	(596)
Amortisation and impairment of intangible assets	550	573
Depreciation and impairment of tangible fixed assets	725	637
Equity settled share based payment expense	267	-
Increase/(decrease) in provisions	428	(28)
Movements in working capital:		
(Increase)/decrease in stocks	(1,077)	402
Decrease in debtors	677	1,591
Increase in creditors	850	1,277
Cash generated from operations	3,675	4,281

32 Controlling Party

The Company is owned by its shareholders, none of whom holds a majority shareholding. As a result, the Directors are of the opinion that there is no ultimate controlling party.

This page is left intentionally blank

This page is left intentionally blank