Fletchers Bakeries Investments Limited

Annual report and financial statements

Registered number 05998313

52 week period ended 1 July 2017



Contents

Strategic Report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements	3
Independent auditors' report to the members of Fletchers Bakeries Investments Limited	4
Profit and Loss Account and Other Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes	9

Registered number 05998313

Strategic Report

The directors present their annual report and financial statements for the 52 week period ended 1 July 2017.

Principal activities

The principal activity of the company during the year was to act as a holding company. The subsidiary of the holding company, Fletchers Bakeries Limited, operates in the retail and foodservice markets supplying bread and bakery products. The ultimate holding company is Finsbury Food Group Plc.

Performance and key performance indicators

The key performance indicators for the 52 week period to 1 July 2017 and comparatives are shown below:

- Dividend £NIL *(53 weeks ended 2 July 2016: £15,000,000)*, being dividend as shown in the statutory profit and loss account.

Business review

The directors report a profit for the year of £NIL *(53 weeks ended 2 July 2016: £15,000,000)* resulting in net assets of £14,136,000 *(53 weeks ended 2 July 2016: £14,136,000)*.

The directors have reviewed the company's financial position and having regard to Group funding arrangements are satisfied that the company is well positioned to manage its financial position and its business risks successfully despite the current economic outlook.

Risks and uncertainties

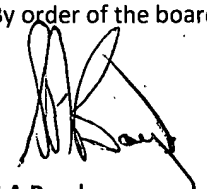
The company operates in an environment which is continually changing and as a result the risks it faces will also change over time. A formal review of these risks is carried out at the Finsbury Food Group Plc (Group) level on an annual basis. The assessment of risks and the development of strategies for dealing with these risks are achieved on an ongoing basis through the way in which the Group and its subsidiaries are controlled and managed internally. The risk review process involves the identification of current risks, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact, and determination of what needs to be done to manage them effectively.

Details of the principal risks and uncertainties can be found in the Strategic Report section of the Finsbury Food Group Plc published accounts.

Dividend

A dividend of £NIL was declared and paid during the financial year *(2016: £15,000,000)*.

By order of the board



S A Boyd
Director

Maes Y Coed Road
Cardiff
CF14 4XR

22 March 2018

Registered number 05998313

Directors' report

The directors present their Directors' report and financial statements for the 52 week period ended 1 July 2017.

Proposed dividend

A dividend of £NIL was received and paid during the year *(2016: £15,000,000).*

Directors

The directors who held office during the year were as follows:

Stephen A Boyd
John G Duffy

Political contributions

The company made no political contributions nor did it incur any political expenditure during the year *(2016: £nil).*

Other information

There have been no significant events since the year end and the future activity of the company is likely to remain that of a holding company as described in the Strategic Report on page 1.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will continue as auditor of the company.

By order of the board



SA Boyd
Director

Maes-y-coed Road
Cardiff
CF14 4XR

22 March 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLETCHERS BAKERIES INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Fletchers Bakeries Investments Limited ("the company") for the 52 week period ended 1 July 2017 which comprise the profit and loss and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 July 2017 and of its result for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLETCHERS BAKERIES INVESTMENTS LIMITED (continued)

- 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

29 March 2018

Profit and Loss Account and Other Comprehensive Income

for the 52 week period ended 1 July 2017

	Note	**52 week period ended 1 July 2017 £000**	53 week period ended 2 July 2016 £000
Income from shares in group undertakings		-	15,000
Profit / (loss) on ordinary activities before taxation		**-**	**15,000**
Taxation on ordinary activities	4	-	-
Profit / (loss) for the financial period		**-**	**15,000**

There is no other comprehensive income other than the profit/(loss) for the period stated above.

The notes on pages 9 to 14 form part of the financial statements.

Balance Sheet

As at 1 July 2017

	Note	1 July 2017 £000	2 July 2016 £000
Fixed assets			
Investments	5	24,444	24,444
Creditors: amounts falling due within one year	6	(10,308)	(10,308)
Net current liabilities		(10,308)	(10,308)
Net assets		14,136	14,136
Capital and reserves			
Called up share capital	7	1	1
Share premium account		-	-
Capital contribution		-	-
Profit and loss account		14,135	14,135
Shareholder's funds		14,136	14,136

The notes on pages 9 to 14 form part of the financial statements.

These financial statements were approved by the board of directors on 22 March 2018 and were signed on its behalf by:

S A Boyd
Director

Registered number 05998313

Statement of Changes in Equity

for the 52 week period ended 1 July 2017

	Share capital £000	Share premium £000	Capital contribution £000	Retained earnings £000	Total equity £000
Balance at 27 June 2015	1	1,565	28,022	(15,452)	14,136
Profit for the financial year	-	-	-	15,000	15,000
Capital Reduction	-	(1,565)	(28,022)	29,587	-
Dividend Paid	-	-	-	(15,000)	(15,000)
Balance at 2 July 2016	**1**	**-**	**-**	**14,135**	**14,136**
Profit for the financial year	-	-	-	-	-
Transactions with owners, recorded directly in equity:					
Dividend paid	-	-	-	-	-
Balance at 1 July 2017	**1**	**-**	**-**	**14,135**	**14,136**

The notes on pages 9 to 14 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Fletchers Bakeries Investments Limited (the "Company") is a company incorporated and domiciled in the UK. The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The financial year was the 52 weeks ended 1 July 2017 (prior financial period 53 weeks ended 2 July 2016). The financial statements for the Company have been prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The company's ultimate parent undertaking, Finsbury Food Group plc, includes the company in its consolidated financial statements, which are prepared in accordance with IFRS, and are available to the public any may be obtained from www.finsburyfoods.co.uk, or from the address in note 9.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The company proposes to continue to adopt the reduced disclosures framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on the going concern basis notwithstanding the net current liabilities of £10,308,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by group companies. The company's parent undertaking, Finsbury Food Group Plc, has indicated that for at least twelve months from the date of approval of these financial statements, it will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this

Notes *(continued)*

1 Accounting policies *(continued)*

***Going concern** (continued)*

support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the undertakings from Finsbury Food Group Plc, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Investments

Investments in subsidiary undertakings are stated at cost less impairment.

Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Notes to the profit and loss account

Auditors remuneration of £3,500 *(2016: £3,500)* was borne by another group company.

3 Remuneration of directors

The company has no employees. All director remuneration was borne by other Group companies.

Notes *(continued)*

4 Taxation

Recognised in the profit and loss account

	52 week period ended 1 July 2017 £000	53 week period ended 2 July 2016 £000
Total current tax	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

Reconciliation of effective tax rate

	52 week period ended 1 July 2017 £000	53 week period ended 2 July 2016 £000
Profit/(loss) for the year	-	15,000
Total tax expense	-	-
Profit/(loss) on ordinary activities before tax	-	15,000
Tax using the UK tax rate of 20% *(2016: 20.00%)*	-	(3,000)
Expenses not deductible for tax purposes	-	3,000
Tax losses carried forward	-	-
Total tax charge (see above)	-	-

There is an unrecognised deferred tax asset of £449,415 *(2016: £497,700)* which has not been recognised on the basis that future recovery is uncertain. Reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction in the UK corporation tax to 17% from 1 April 2020 was announced in the Budget on 16 March and substantively enacted on 6 September 2016 The company's deferred tax has been calculated at 17% accordingly.

Notes *(continued)*

5 Investments

	1 July 2017 £000	2 July 2016 £000
Shares in subsidiary undertakings at cost and net book value	24,444	24,444

The company owns 100% of the issued share capital of Fletchers Bakeries Limited, a company incorporated in the United Kingdom. Its principal activity is the manufacture of bread and bakery products for the retail and food service markets.

6 Creditors: amounts falling due within one year

	1 July 2017 £000	2 July 2016 £000
Amounts owed to subsidiary undertakings	10,308	10,308

Amounts owed to subsidiary undertakings are non-interest bearing and repayable on demand.

7 Called up share capital

	1 July 2017 £	2 July 2016 £
Allotted, called up and fully paid		
87,000 ordinary shares of £0.01 each	870	870

8 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company and controlling party is Finsbury Food Group Plc, a company incorporated in Great Britain. The largest and smallest group which includes the company and for which group financial statements are prepared is Finsbury Food Group Plc.

Consolidated Group accounts are available from:

Finsbury Food Group Plc
Maes-y-coed Road
Cardiff
CF14 4XR.

Notes *(continued)*

9 Related party disclosures

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to related party transactions. There are no other transactions with directors further to director remuneration disclosed in note 3.