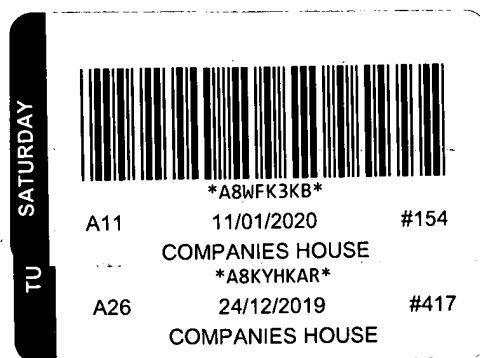


Company Registration No. 11399845 (England and Wales)

FOOD INNOVATIONS BAKING GROUP LIMITED

**DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019



FOOD INNOVATIONS BAKING GROUP LIMITED

COMPANY INFORMATION

Directors
R S Brace (appointed 6 June 2018)
A Dunn (appointed 30 May 2019)
B A I Murray (appointed 6 June 2018)
S J Woodhouse (appointed 6 June 2018)

Company Number 11399845

Registered Office
The Copper Room
Deva Centre
Trinity Way
Manchester M3 7BG

Auditors
Royce Peeling Green Limited
The Copper Room
Deva Centre
Trinity Way
Manchester M3 7BG

Bankers
Royal Bank of Scotland plc
46-48 Deansgate
Bolton BL1 1BH

FOOD INNOVATIONS BAKING GROUP LIMITED

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FOOD INNOVATIONS BAKING GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and complexity of our business and is written in the context of the risks that we feel we face.

GROUP RESTRUCTURE

On 11 October 2018, following a group reconstruction, the company acquired the entire issued share capital of the companies listed below. This transaction has been accounted for under the principles of merger accounting. This means that proforma figures have been presented for the Group as if trading of the acquired business had been conducted by the consolidated Food Innovations Baking Group Limited group for all periods shown.

PRINCIPAL ACTIVITIES

Food Innovations Baking Group Limited ("FIBG") has four trading subsidiaries, which are involved in the manufacture and distribution of baking products.

Food Innovations and its subsidiary, Food Innovations Manufacturing, are manufacturers and distributors of home baking products, mainly to large multiple retailers. These companies have continued to perform well in the year with several innovative and exciting new products being brought to market, and more high profile new customers coming on stream.

Doric FPD and Doric Crimped, the Group's manufacturers of speciality food packaging, and crimped paper cases respectively, again performed strongly in the year. Both businesses continue to thrive by offering innovative, best value, packaging solutions backed by a very strong customer service offering.

Doric Cakecrafts, which is a division of Doric FPD, is a distributor of specialist cake decorating and sugar craft products. It continued to grow and develop its product offering. Cakecrafts has developed its customer base during the year in both online and traditional channels.

STRATEGIC MANAGEMENT

The Group has robust business processes to ensure it is efficient and controlled in its day to day activities. Operational performance of its subsidiaries is reviewed at meetings taking place on a daily and weekly basis. Higher level business and strategic management takes place at regular Group Management Meetings, attended by Group Managers and Food Innovations Baking Group Directors.

The strategy of the Group is to remain focussed on providing excellent customer service to support a high quality, innovative product range.

BUSINESS PERFORMANCE

The Group has continued to trade well in the current year. Its core activities set out above remain unchanged.

On a consolidated basis the Group has performed well again in both sales and profit terms. The business has continued to define KPIs on which it can measure performance on a regular basis.

Food Innovations Baking Group consolidated sales have remained robust, and through investment in several margin improvement initiatives the business has been able to grow EBITDA. Sales pipelines look strong and the Directors envisage continued sales and profit growth.

The Group retains a strong balance sheet and it and its subsidiaries continue to be cash generative.

BUSINESS ENVIRONMENT

The overall Business Environment remains challenging. The Group is a diverse business, supplying a wide range of UK businesses sectors and as such follows the macro economic trends in markets like retail and manufacturing. Customers' focus continues to be on price and value for money and the Group and its subsidiaries is constantly looking to innovate to retain its competitive advantage.

FOOD INNOVATIONS BAKING GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

POST BALANCE SHEET EVENTS

On 30 May 2019 the entire issued share capital of the company was acquired by FIBG Holdco Limited which is ultimately controlled by Ardenton Capital Corporation, a Canadian Private Equity Firm. Ardenton is focused on buying businesses with strong, or the potential for strong, cash flows. Unlike a traditional private equity firm, Ardenton is not focused on short term investments or rebuilding struggling businesses to sell at a profit. Ardenton looks to hold their investments and use the cash flows generated to further expand their portfolio.

KEY PERFORMANCE INDICATORS

*excl exceptional charges	2019	2018
Sales (£000s)	37,865	31,972
Gross Margin (£000s)	10,131	9,466
Overheads* (£000s)	7,984	7,275
EBITDA* (£000s)	2,812	2,977
Net assets	6,735	6,824
Average headcount (incl directors)	267	256
GM/Sales %	26.8	29.6
EBITDA*/Sales %	7.4	9.3
Overheads*/Sales %	21.1	22.7
Sales/Avg headcount £000s	141.8	124.9
EBITDA*/Avg headcount £000s	10.5	11.6
EBITDA*/Net assets return %	41.7	43.6

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Mitigation
Loss of major customer	The Group has a diverse customer base and is not over-reliant on any one customer
Loss of major supplier	The Group tries to maintain multiple supply options for each product group
Macro-economic factors	The Group is not reliant on any one market segment but like all companies its success has some correlation to the high level Macro-economic position
Reliance on key personnel	The Group has key processes mapped out as part of its management systems and most staff are cross functional, so no one member of staff has exclusive knowledge or skills

On behalf of the Board:

B A J Murray
DIRECTOR

16 December 2019

FOOD INNOVATIONS BAKING GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

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

INCORPORATION AND CHANGE OF NAME

The company was incorporated as Doric Baking Group Limited on 6 June 2018. The company name was changed to Food Innovations Baking Group Limited on 26 October 2018.

SHARE CAPITAL / GROUP RECONSTRUCTION

On 11 October 2018, following a group reconstruction, the company allotted 107 A ordinary shares and 5 E ordinary shares of £1 each in consideration for the acquisition of the entire issued share capital of the companies listed in note 14.

This transaction has been accounted for under the principles of merger accounting. This means that proforma figures have been presented for the Group as if trading of the acquired business had been conducted by the consolidated Food Innovations Baking Group Limited group for all periods shown.

RESULTS AND DIVIDENDS

The group results for the year are set out on page 7. During the year dividends of £1,500,000 were paid to shareholders.

DIRECTORS

The following directors have held office since 6 June 2018:

R S Brace (appointed 6 June 2018)
A Dunn (appointed 30 May 2019)
B A I Murray (appointed 6 June 2018)
P J Ward (appointed 6 June 2018 and resigned 30 May 2019)
R D Ward (appointed 6 June 2018 and resigned 30 May 2019)
S J Woodhouse (appointed 6 June 2018)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOOD INNOVATIONS BAKING GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

AUDITORS

Royce Peeling Green Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 unions, staff councils and at meetings, matters likely to affect employees' interests.

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.

STATEMENT OF DISCLOSURE TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, 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 company's auditor is aware of that information..

On behalf of the Board:



B A J Murray
DIRECTOR

16 December 2019

FOOD INNOVATIONS BAKING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD INNOVATIONS BAKING GROUP LIMITED

Opinion

We have audited the financial statements of Food Innovations Baking Group Limited (the 'company') and its subsidiaries (together 'the group') for the year ended 31 March 2019 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated cash flow statement and the related 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 affairs of the group and the company 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 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 ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

FOOD INNOVATIONS BAKING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD INNOVATIONS BAKING GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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.

Royce Peeling Green Limited

Martin Chatten (Senior Statutory Auditor)
for and on behalf of Royce Peeling Green Limited

Chartered Accountants
Statutory Auditor

20 December 2019

The Copper Room, Deva Centre
Trinity Way
Manchester M3 7BG

FOOD INNOVATIONS BAKING GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	6	37,864,683	31,972,350
Cost of sales		(27,733,882)	(22,506,259)
Gross profit		10,130,801	9,466,091
Distribution costs		(1,913,105)	(1,576,515)
Administration expenses		(6,070,928)	(5,698,191)
Exceptional charges		(231,501)	-
Group operating profit	7	1,915,267	2,191,385
<i>EBITDA- pre exceptional charges</i>		2,811,619	2,977,220
<i>Goodwill charges</i>		(333,991)	(420,808)
<i>Depreciation</i>		(330,860)	(365,027)
<i>Exceptional charges</i>		(231,501)	-
		1,915,267	2,191,385
Revaluation deficit		(93,330)	-
Interest receivable		-	-
Interest payable and similar charges	8	(91,937)	(118,698)
Profit on ordinary activities before taxation		1,730,000	2,072,687
Tax on profit on ordinary activities	11	(319,068)	(335,661)
Profit on ordinary activities after taxation		1,410,932	1,737,026
Minority interest		-	21,075
Profit for the financial year		1,410,932	1,758,101
Total comprehensive income for the year		1,410,932	1,758,101

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

The notes on pages 12 to 28 form part of these financial statements.

FOOD INNOVATIONS BAKING GROUP LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12		2,113,567		2,235,830
Intangible fixed assets	13		1,006,873		1,339,238
			<u>3,120,440</u>		<u>3,575,068</u>
Current Assets					
Stocks	16	4,830,943		3,042,620	
Debtors	17	8,641,847		8,208,546	
Cash at bank and in hand		<u>1,735,051</u>		<u>1,525,830</u>	
		15,207,841		12,776,996	
Creditors:					
Amounts falling due within one year	18	<u>(9,640,712)</u>		<u>(6,898,863)</u>	
Net Current Assets			5,567,129		5,878,133
			<u>8,687,569</u>		<u>9,453,201</u>
Total Assets less Current Liabilities					
Creditors:					
Amounts falling due after more than one year	19		(1,626,686)		(2,550,264)
Provision for Liabilities and Charges	22		<u>(325,751)</u>		<u>(78,737)</u>
Net Assets			<u>6,735,132</u>		<u>6,824,200</u>
Capital and Reserves					
<i>Equity Interests</i>					
Share capital	25		112		112
Share premium	26		-		-
Merger reserve	26		6,488,150		-
Profit and loss account	26		<u>314,919</u>		<u>6,824,088</u>
Total Shareholders' Funds			6,735,132		6,824,200
Minority Interest	14		<u>-</u>		<u>-</u>
			<u>6,735,132</u>		<u>6,824,200</u>

These financial statements were approved by the Board on 16 December 2019.

B A I Murray
DIRECTOR

The notes on pages 12 to 28 form part of these financial statements.

FOOD INNOVATIONS BAKING GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	£	2019 £
Fixed Assets			
Investments	14		112
			<hr/> 112
Current Assets			
Debtors	17	-	
Cash in bank and in hand		-	
		<hr/> -	
Creditors:			
Amounts falling due within one year	18	-	
		<hr/> -	
Net Current Assets			<hr/> -
Total Assets less Current Liabilities			<hr/> 112
Creditors:			
Amounts falling due after more than one year	19		-
Provision for Liabilities and Charges	22		-
			<hr/> -
Net Assets			<hr/> 112
Capital and Reserves			<hr/>
<i>Equity Interests</i>			
Share capital	25		112
Profit and loss account	26		-
			<hr/> -
Total Shareholders' Funds			<hr/> 112

These financial statements were approved by the Board on 16 December 2019.

B A I Murray
DIRECTOR

Company registration number: 11399845

As permitted by section 408 Companies Act 2006, these financial statements do not include a separate profit and loss account for the parent company. The parent company's profit for the financial year was £Nil.

The notes on pages 12 to 28 form part of these financial statements.

FOOD INNOVATIONS BAKING GROUP LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Consolidated statement of changes in equity

	Notes	Share capital £	Merger reserve £	Profit & loss £	Total £
At 1 April 2017		112	-	5,324,923	5,325,035
Total comprehensive income for the year		-	-	1,758,101	1,758,101
Minority purchase	14	-	-	(258,936)	(258,936)
At 31 March 2018		112	-	6,824,088	6,824,200
At 1 April 2018		112	-	6,824,088	6,824,200
Total comprehensive income for the year		-	-	1,410,932	1,410,932
Transfer	26	-	6,488,150	6,488,150	-
Dividends paid		-	-	(1,500,000)	(1,500,000)
At 31 March 2019		112	6,488,150	246,870	6,735,132

Company statement of changes in equity

	Share capital £	Profit & loss £	Total £
At 6 June 2018	1	-	1
Shares issued	111	-	111
Total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
At 31 March 2019	112	-	112

The notes on pages 12 to 28 form part of these financial statements.

FOOD INNOVATIONS BAKING GROUP LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Operating activities			
Net cash inflow from operations	29	1,429,701	3,916,695
Interest paid			
Interest element of finance lease rental payments		(91,937)	(118,898)
Taxation		(354,541)	29,662
Net cash inflow from operating activities		983,223	3,827,459
Investing activities			
Interest received		-	-
Payments to acquire tangible fixed assets		(301,927)	(363,939)
Receipts from sales of tangible assets		-	850
Deferred cash acquisition costs		-	(483,334)
Acquisition costs		-	(43,824)
Payments to acquire intangible fixed assets		(26,626)	(25,000)
Net cash outflow from investing activities		(328,553)	(915,247)
Net cash flow before financing		654,670	2,912,212
Financing activities			
Issue of ordinary share capital for cash		112	-
Equity dividends paid		-	-
Redemption of loan notes		-	-
New term loan		-	-
Term loan repayments		(744,087)	(762,292)
Change in invoice discounting indebtedness		488,337	(2,179,451)
Re-financing of tangible fixed assets		-	653,206
Capital element of finance lease payments		(189,811)	(213,407)
Net cash flow from financing		(445,449)	(2,501,944)
Increase in cash in the year	30	209,221	410,268

The notes on pages 12 to 28 form part of these financial statements.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Company information

Food Innovations Baking Group Limited is a company limited by shares incorporated in England and Wales. Its registered office is The Copper Room, Deva Centre, Trinity Way, Manchester M3 7BG.

The company's principal place of business is Oak Green House, Oak Green Business Park, Earl Road, Cheadle Hulme, Cheshire SK8 6QL.

2 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.

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 certain financial instruments at fair value. The principal accounting policies adopted are set out below.

3 Going concern

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

4 Accounting policies

4.1 Basis of consolidation

The group financial statements consolidate the financial statements of the parent undertaking and its subsidiary undertakings drawn up to 31 March each year.

The consolidated financial statements have been prepared in accordance with the principles of merger accounting and are therefore presented as if Food Innovations Baking Group Limited had owned the subsidiaries throughout the reporting period. Comparatives have been prepared as if the consolidated continuing operations of the Food Innovations Baking Group Limited group had been in existence for the whole of 2019 and 2018.

In accordance with section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account; its result for the year is shown on the company balance sheet.

4.2 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.

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 dispatch 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.

4.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4.4 Goodwill

Goodwill represents the excess of the cost of acquisition of entities 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 impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is of no more than 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units ("CGUs") expected to benefit from the acquisition. CGUs 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 CGU is less than its carrying amount, 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.

4.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life. The rates generally applicable are:

Plant and machinery	20% straight line
Computer and office equipment	20% straight line & 30% straight line
Motor vehicles	25% straight line

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.

4.6 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 the profit and loss account.

4.7 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 CGU 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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.

4.8 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. 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.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4.9 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.

4.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

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.

Derecognition of financial assets

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

Classification of financial liabilities

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

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

4.11 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.

4.12 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 company'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. 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 when the company has 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.

4.13 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.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4.14 Retirement benefits

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

4.15 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 the profit and loss account 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.

4.16 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 period.

4.17 Auditors limitation of liability

The company has entered into a liability limitation agreement with Royce Peeling Green Limited, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2019. The proportionate liability agreement follows the standard terms in Appendix B to the FRC's June 2008 Guidance on Auditor Liability Agreements, and has been approved by the shareholders.

5 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.

Depreciation and amortisation

The depreciation and amortisation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made as to the estimated useful life of the assets; these are regularly reviewed to reflect the changing environment.

Stock provision

The provision is based on a review of old/ slow moving stock lines and the estimated realisation of that stock. The estimated realisation is based on past experience and subsequent recovery after the year end. These judgements are regularly reviewed to reflect the changing environment.

FOOD INNOVATIONS BAKING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)****Bad debt provision**

The bad debt provision is based on a review of old/ slow paying customer balances and the estimated recoverability of those balances. Estimated recoverability is based on past experience and subsequent recovery after the year end. These judgements are regularly reviewed to reflect the changing environment.

Sales rebates

Provision for sales rebates are based on estimated amounts due based on quantities purchased by customers during the year. The estimated amounts are based on past experience and amounts subsequently paid after the year end. These judgements are regularly reviewed to reflect the changing environment.

6 TURNOVER

	2019	2018
Group turnover by geographical destination may be analysed as follows:	£	£
United Kingdom	36,169,299	30,734,409
Europe	1,635,051	1,164,717
Other	60,333	73,224
	<u>37,864,683</u>	<u>31,972,350</u>

7 OPERATING PROFIT

	2019	2018
Operating profit for the group is stated after charging/ (crediting):	£	£
Auditors' remuneration	38,750	33,301
Goodwill amortisation	333,991	420,808
Depreciation	330,860	365,027
Loss/ (profit) on disposal of fixed assets	-	842
Profit on foreign exchange transactions	(190,518)	(145,362)
Operating leases	567,656	446,143
Cost of stocks recognised as an expense	22,395,483	20,742,983
	<u>22,395,483</u>	<u>20,742,983</u>

8 INTEREST PAYABLE

	2019	2018
	£	£
Bank loans and overdrafts	27,801	23,777
Hire purchase interest	19,618	19,346
Invoice discounting interest	44,518	75,575
	<u>91,937</u>	<u>118,698</u>

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 EMPLOYEES

	2019	2018
	£	£
Group staff costs during the period were as follows:		
Wages and salaries	7,071,103	6,415,093
Social security costs	467,207	424,618
Other pension costs	93,828	70,084
	<u>7,632,138</u>	<u>6,909,795</u>

The companies operate defined contribution pension schemes. The assets of the schemes are held separately from those of the companies in independently administered funds. The pension cost charge represents contributions payable by the companies to the funds. Four directors are accruing pension benefits in defined contribution pension schemes.

	<i>All</i>	<i>Highest</i>	<i>All</i>	<i>Highest</i>
	<i>directors</i>	<i>paid</i>	<i>directors</i>	<i>paid</i>
	2019	2019	2018	2018
	£	£	£	£
Directors' emoluments, included in management charges, during the year were as follows:				
Salary, bonus and benefits in kind	384,771	88,541	623,602	122,085
Pension contributions	65,136	22,968	51,768	22,968
	<u>449,907</u>	<u>111,509</u>	<u>675,370</u>	<u>145,053</u>

The average monthly number of employees, including directors, during the period was as follows:

	2019	2018
	Number	Number
Management	9	9
Sales	6	5
Administration	48	44
Production	200	194
Transport	4	4
	<u>267</u>	<u>256</u>

10 DIVIDENDS

	2019	2018
	£	£
Interim paid prior to restructure	<u>1,500,000</u>	<u>-</u>

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019	2018
	£	£
Current year tax		
UK corporation tax	303,956	331,531
Adjustment for prior years	(401)	-
	<u>303,555</u>	<u>331,531</u>
Deferred tax charge	15,513	4,130
	<u>319,068</u>	<u>335,661</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,730,000</u>	<u>2,072,687</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	<u>328,700</u>	<u>388,111</u>
Effects of:		
Non-deductible expenses	81,494	66,356
R&D enhanced expenditure	(79,637)	(118,806)
Other	(11,088)	-
Adjustments to previous periods	(401)	-
	<u>(9,632)</u>	<u>(52,450)</u>
Tax expense for the year	<u>319,068</u>	<u>335,661</u>

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 TANGIBLE FIXED ASSETS

Group Cost	Investment property £	Plant & machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
At 1 April 2018	873,330	2,928,225	507,042	-	4,308,597
Revaluations	(93,330)	63,085	20,201	-	(10,044)
Additions	-	-	-	218,641	218,641
Disposals	-	-	-	-	-
At 31 March 2019	780,000	2,991,310	527,243	218,641	4,517,194
Depreciation					
At 1 April 2018	-	1,691,500	381,267	-	2,072,767
Charge for the year	-	284,858	46,002	-	330,860
Disposals	-	-	-	-	-
At 31 March 2019	-	1,976,358	427,269	-	2,403,627
Carrying amount					
At 31 March 2019	780,000	1,014,952	99,974	218,641	2,113,567
At 31 March 2018	873,330	1,236,725	125,775	-	2,235,830

Included above are assets held under finance leases/ hire purchase with carrying amount of £816,304 (2018: £398,065) on which depreciation was charged during the year of £109,225 (2018: £191,000).

The company has no tangible fixed assets.

13 INTANGIBLE FIXED ASSETS

Goodwill	Group £	Company £
Cost		
At 1 April 2018	2,505,627	-
Additions	1,626	-
At 31 March 2019	2,507,253	-
Amortisation		
At 1 April 2018	1,166,389	-
Charge for the year	333,991	-
At 31 March 2019	1,500,380	-
Carrying amount		
At 31 March 2019	1,006,873	-
At 31 March 2018	1,339,238	-

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings
Cost	£
At 6 June 2018	-
Additions	112
At 31 March 2019	112
Carrying amount	
At 31 March 2019	112

On 11 October 2018, following a group reconstruction, the company acquired 100% shareholdings in the subsidiary companies listed below via a share for share exchange. The company has taken advantage of the provisions of s612 of the Companies Act 2006 and has not recognised any premium to the nominal value of the shares issued in this transaction.

The company holds more than 20% of the share capital of the following companies which are all registered in England & Wales:

Name	Class	Shares held		
		% shareholding		
		Direct	Indirect	Total
Doric FPD Limited	Ordinary	100	-	100
Doric Cake Crafts Limited	Ordinary	100	-	100
Doric Crimped Limited	Ordinary	100	-	100
Doric Crimped Properties Limited	Ordinary	-	100	100
Food Innovations Holdings Limited	Ordinary	100	-	100
Food Innovations (Manufacturing) Limited	Ordinary	-	100	100

The aggregate capital and reserves and the results of these undertakings for the year were as follows:

Subsidiary undertakings	Principal activity	Capital & reserves	Profit/ (loss) for the year
		2019	2019
		£	£
Doric FPD Ltd	Manufacture of food packaging and cakeboards	3,872,833	744,158
Doric Cake Crafts Ltd	Non trading	1	-
Doric Crimped Ltd	Manufacture of food packaging	1,470,342	238,796
Doric Crimped Properties Ltd	Property investment	41,343	(40,312)
Food Innovations Holdings Ltd	Supply of bakery products	1,426,518	1,009,087
Food Innovations (Manufacturing) Ltd	Bakery	(985,722)	(210,161)

On 16 June 2018 Food Innovations Holdings Limited acquired the residual 20% shareholding in Food Innovations (Manufacturing) Limited for £43,824 thereby increasing its shareholding in that company to 100%. The difference between the cost of the investment and the net liabilities acquired from the minority of £258,936 was credited directly to profit and loss reserve in accordance with FRS 102.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 FINANCIAL INSTRUMENTS

	Group 2019 £	Company 2019 £	Group 2018 £
Carrying amount of financial assets			
Debt instruments at amortised cost	8,025,708	-	7,831,887
Equity instruments at cost less impairment	-	112	-
	£	£	£
Carrying amount of financial liabilities			
Measured at amortised cost	10,500,109	-	8,816,431

16 STOCK

	Group 2019 £	Company 2019 £	Group 2018 £
Raw materials	1,526,614	-	1,500,311
Work in progress	-	-	9,759
Finished goods	3,304,329	-	1,532,550
	£	£	£
	4,830,943	-	3,042,620

17 DEBTORS

	Group 2019 £	Company 2019 £	Group 2018 £
Trade debtors	6,237,769	-	4,953,836
Prepayments and accrued income	616,139	-	376,659
Amounts owed by related parties	1,348,042	-	2,872,424
Other debtors	439,897	-	5,627
	£	£	£
	8,641,847	-	8,208,546

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Notes	Group 2019 £	Company 2019 £	Group 2018 £
Bank loans (i)	20	757,532	-	762,292
Invoice discounting indebtedness (i)		1,901,851	-	1,413,514
Hire purchase contracts (i)	21	184,251	-	189,811
Trade creditors		4,661,144	-	2,903,638
Corporation tax		226,902	-	302,776
Other taxes and social security costs		540,387	-	329,920
Amounts owed to related parties		133,209	-	143,861
Other creditors		133,392	-	168,803
Accruals and deferred income		1,102,044	-	684,248
		<u>9,640,712</u>	<u>-</u>	<u>6,898,863</u>
Debt (i)		<u>2,843,634</u>	<u>-</u>	<u>2,365,617</u>

Invoice discounting indebtedness is secured against relevant trade debtors balances.

One bank loan of £1,441,334 (2018: £2,161,959) is secured by an unlimited composite guarantee by all group companies, and fixed and floating charges over the assets of Food Innovations Holdings Limited dated 30 April 2014. A second bank loan of £521,676 (2018: £545,138) is secured by fixed and floating charges over the assets of Doric Crimped Properties Limited dated 13 April 2017.

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Notes	Group 2019 £	Company 2019 £	Group 2018 £
Bank loans (i)	20	1,205,478	-	1,944,805
Hire purchase contracts (i)	21	421,208	-	605,459
		<u>1,626,686</u>	<u>-</u>	<u>2,550,264</u>
Debt		<u>1,626,686</u>	<u>-</u>	<u>2,550,264</u>

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 BORROWINGS

	Group 2019 £	Company 2019 £	Group 2018 £
Total debt	4,470,320	-	4,915,881
Less hire purchase contracts	(605,459)	-	(795,270)
Less amount included in current liabilities	(2,659,383)	-	(2,175,806)
	<u>1,205,478</u>	<u>-</u>	<u>1,944,805</u>
Loan maturity analysis			
Between 1 and 2 years	758,645	-	762,292
Between 2 and 5 years	120,264	-	845,710
After 5 years	326,569	-	336,803
	<u>1,205,478</u>	<u>-</u>	<u>1,944,805</u>

21 HIRE PURCHASE CONTRACTS

	Group 2019 £	Company 2019 £	Group 2018 £
Repayable within one year	203,010	-	209,339
Repayable between 1 and 5 years	463,798	-	666,806
	<u>666,808</u>	<u>-</u>	<u>876,145</u>
Finance charge allocated to future periods	(61,349)	-	(80,875)
	<u>605,459</u>	<u>-</u>	<u>795,270</u>
Included in current liabilities	(184,251)	-	(189,811)
	<u>421,208</u>	<u>-</u>	<u>605,459</u>

Amounts owed under hire purchase contracts/ finance leases are secured against the underlying assets to which the finance relates.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

22 PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Group £	Company £
Balance at 1 April 2018	78,737	-
Profit and loss account	247,014	-
Balance at 31 March 2019	325,751	-
Dilapidation provision	231,501	-
Deferred tax liability	94,250	-
Balance at 31 March 2019	325,751	-
The deferred tax liability is made up as follows		
Accelerated capital allowances	95,097	-
Other timing differences	(847)	-
	94,250	-

23 FINANCIAL COMMITMENTS

At 31 March the group and company were committed to making the following payments under non-cancellable operating leases:

	Group 2019 £	Company 2019 £	Group 2018 £
Within one year	474,745	-	429,112
Between one and five years	950,070	-	521,891
After five years	-	-	-
	1,424,815	-	951,003

24 CAPITAL COMMITMENTS

At 31 March the group had capital commitments as follows:

	2019 £	2018 £
Contracted but not provided for in the financial statements	-	179,443

The company had no such commitments.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25 SHARE CAPITAL

	2019 No	2018 No
Allotted, issued and fully paid		
A Ordinary shares of £1 each	107	107
E Ordinary shares of £1 each	5	5
	<u>112</u>	<u>112</u>
	£	£
Ordinary shares of £1 each	107	107
Ordinary shares of £1 each	5	5
	<u>112</u>	<u>112</u>

The E ordinary shares have no right to receive dividends but have enhanced rights in the event of disposal or winding up of the company above a certain valuation.

26 RESERVES

The group and company reserves comprise the following:

Share premium account contains the premium arising on issue of equity shares.

The merger reserve in the consolidated balance sheet follows the principles of merger accounting, being the excess of net assets acquired over the consideration paid – being the nominal value of the shares issued on reconstruction of the group.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and the cost of any company shares repurchased.

FOOD INNOVATIONS BAKING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

27 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The remuneration of key management personnel, including the directors, is as follows.

	Group 2019 £	Company 2019 £	Group 2018 £
Aggregate amounts	579,943	-	648,362

Key management remuneration includes pay, pension contributions and benefits in kind provided to members of the management team including directors' emoluments.

Transactions with group companies

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with wholly owned subsidiary companies, on the grounds that Food Innovations Baking Group Limited prepares consolidated financial statements.

During the year the group incurred management charges of £938,256 from RDW76 Limited, formerly Doric Group Limited, the parent company until 11 October 2018, and a company under common control at 31 March 2019.

During the year the group made sales of £70,843 and recharged interest costs of £68,515 to Anderton Board and Packaging Limited and made purchases of £509,004 from that company.

At 31 March 2019 a loan of £1,298,150 was owed by Anderton Board and Packaging Limited to Food Innovation Holdings Limited. A further trading balance of £49,982 was owed by Anderton Board and Packaging Limited to group companies and £133,209 was owed to Anderton Board and Packaging Limited and RDW76 Limited by group companies.

Other transactions

During the year the group made purchases of £60,343 (2018: £50,857) from Awareness Software Limited. At 31 March 2019, the group owed that company £12,948 (2018: £8,599). PJ Ward, director, is a director of Awareness Software Limited.

28 POST BALANCE SHEET EVENTS

On 30 May 2019 the entire issued share capital of the company was acquired by FIBG Holdco Limited.

FOOD INNOVATIONS BAKING GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

29 CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
<i>Group profit after tax</i>		
Adjustments for:	1,410,932	1,758,101
Minority interest	-	21,075
Taxation	319,068	335,661
Finance charges	91,937	118,698
Revaluation deficit	93,330	-
	<hr/>	<hr/>
Group operating profit	1,915,267	2,191,385
Dilapidation provision	231,501	-
Depreciation of tangible assets	330,860	365,027
Amortisation of intangible assets	333,991	420,808
	<hr/>	<hr/>
EBITDA	2,811,619	2,977,220
Movements in working capital		
Profit on disposal of fixed assets	-	-
(Increase)/ decrease in stocks	(1,788,323)	(54,817)
Increase in debtors	(1,933,301)	714,883
Increase/ (decrease) in creditors	2,339,706	279,409
	<hr/>	<hr/>
	(1,381,918)	939,475
	<hr/>	<hr/>
Cash generated from operations	1,429,701	3,916,695
	<hr/>	<hr/>

30 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2019	2018
	£	£
Increase in cash in the year	209,221	410,268
Decrease in debt from cash flows	463,766	2,501,944
	<hr/>	<hr/>
Decrease in net debt from cash flows	672,987	2,912,212
Movement in net debt in the year		
Opening net debt	(3,390,051)	(6,302,263)
	<hr/>	<hr/>
Closing net debt	(2,717,064)	(3,390,051)
	<hr/>	<hr/>