Company Registration No. 08409621

WARBURTONS 1876 LIMITED

Annual Report and Financial Statements

For the 52 week period ended 29 September 2018



ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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COMPANY OFFICERS

DIRECTORS

Jonathan Warburton
W. Brett Warburton
W. Ross Warburton

SECRETARY

John Healey

REGISTERED OFFICE

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Lancashire
BL1 8HJ

BANKERS

Natwest
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Bolton
Lancashire
BL1 1BN

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M60 2AT
United Kingdom

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group is the production and distribution of bakery products. There have not been any significant changes in the Company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next period.

Business review

In the period under review the Group has recorded a loss. This is due to both a decline in revenue in the underlying business and exceptional costs of £15.8m (see note 25). The wrapped bakery market remains very competitive with the continuing decline in the core market compounded this period by increased input costs. Growth in new product ranges has not offset the decline in established core ranges and full recovery of the additional input costs remains challenging. The exceptional cost charges relate to the closure of production lines where we had excess capacity as we continue to reshape the business for the future.

The Group continues to focus on the quality of product and service supported by the continued development of new product ranges. Investment is focused on enhancing our capability to meet changing consumer trends. This continuing innovation and investment in new capability will ensure we are well placed for future progress.

On 30 November 2017 the Warburtons Limited Pension and Life Assurance Plan ("WPLAP") was de-sectionalised and the wind up of the Warburtons Executive Retirement Benefits Scheme ("WERBS") was completed on 27 February 2018 confirming the termination of WERBS on 5 October 2017. Refer to note 22 to the financial statements for more information.

Information regarding the going concern basis of preparation is disclosed in the Statement of Accounting Policies on page 17.

Results and Financial Performance

The results and financial position for the period are set out in the financial statements commencing on page 10.

Turnover was £517.7 million for the period (2017: £551.8 million) and loss before tax was £6.6 million (2017: profit £24.6 million).

As at 29 September 2018 the net assets of the Group were £350.9 million (2017: £374.5 million). Net assets have decreased due to a number of impaired assets which have been recognised during the year (see note 25). Fixed assets additions in the period totalled £27.4 million (2017: £24.0 million).

The average number of employees in the period was 4,735 (2017: 4,937). The average number of employees within the group has fallen as a result of restructuring which has taken place during the period (see note 25).

Risks and uncertainties

The Warburtons business operates largely in the very competitive Great Britain grocery market. In order to manage this we continue to develop our brand and strengthen our category management expertise.

The Company is exposed to commodity markets, principally wheat, energy and foreign currency. The level of volatility remains significant within these cost areas and with the consumer environment remaining challenging cost recovery is difficult. The Board considers the processes we have in place for managing risk in these areas to be appropriate.

Certain loans held by the Group are subject to financial covenants. The directors regularly review compliance with the covenants and maintain strong relationships with the Group's finance providers in order to minimise any associated risks.

Exposure to interest rate, commodities and foreign currency risk is managed through a comprehensive hedging policy. Details of the financial instruments held at the period end are disclosed in note 17.

On 23 June 2016 the United Kingdom voted to leave the European Union. In light of the referendum there remains a degree of uncertainty surrounding the long term implications of 'Brexit' and the impact this will have. Both political and market volatility at this stage remains uncertain.

The directors will continue to review the nature and extent of the risks and uncertainties arising from the result of the referendum and the potential impact this may have on the both the operations and performance of the business.

STRATEGIC REPORT (continued)

PRINCIPAL ACTIVITY AND BUSINESS REVIEW (continued)

Risks and uncertainties (continued)

Given the current turbulent economic environment the Board continues to ensure full risk assessment is a key part of all decision making.

FUTURE DEVELOPMENTS

The directors expect the general level of activity to remain broadly consistent with the current performance in the forthcoming period. The continued development of new product ranges and focus on quality and service levels are anticipated to compensate for the expected continuing decline in the overall wrapped bakery market.

CHARITABLE CONTRIBUTIONS / FINANCIAL GIVING POLICY

The Group contributed £516,400 (2017: £461,000) during the period to our community and charitable grants programme, distributed substantially through our charitable partner the Charities Aid Foundation, in line with our Financial Giving Policy available on our website at http://www.warburtons.co.uk/corporate/responsibility/best-for-the-community/financial-giving.

Warburtons is committed to operating in a socially responsible manner within its local communities. As a family business, the Group has a strong track record of community investment delivered through our Families Matter strategy.

The Group works closely with the Charities Aid Foundation and the British Nutrition Foundation and is a member of Business in the Community. Warburtons provides support in a number of ways including grants, our national school visitors' programmes, product donation, volunteering, matched funding, fundraising and payroll giving.

CORPORATE RESPONSIBILITY

The Group takes its responsibilities to wider society seriously and supports the development of a sustainable and socially responsible business model, underpinned by a set of values that guide our behaviours.

Our new sustainability strategy focuses on two main pillars, namely carbon and waste management under our environmental pillar; and sustainable supply, employee health & wellbeing and community investment under our societal pillar. Together these work streams demonstrate tangibly our values driven approach, ensuring that we recognise and manage positively the impact of the Group on the environment and society.

Approved by the Board of Directors
and signed on behalf of the Board

J. Warburton
Director
18 December 2018

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company and the Group, together with the financial statements and auditor's report, for the 52 week period ended 29 September 2018.

RESULTS AND DIVIDENDS

Results, dividends and recommended transfers to reserves are as follows:

	Profit and loss account £'000
At 30 September 2017	6,833
Loss for the period	(9,996)
Dividends paid	(14,708)
Actuarial gain relating to the pension scheme, net of tax	1,146
Retained loss at 29 September 2018	(16,725)

During the period, the Company paid interim dividends of £14.7 million (2017: £14.7 million) (see note 6). Post 29 September 2018, the Company has not proposed or paid any dividends.

Further details on the Group's results and financial position are given in the Strategic Report.

DIRECTORS

The directors are as noted on page 1 and served throughout the period and thereafter.

EMPLOYEES

The Group has a Health and Safety Policy, Health and Wellbeing Policy and a Diversity Policy in place.

DISABLED EMPLOYEES

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 with the Group continues and that 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 practicable, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DIRECTORS' INDEMNITIES

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

GOING CONCERN

Information regarding the going concern basis of preparation is disclosed in the Statement of Accounting Policies on page 17.

DIRECTORS' REPORT (continued)

FUTURE DEVELOPMENTS

Details of the future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

RESEARCH AND DEVELOPMENT

Applied research and development work continues to be directed towards the introduction of new and improved products, the application of new technology to reduce unit and operating costs and to improve service to customers.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and diesel prices. The Group uses foreign exchange forward contracts and diesel swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group maintains long-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given, and shall be interpreted in accordance with, s418 of the Companies Act 2006.

The Directors intend to run a tender process.

Approved by the Board of Directors
and signed on behalf of the Board



J. Warburton
Director
18 December 2018

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 period. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Parent Company 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARBURTONS 1876 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Warburtons 1876 Limited ('the parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 29 September 2018 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of total comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including The Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARBURTONS 1876 LIMITED

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 respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARBURTONS 1876 LIMITED

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.



Jane Boardman BSc FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
18 December 2018

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the 52 week period ended 29 September 2018

	Note	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
TURNOVER	1	517,665	551,816
Other operating income		1,342	3,448
		519,007	555,264
Raw material and consumable costs		(153,224)	(160,812)
Other external costs		(107,382)	(114,354)
Exceptional external charges	25	(7,162)	-
		(267,768)	(275,166)
Staff costs	2	(194,063)	(195,838)
Depreciation, amortisation and impairment expenses		(46,077)	(48,403)
Exceptional depreciation and impairment charges	25	(8,614)	-
Other operating charges		(3,908)	(3,757)
		(252,662)	(247,998)
Operating profit before exceptional items		14,353	32,100
Total exceptional items	25	(15,776)	-
OPERATING (LOSS)/PROFIT		(1,423)	32,100
Share of results of associated undertakings		19	14
(LOSS)/PROFIT BEFORE FINANCE CHARGES		(1,404)	32,114
Finance charges (net)	3	(5,233)	(7,472)
(LOSS)/PROFIT BEFORE TAXATION	4	(6,637)	24,642
Tax on (loss)/profit	5	(3,359)	(8,932)
(LOSS)/PROFIT,AFTER TAXATION		(9,996)	15,710

All activity arose from continuing operations.

The accompanying accounting policies and notes are an integral part of this consolidated profit and loss account.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the 52 week period ended 29 September 2018

	Note	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
(Loss)/profit for the financial period		(9,996)	15,710
Other comprehensive (loss)/income			
Losses arising during the period on cash flow hedges	18	-	944
Actuarial remeasurement of net defined benefit liability	22	1,200	36,200
Tax relating to components of other comprehensive income		(54)	(6,839)
Total comprehensive (loss)/ income		(8,850)	46,015

All amounts are attributable to the equity shareholders of the Company.

The accompanying accounting policies and notes are an integral part of this consolidated statement of total comprehensive income.

CONSOLIDATED BALANCE SHEET
As at 29 September 2018

	Note	30 September 2018 £'000	30 September 2017 £'000
FIXED ASSETS			
Goodwill	7	239,979	256,644
Tangible assets	8	197,332	210,329
Investments	9	192	172
		437,503	467,145
CURRENT ASSETS			
Stocks	10	5,411	6,274
Debtors	11	88,323	93,626
Current asset investments	12	1,675	1,675
Cash at bank and in hand		72,543	61,777
		167,952	163,352
CREDITORS: amounts falling due within one year	13	(77,476)	(78,031)
NET CURRENT ASSETS		90,476	85,321
TOTAL ASSETS LESS CURRENT LIABILITIES		527,979	552,466
CREDITORS: amounts falling due after one year	14	(132,115)	(130,378)
PROVISIONS FOR LIABILITIES	16	(8,855)	(10,921)
NET ASSETS EXCLUDING PENSION DEFICIT		387,009	411,167
Pension deficit	22	(36,083)	(36,683)
NET ASSETS		350,926	374,484
CAPITAL AND RESERVES			
Called-up share capital	19	15	15
Share premium account		367,636	367,636
Profit and loss account		(16,725)	6,833
SHAREHOLDERS' FUNDS		350,926	374,484

The consolidated financial statements of Warburtons 1876 Limited, registered number 08409621, on pages 10 to 45 were approved by the Board of Directors and signed on its behalf by:

J. Warburton
Director
18 December 2018

The accompanying accounting policies and notes are an integral part of this consolidated balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 29 September 2018

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At 24 September 2016	15	367,636	(23,579)	(895)	343,177
Profit for the financial period	-	-	15,710	-	15,710
Hedges of foreign exchange risk (see note 17)	-	-	-	944	944
Actuarial remeasurement of net defined benefit liability	-	-	36,200	-	36,200
Tax relating to items of other comprehensive income	-	-	(6,790)	(49)	(6,839)
Total comprehensive income	-	-	45,120	895	46,015
Dividends paid on equity shares (see note 6)	-	-	(14,708)	-	(14,708)
At 30 September 2017	15	367,636	6,833	-	374,484
Loss for the financial period	-	-	(9,996)	-	(9,996)
Actuarial remeasurement of net defined benefit liability	-	-	1,200	-	1,200
Tax relating to items of other comprehensive income	-	-	(54)	-	(54)
Total comprehensive expense	-	-	(8,850)	-	(8,850)
Dividends paid on equity shares (see note 6)	-	-	(14,708)	-	(14,708)
At 29 September 2018	15	367,636	(16,725)	-	350,926

The accompanying accounting policies and notes are an integral part of this consolidated statement of changes in equity.

COMPANY BALANCE SHEET
As at 29 September 2018

	Note	29 September 2018 £'000	30 September 2017 £'000
FIXED ASSETS			
Investments	9	439,931	439,931
CURRENT ASSETS			
Debtors	11	145,339	93,018
Cash at bank and in hand		7	17
		145,346	93,035
CREDITORS: amounts falling due within one year	13	(1,749)	(1,739)
NET CURRENT ASSETS		143,597	91,296
TOTAL ASSETS LESS CURRENT LIABILITIES		583,528	531,227
CREDITORS: amounts falling due after one year	14	(132,115)	(130,378)
PROVISIONS FOR LIABILITIES	16	-	-
NET ASSETS		451,413	400,849
CAPITAL AND RESERVES			
Called-up share capital	19	15	15
Share premium account		367,636	367,636
Hedging reserve		-	-
Profit and loss account		83,762	33,198
SHAREHOLDERS' FUNDS		451,413	400,849

The loss for the 52 week period ended 29 September 2018 dealt with in the financial statements of the Company was £4.7 million (2017: loss £5.5 million).

The financial statements of Warburtons 1876 Limited, registered number 08409621, on pages 10 to 45 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

J. Warburton
Director
18 December 2018

The accompanying accounting policies and notes are an integral part of this Company balance sheet.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the 52 week period ended 29 September 2018

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At 24 September 2016	15	367,636	53,410	(3,834)	417,227
Loss for the financial period	-	-	(5,504)	-	(5,504)
Hedges of foreign exchange risk (see note 17)	-	-	-	944	944
Novation of swap	-	-	-	3,673	3,673
Tax relating to items of other comprehensive income/(loss)	-	-	-	(783)	(783)
Total comprehensive income/(loss)	-	-	(5,504)	3,834	(1,670)
Dividends paid on equity shares (see note 6)	-	-	(14,708)	-	(14,708)
At 30 September 2017	15	367,636	33,198	-	400,849
Loss for the financial period	-	-	(4,728)	-	(4,728)
Total comprehensive income/(loss)	-	-	28,470	-	396,121
Dividends received	-	-	70,000	-	70,000
Dividends paid on equity shares (see note 6)	-	-	(14,708)	-	(14,708)
At 29 September 2018	15	367,636	83,762	-	451,413

The accompanying accounting policies and notes are an integral part of this Company statement of changes in equity.

CONSOLIDATED CASH FLOW STATEMENT
For the 52 week period ended 29 September 2018

	Note	52 weeks to 29 September 2018 £'000	53 weeks to 30 September 2017 £'000
Net cash flows from operating activities	20	56,676	44,981
Cash flows from investing activities			
Proceeds from sale of equipment		181	3,182
Purchase of equipment		(27,337)	(24,060)
Interest paid		(4,046)	(4,413)
Net cash flows used in investing activities		(31,202)	(25,291)
Cash flows from financing activities			
Dividends paid		(14,708)	(14,708)
Net cash flows used in financing activities		(14,708)	(14,708)
Net increase in cash and cash equivalents		10,766	4,982
Cash and cash equivalents at beginning of period		61,777	56,795
Cash and cash equivalents at end of period		72,543	61,777

STATEMENT OF ACCOUNTING POLICIES
For the 52 week period ended 29 September 2018

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and prior period.

Basis of accounting

Warburtons 1876 Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2-3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Accounting period

For all Group companies, every accounting period ends on a Saturday which falls before, or on, 30 September, resulting in an accounting period of either 52 or 53 weeks.

Going concern

The Group continues to operate in an increasingly competitive market; driven by ever changing consumer trends and an improving but still uncertain economic environment. Effective risk management has enabled the Group to achieve a trading result in line with plans. The Group remains exposed to volatility in commodity markets and foreign exchange movements but as highlighted in the Strategic Report the Group has processes in place for managing these risks.

The Group manages its working capital on a pooled basis and has secured bank facilities through to March 2021 and has issued loan notes repayable in three tranches in April 2020, April 2023 and April 2025. The Group has prepared detailed forecasts for a period of at least 12 months from the approval of these financial statements and, taking account of reasonably possible changes in trading performance, these forecasts demonstrate sufficient headroom on banking facilities and covenants. Therefore the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to the last Saturday in September each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

The Company has one indirect subsidiary undertaking which is not considered to be material by the directors and therefore this has been excluded from the consolidated financial statements.

The loss for the 52 week period ended 29 September 2018 dealt with in the financial statements of the Company was £4.7m (2017: loss £5.5 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Parent Company.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life, which is between 5 and 20 years. Provision is made for any impairment.

STATEMENT OF ACCOUNTING POLICIES (continued)
For the 52 week period ended 29 September 2018

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all fully commissioned tangible fixed assets, other than land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, which is as follows:

Freehold buildings	50 years
Long leasehold buildings	50 years
Short leasehold buildings	Term of the lease
Plant and machinery	5-15 years
Motor vehicles	3-10 years

Residual values of fixed assets are calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of profit for the financial period.

Investments

Fixed asset investments are shown at cost less provisions for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Associates

In the Group financial statements, the investment in the associate is accounted for using the equity method. The consolidated profit and loss account includes the Group's share of the associate's profits less losses while the Group's share of the net liabilities of the associate is shown in the consolidated balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated as a weighted average based on invoices received. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Pension costs

The Group provides a defined benefit section including both funded and unfunded schemes. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other financial costs or credits adjacent to interest, or in other comprehensive income. Actuarial gains and losses are recognised immediately in the statement of total comprehensive income.

STATEMENT OF ACCOUNTING POLICIES (continued)
For the 52 week period ended 29 September 2018

Pension costs (continued)

Part of the defined benefit section is funded, with the assets held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, is presented separately after other net assets on the face of the balance sheet.

The Group provides an unfunded top-up pension obligation. In accordance with Section 28 of FRS 102 "Employee benefits" this is accounted for as a post-employment benefit and to the extent that the benefits have already vested the cost has been accounted for as a past service. The valuation of the scheme follows the method adopted for the funded part of the defined benefit section above.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Where a derivative financial instrument has been designated as a hedging instrument the movement arising from the effect of exchange rate movements is recognised as a movement within reserves.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see above) which are recognised in other comprehensive income.

Turnover

Turnover comprises the value of sales (excluding VAT, similar taxes, trade discounts and intra-divisional transactions) of goods and services provided in the normal course of business. Revenue is recognised when the goods are despatched, which is the same day on which the goods are delivered and hence is the point at which the risks and rewards of ownership pass to the buyer.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other operating income

Other operating income comprises income received which is not generated in the normal course of business.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on future lease commitments is given in note 21.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

STATEMENT OF ACCOUNTING POLICIES (continued)
For the 52 week period ended 29 September 2018

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Financial instruments

Financial assets and financial liabilities are recognised when the Group (or Company) becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of

STATEMENT OF ACCOUNTING POLICIES (continued)
For the 52 week period ended 29 September 2018

Financial instruments (continued)

ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and diesel price movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting 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.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(v) Hedge accounting

The Group designates certain derivatives as hedging instruments in cash flow hedges and fair value hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Exceptional items

The Group presents certain items separately as 'exceptional'. These are items which in management's judgement should be disclosed separately by virtue of their size and or nature.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are presented above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

STATEMENT OF ACCOUNTING POLICIES (continued)
For the 52 week period ended 29 September 2018

Critical accounting judgements and key sources of estimation uncertainty (continued)

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting judgement - revenue recognition

Revenue is stated after deduction of discounts given or expected to be given. The value of these vary depending on contractual arrangements with individual customers. There are two main types of discounts given:

a) Volume-related discounts given for achieving sales targets within a contracted period; and
b) Promotional, marketing and other allowances to support specific promotional activity.

Accruals are made at the time of sale for the estimated level of discounts payable based on: the expected sales to the customer during the period to which the discount relates, historical experience and market information. There is an element of judgement applied to the level of achieved sales within volume-related overriders.

Revenue for the 52 week period ended 29 September 2018 was £517.7million (53 weeks ended 30 September 2017: £551.8 million).

Key source of estimation uncertainty – impairment of fixed assets

Determining whether fixed assets are impaired requires firstly a review of the period to assess whether there have been any trigger events or indicators of impairment, and then an estimation of the value in use of the assets to the Group. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the relevant asset and a suitable discount rate in order to calculate present value.

Impairment is assessed at the level of individual cash-generating units ("CGUs") defined as the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Future cash flows are estimated by applying assumptions to budget sales, production costs and overheads over a five year period and applying a growth rate to the forecasted cash flow following the fifth year up to the end of the expected useful life of the asset in question.

Cash flows are discounted using a discount rate based on the Group's weighted average cost of capital. This rate is affected by estimates of interest rates, equity returns and industry and country-related risks.

At 29 September 2018 the carrying value of tangible fixed assets was £197.3m (2017: £210.3 million). Based on a consideration of events in the year and anticipated future cash flows arising from use of the assets no impairment of the asset base is deemed necessary.

Key source of estimation uncertainty - pensions and other post-employment benefits

The Group is a participating employer in two funded defined benefit pension schemes, which are closed to future accrual, the assets of which are held in separate trustee administered funds.

The cost of defined benefit pension schemes is determined based on actuarial valuations that are carried out on a triennial basis. In the intervening periods the actuarial valuation is updated at each period end by a qualified actuary based on assumptions about the future concerning inflation, mortality rates, future salary growth and increases to pension benefits.

STATEMENT OF ACCOUNTING POLICIES (continued)
For the 52 week period ended 29 September 2018

Critical accounting judgements and key sources of estimation uncertainty (continued)

Key source of estimation uncertainty - pensions and other post-employment benefits (continued)

At 29 September 2018 the fair value of scheme assets across all schemes was £369.3million (2017: £375.9 million). The scheme assets consist largely of securities and managed funds whose values are subject to fluctuations in market conditions.

Changes in the actuarial assumptions underlying the benefit obligation, changes in the discount rate applicable to the benefit obligation and the effect of differences between he expected and actual return on the scheme assets are classed as actuarial gains or losses and are recognised within other comprehensive income. During the 52 weeks to 29 September 2018 the Group recognised an actuarial gain net of taxation of £1.1million (2017: gain £30.0 million).

An analysis of the assumptions used to determine the defined benefit obligation recognised in the period is given in note 22. Sensitivities within these assumptions are considered by management in forming their judgement on the level of the defined benefit obligation.

Key source of estimation uncertainty - self-insurance

The company sets aside monies to provide for losses that occur from employee claims and accidents involving the Group's vehicle fleet. The scheme is underwritten by the Group's external insurers. The level of provision required is assessed based on information obtained from the Group's insurers regarding the number of and size of claims received during the period, and historical experience of the level of claims received in previous financial periods.

At 29 September 2018 the value provided against claims was £2.9m (2017: £4.6 million).

Key source of estimation uncertainty - fair value of derivative financial instruments

The Group enters into derivatives financial instruments in order to hedge against market and currency movements in relation to the loans held by the Group and in the purchase of diesel. These are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

At the reporting date the fair values of these instruments is obtained through valuation statements obtained from the Group's banking partners.

For valuations of the derivative financial instruments at 29 September 2018 please refer to note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 29 September 2018

1. TURNOVER AND OPERATING PROFIT

Turnover and operating profit are attributable to one activity, the production and distribution of bakery products, and arise within the United Kingdom.

2. STAFF COSTS

The average monthly number of persons employed by the Group (including executive directors) during the period was as follows:

	52 weeks ended 29 September 2018 Number Employed	53 weeks ended 30 September 2017 Number Employed
Production	2,084	2,297
Distribution	2,141	2,124
Administration	517	516
	4,742	4,937

	£'000	£'000
Employee costs for the Group amounted to:		
Wages and salaries	166,756	169,638
Social security costs	17,338	16,796
Other pension costs	9,969	9,404
	194,063	195,838

The Company does not have any employees (2017: same).

Directors' remuneration

The remuneration of the directors was as follows:

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
Emoluments	2,764	2,858

Pensions

The number of directors who were members of defined benefit pension schemes was 3 (2017: 3).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

2. STAFF COSTS (continued)

Highest-paid director

The amounts for remuneration include the following in respect of the highest paid director:

	52 weeks ended 29 September 2018 £'000	53 weeks ended 24 September 2017 £'000
Emoluments	1,754	1,465

The accrued pension entitlement under the Group's defined benefit scheme of the highest paid director at 29 September 2018 was £nil per annum (2017: £nil).

The accrued pension entitlement under the Group's unfunded pension scheme of the highest paid director at 29 September 2018 was £381,131 per annum (2017: £368,000).

3. FINANCE CHARGES (NET)

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
Bank loans and overdrafts	4,177	4,410
Amortisation of debt issue costs	156	156
Other interest payable/(receivable)	23	(79)
Other finance income – net interest on defined benefit liability (see note 22)	1,000	1,800
Losses on diesel commodity forward contracts (see note 18)	31	112
Gains on forward foreign currency contracts (see note 18)	(333)	(30)
Other foreign exchange movements	179	1,103
	5,233	7,472

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit on before taxation is stated after charging/(crediting):

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
Depreciation of tangible fixed assets:		
- owned	29,412	31,604
Amortisation of goodwill	16,665	16,800
Research and development expenses	1,557	1,676
Tax credits received on research and development expense	-	(680)
Operating lease rentals		
- land and buildings	2,099	2,820
- plant and machinery	1,639	1,863
- vehicle leasing expenses	1,892	1,812
Loss/(profit) on disposal of fixed assets	805	(1,185)
Exceptional items - Stockton bread plant closure	5,703	-
- Asset impairments	4,959	-
- Plant and machinery removal costs	1,054	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

4. (LOSS)/PROFIT ON BEFORE TAXATION (continued)

Exceptional items - Other restructuring	1,124	-
- Giles Foods net asset write off	2,936	-

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts:	10	10
Fees payable to the Company's auditor for other services to the Group:		
- the audit of the Company's subsidiaries pursuant to legislation	160	147
Total audit fees for the audit of the Group's financial statements	170	157
Other services pursuant to legislation:		
- tax advisory services	-	-
- other assurance services	8	-
Total non-audit fees	8	-
Fees payable to the Company's auditor in respect of associated pension schemes	22	-
Total	200	157

5. TAX ON (LOSS)/PROFIT

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
Current tax		
UK corporation tax	4,868	8,781
Adjustments in respect of prior years	105	226
Total current tax	4,973	9,007
Deferred tax		
Origination and reversal of timing differences	(1,592)	(205)
Adjustments in respect of prior years	(22)	130
Total deferred tax credit	(1,614)	(75)
Total tax charge on (loss)/profit	3,359	8,932

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

5. TAX ON (LOSS)/PROFIT (continued)

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax are as follows:

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
(Loss)/profit before tax	(6,637)	24,642
Tax on (loss)/profit on at standard UK corporation tax rate of 19% (2017: 19.5%)	(1,261)	4,805
Effects of:		
Expenses not deductible for tax	3,590	3,973
Timing differences not recognised	318	-
Deferred tax not recognised	418	(322)
Adjustments in respect of prior years	105	226
Adjustments to deferred tax in respect of prior years	(22)	130
Effect of change in tax rates	211	120
Total tax charge	3,359	8,932

The UK government has announced it intends to further reduce the rate of corporation tax to 17% from 1 April 2020, which was approved by the House of Commons on 15 September 2016. A further reduction to the rate of corporation tax to 19% was effective from 1 April 2017. The impact of the change is reflected in the tax provisions reported in these financial statements.

The net deferred tax expected to reverse during the year ending 28 September 2019 is anticipated to be immaterial.

6. DIVIDENDS PAID AND PROPOSED ON SHARES

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
Ordinary shares		
- interim dividend paid of £10.00 per share (2017: £10.00)	14,708	14,708
	14,708	14,708

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

7. INTANGIBLE FIXED ASSETS – GOODWILL

Group	Goodwill £'000
Cost	
At 30 September 2017 and at 29 September 2018	338,292
Amortisation	
At 30 September 2017	81,648
Charge for the period	16,665
At 29 September 2018	98,313
Net book value	
At 30 September 2017	256,644
At 29 September 2018	239,979

8. TANGIBLE FIXED ASSETS

	Land and buildings					
Group	Freehold £'000	Long leasehold £'000	Short leasehold £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost						
At 30 September 2017	92,493	1,294	3,873	366,960	47,551	512,171
Additions	1,874	152	122	19,141	6,089	27,378
Disposals	(13)	-	-	(7,970)	(4,580)	(12,563)
Reclassification of prior year impairment	-	-	-	4,302	-	4,302
Impairment	-	-	(378)	(3,398)	-	(3,776)
At 29 September 2018	94,354	1,446	3,617	379,035	49,060	527,512
Depreciation and provisions for impairment						
At 30 September 2017	30,827	219	2,643	243,294	24,859	301,842
Charge for the period	2,723	58	237	21,975	4,419	29,412
Disposals	(6)	-	-	(7,178)	(4,545)	(11,729)
Reclassification of prior year impairment	-	-	-	4,302	-	4,302
Impairment	1,614	-	(144)	4,883	-	6,353
At 29 September 2018	35,158	277	2,736	267,276	24,733	330,180
Net book value						
At 30 September 2017	61,666	1,075	1,230	123,666	22,692	210,329
At 29 September 2018	59,196	1,169	881	111,759	24,327	197,332

At the period end, the Company fixed asset balance includes £15,369,511 (2017: £8,369,250) of assets that are in the course of construction and are not subject to depreciation. The cost of freehold land which is also not depreciated is £23,223,783 (2017: £22,929,159). The above fixed assets do not include any items under finance leases. A reclassification of impairment has been made to correct the presentation of previous impairments made by recognising the impairment provision in this note in aggregate with depreciation, rather than against cost. Refer to note 25 for further details on the impairment of Giles Foods Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

9. FIXED ASSET INVESTMENTS

The following are included in the net book value of fixed asset investments:

	29 September 2018		30 September 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Subsidiary undertakings	-	439,931	-	439,931
Associates	190	-	170	-
Other investments	2	-	2	-
	192	439,931	172	439,931

The parent Company and the Group have investments in the following subsidiary undertakings and associates which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of other investments which are not significant have been omitted. All shareholdings in subsidiary and associated undertakings are in ordinary shares.

Subsidiary	Country of Incorporation	Principal activity	Holding and voting power held
Warburtons Holdings Limited	England and Wales	Intermediate holding company	100%
Alliedtropic Limited	England and Wales	Holding company for trademarks	100%
Subsidiaries of Warburtons Holdings Limited			
Warburtons Limited	England and Wales	Production and distribution of branded bakery products	100%
Warburton Foods Limited	Canada	Technical services	100%
RBJ Foods Limited	England and Wales	Dormant	100%
Warburtons Asset Management Ltd	England and Wales	Dormant	100%
Burneys Limited	England and Wales	Production and distribution of bakery products	100%
Giles Foods Limited	England and Wales	Production and distribution of bakery products	100%
Associates of Warburtons Limited			
Bakers Basco Limited	England and Wales	Provision of baskets	20%

The subsidiary companies of Warburtons 1876 Limited, Warburtons Holdings Limited and Warburtons Limited are all registered at Back o'th'Bank House, Hereford Street, Bolton, Lancashire, BL1 8HJ with the exception of Warburton Foods Limited.

Warburton Foods Limited is registered at 2200 One Lombard Place, Winnipeg, Manitoba, Canada, R3B 0X7.

Warburton Foods Limited is excluded from consolidation as obtaining the information necessary to include the results within the Group results would lead to disproportionate expense and undue delay. The results of this company are highly immaterial in the context of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

10. STOCKS

The following are included in the net book value of stocks:

Group	29 September 2018 £'000	30 September 2017 £'000
Raw materials and consumables	4,565	5,385
Finished goods	846	889
	5,411	6,274

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

The value of stock expensed to the profit and loss account in the period was £170.1 million (2017: 173.6 million).

11. DEBTORS

The following are included in debtors:

	29 September 2018		30 September 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	67,627	-	72,274	-
Amounts due from subsidiary undertakings	-	138,399	-	87,450
VAT	2,774	-	5,598	-
Other debtors	27	-	9	-
Prepayments and accrued income	4,566	-	3,945	-
Deferred tax asset	6,234	230	6,336	187
Derivative financial assets (see note 18)	7,095	6,710	5,464	5,381
	88,323	145,339	93,626	93,018

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

12. CURRENT ASSET INVESTMENTS

Group	29 September 2018 £'000	30 September 2017 £'000
Unlisted investments	1,675	1,675

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following amounts are included in creditors falling due within one year:

	29 September 2018		30 September 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	23,396	-	21,139	-
UK corporation tax payable	549	-	3,324	-
Other taxation and social security	4,664	-	4,597	-
Other creditors	2,692	-	1,482	-
Accruals and deferred income	46,175	1,749	47,489	1,739
	77,476	1,749	78,031	1,739

Included within accruals and deferred income are amounts of £2.9 million (2017: £4.6 million) in relation to the self-insurance scheme for the Group's vehicle fleet. Please refer to the Statement of accounting policies on page 23 for more information.

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	29 September 2018		30 September 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans (see note 15)	132,115	132,115	130,378	130,378

15. BANK LOANS

	29 September 2018		30 September 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Loan notes (value at inception)	124,505	124,505	124,505	124,505
Less: issue costs thereon	(453)	(453)	(609)	(609)
Retranslation of notes denominated in foreign currency	8,063	8,063	6,482	6,482
	132,115	132,115	130,378	130,378

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

15. BANK LOANS (continued)

The loan notes balance is the amount drawn down in three separate tranches totalling £124.5 million in aggregate. The loan notes are repayable in full in three tranches, $75.0 million on 30 April 2020, £37.5 million on 30 April 2023 and £37.5 million on 30 April 2025. Interest is payable on the three tranches at 3.04%, 3.36% and 3.51% respectively. The loan notes are secured on certain fixed assets of the Group. A cross currency swap is in place to mitigate movements in foreign currency exchange rates; the fair value of the swap is included in note 11 as a derivative financial asset.

The Group RCF of £80 million is undrawn at 29 September 2018. This facility has a five year term through to 31 March 2021. Interest is payable of LIBOR + 0.25%-0.5% of the drawn balance. The RCF if drawn will be secured on certain fixed assets of the Group.

Borrowings are repayable as follows:

	29 September 2018		30 September 2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans and loan notes				
Less than 1 year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	57,568	57,568	55,987	55,987
After five years	75,000	75,000	75,000	75,000
Less: issue costs	(453)	(453)	(609)	(609)
	132,115	132,115	130,378	130,378

16. PROVISIONS FOR LIABILITIES

	Deferred taxation £'000	Restructuring Provision £'000	Property provision £'000	Total £'000
Group				
At 30 September 2017	10,145	740	36	10,921
(Credited) to profit and loss account	(1,614)	(740)	(36)	(2,390)
Charged to profit and loss account	-	-	324	324
At 29 September 2018	8,531	-	324	8,855

Deferred tax

Deferred tax is provided as follows:

	2018 £'000	2017 £'000
Group		
Accelerated capital allowances	8,629	10,263
Other timing differences	(98)	(118)
	8,531	10,145

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

16. PROVISIONS FOR LIABILITIES (continued)

The movement on the deferred taxation provision comprises:

	£'000
At 30 September 2017	10,145
Movement in the period	(1,614)
At 29 September 2018	8,531

The deferred tax asset arising in respect of the Group's defined benefit pension scheme is disclosed separately in notes 11 and 22.

	2018 £'000	2017 £'000
Company		
Deferred taxation asset relating to other timing differences	230	187

The movement on the deferred taxation provision comprises:

	£'000
At 30 September 2017	187
Credited to profit and loss account	43
At 29 September 2018	230

The deferred tax recognised within the company has been included within the debtors line on the balance sheet (see note 11).

Property provision

The movement in the property provision comprises:

	£'000
Group	
At 30 September 2017	36
Release of unused provision	(36)
Charged to profit and loss account	324
At 29 September 2018	324

The Group has provided for dilapidations in relation to operating leases entered into by certain subsidiary undertakings of another company in which the Group has an investment.

The Board has concluded that the exact amount will not be known until the leases come to an end and is therefore uncertain and in accordance with Section 21 of FRS 102, Provisions and Contingencies, a provision has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

17. FINANCIAL INSTRUMENTS

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	29 September 2018 £'000	30 September 2017 £'000	29 September 2018 £'000	30 September 2017 £'000
Financial assets				
Measured at fair value through profit and loss				
• Derivative financial assets (see note 18)	384	82	-	-
Measured at fair value and designated in an effective hedging relationship				
• Derivative financial assets (see note 18)	6,710	5,381	6,710	5,381
Measured at undiscounted amount receivable				
• Trade and other debtors (see note 11)	70,428	88,061	201,329	87,450
• Investment in associates (see note 9)	190	170	-	-
Equity instruments measured at cost less impairment				
• Fixed asset investments in unlisted equity instruments	2	2	439,931	439,931
• Current asset unlisted investments	1,675	1,675	-	-
	79,389	95,371	647,970	532,762
Financial liabilities				
Measured at fair value through profit and loss				
• Derivative financial liabilities (see note 18)	-	-	-	-
Measured at fair value and designated in an effective hedging relationship				
• Derivative financial liabilities (see note 18)	-	-	-	-
• Loans payable (see note 15)	(132,115)	(130,378)	(132,115)	(130,378)
Measured at amortised cost				
• Obligations under finance leases	-	-	-	-
Measured at undiscounted amount payable				
• Trade and other creditors (see note 13)	(77,476)	(74,711)	(1,749)	(1,740)
	(209,591)	(205,089)	(133,864)	(132,118)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

17. FINANCIAL INSTRUMENTS (continued)

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group		Company	
	52 weeks to 29 September 2018 £'000	53 weeks to 30 September 2017 £'000	52 weeks to 29 September 2018 £'000	53 weeks to 30 September 2017 £'000
Interest income and expense				
Total interest expense for financial liabilities at amortised cost	(4,203)	(5,590)	(4,770)	(5,691)
Fair value gains and losses				
On financial assets/(liabilities) (including listed investments) measured at fair value through profit or loss (see note 18)	384	82	-	-
On novation of cross currency swap contracts (see note 18)	-	-	-	(3,673)
On derivative financial assets designated in an effective hedging relationship (see note 18)	-	(944)	-	(944)

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Book and fair value	
	2018 £'000	2017 £'000
Group		
Derivatives that are designated and effective as hedging instruments carried at fair value		
Assets		
Cross currency swap contracts	6,710	5,381
Liabilities		
Cross currency swap contracts	-	-
Derivatives that are measured at fair value through profit and loss		
Assets		
Diesel commodity swap contracts	5	36
Forward foreign currency contracts	379	46
	384	82
Liabilities		
Diesel commodity swap contracts	-	-
Forward foreign currency contracts	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Book and fair value	
	2018	2017
	£'000	£'000
Company		
Derivatives that are designated and effective as hedging instruments carried at fair value		
Assets		
Cross currency swap contracts	6,710	5,381
Liabilities		
Cross currency swap contracts	-	-

Cross currency swap contracts and forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Diesel commodity forward contracts are valued using quoted diesel prices and yield curves derived from quoted diesel prices matching maturities of the contracts.

Group

Cross currency swap contracts

The following table details the cross currency swap contracts outstanding as at the period end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2018 GBP:USD	2017 GBP:USD	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Swap GB Pounds for US Dollars						
2 to 5 years	1:1.515	1:1.515	49,505	49,505	6,710	5,381

The Group has entered into loan notes denominated in US dollars. The Group has entered into a cross currency swap contracts to hedge the exchange rate risk arising from the contracted future transactions, which are designated as hedges of foreign exchange risk in a highly probable forecast transaction.

Losses of £nil (2017: losses of £944,000) were recognised in other comprehensive income for the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the period end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2018 GBP:USD	2017 GBP:USD	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Buy US Dollars						
Less than 12 months	1.3055	1.3590	10,831	9,519	379	46
	2018 GBP:CAD	**2017 GBP:CAD**	**2018 GBP:CAD**	**2017 GBP:CAD**	**2018 GBP:CAD**	**2017 GBP:CAD**
Buy Canadian Dollars						
Less than 3 months	-	-	-	-	-	-

The Group has entered into contracts to purchase goods denominated in US and Canadian Dollars. The Group has entered into forward foreign currency contracts to mitigate the exchange rate risk arising from the contracted future transactions.

Gains of £333,000 (2017: gains of £31,000) in excess of the fair value of hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss.

Diesel commodity forward contracts

The following table details the diesel commodity forward contracts outstanding as at the period end:

Outstanding contracts	Average contractual price		Notional value		Fair value	
	2018 £/litre	2017 £/litre	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Buy Diesel						
Less than 12 months	2.9053	3.4518	207	2,955	5	36

The Group has entered into contracts to purchase diesel in GB Pounds. The Group has entered into forward contracts to mitigate the contract risk arising from the contracted future transactions.

Losses of £31,000 (2017: Losses of £113,000) in excess of the fair value of hedging instruments over the change in the fair value of expected cash flows were recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Company

Cross currency swap contracts

The following table details the cross currency swap contracts outstanding as at the period end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2018 GBP:USD	2017 GBP:USD	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Swap GB Pounds for US Dollars						
2 to 5 years	1:1.515	1:1.515	49,505	49,505	6,710	5,381

The Company has entered into loan notes denominated in US dollars. The Company has entered into a cross currency swap contracts to hedge the exchange rate risk arising from the contracted future transactions, which are designated as hedges of foreign exchange risk in a highly probable forecast transaction.

Losses of £nil (2017: gains of £944,000) were recognised in other comprehensive income for the period. Losses of £1.4m (2017: £1.1m) were recognised in the profit and loss for the period.

On 26 September 2017 the cross currency swap previously held in Warburtons Holdings Limited was novated to the parent company Warburtons 1876 Limited in full at nil gain or loss.

19. CALLED-UP SHARE CAPITAL

A summary of the authorised and issued share capital at 29 September 2018 and 30 September 2017 is set out below:

	2018 Nominal value £'000	2018 Number	2017 Nominal value £'000	2017 Number
Ordinary shares, £0.01 each, allotted, called-up and fully paid	15	1,470,801	15	1,470,801

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

20. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO OPERATING CASH FLOWS

	52 weeks ended 29 September 2018 £'000	53 weeks ended 30 September 2017 £'000
(Loss)/profit on before finance charges	(1,404)	32,114
Depreciation, amortisation and impairment	54,691	48,403
Loss/(profit) on disposal of fixed assets	658	(1,185)
Corporation tax paid	(2,775)	(11,077)
(Increase)/decrease in stocks	(800)	135
Decrease in debtors	6,931	5,384
Increase/(decrease) in creditors	975	(29,415)
(Decrease)/increase in provisions	(1,600)	622
Net cash inflow from operating activities	56,676	44,981

21. FINANCIAL COMMITMENTS

(a) *Capital commitments*

At 29 September 2018, capital commitments were:

Group	2018 £'000	2017 £'000
PPE Contracted for but not provided for	7,003	1,897

(b) Non-cancellable operating leases

The total minimum future lease payments under non-cancellable operating leases are as follows:

	29 September 2018		30 September 2017	
	Property £'000	Other £'000	Property £'000	Other £'000
Group				
Operating leases due:				
- within 1 year	1,620	3,314	2,521	3,049
- within 2-5 years	4,209	7,427	6,218	9,078
- after 5 years	1,894	310	5,639	539
	7,723	11,051	14,378	12,666

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

22. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total charge in the period was £8,849,756 (2017: £8,235,261). There were contributions of £376,398 outstanding at 29 September 2018 (2017: £508,475).

Unfunded scheme

The Group provides an Unfunded Unapproved Retirement Benefit Scheme (UURBS) as a top-up pension promise relating to former active members of the Warburtons Executive Retirement Benefits Scheme (WERBS). In accordance with Section 28 of FRS 102 "Employee benefits" this is accounted for as a post-employment benefit and to the extent that the benefits have already vested the cost has been accounted for as a past service. The scheme was last assessed on 29 September 2018 by an independent qualified actuary using the Projected Unit Credit Method.

Defined benefit schemes

The Group participates in a defined benefit pension scheme, The Warburtons Limited Pension and Life Assurance Plan (WPLAP) which is closed to future accrual; the assets of which are held in separate trustee administered funds. The scheme is a funded scheme.

WPLAP was last assessed on 5 April 2016 by an independent qualified actuary using the Projected Unit Credit Method. The market value of the scheme's assets at the last valuation was £302.0 million, the value of which represented 89% of the members' accrued benefits allowing for future earnings increases. The main assumptions used were that the discount rate was the Market Implied Gilt Curve plus 2.0% (before retirement) and the Market Implied Gilt Curve plus 0.3% (after retirement) per annum, pensionable earnings increases were the RPI Inflation Curve plus 0.5% per annum and that inflation was the RPI Inflation Curve and the RPI Inflation Curve less 1.0% (CPI) per annum. WPLAP is closed to future accrual.

The actuarial valuations described above have been updated at 29 September 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of Section 28 of FRS 102. Investments have been valued, for this purpose, at fair value.

On 30 November 2017 WPLAP was de-sectionalised and the wind-up of the WERBS section of WPLAP was completed. A deed of termination relating to WERBS was completed on 27 February 2018 confirming the termination of WERBS on 5 October 2017.

The major assumptions used for the actuarial valuations of the schemes were:

	2018 %	2017 %
Discount rate	2.9	2.7
Inflation (RPI)	3.3	3.3
Salary growth (WPLAP)	3.8	3.8
Salary growth (WERBS)	-	3.3
Allowance for pension payment increase	2.10-3.10	2.10-3.10
Allowance for commutation of pension for cash at retirement	10-25% of pension	10-25% of pension

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

22. RETIREMENT BENEFIT SCHEMES (continued)

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	WPLAP valuation at		WERBS valuation at	
	2018 years	2017 years	2018 years	2017 years
Retiring today:				
Males	20.9	21.1	-	24.1
Females	23.0	23.3	-	25.1
Retiring in 20 years:				
Males	21.9	22.6	-	25.4
Females	24.3	24.8	-	26.6

Amounts recognised in total comprehensive income in respect of these defined benefit schemes are as follows:

	Combined		WPLAP		WERBS		UURBS	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Expenses of scheme	0.4	1.0	0.4	1.0	-	-	-	-
Current service cost	0.4	0.8	-	-	-	-	0.4	0.8
Net interest cost - after 5 years	1.0	1.8	-	1.4	-	-	1.0	0.4
Total expense recognised in profit and loss account	1.8	3.6	0.4	2.4	-	-	1.4	1.2
Recognised in other comprehensive income	1.8	3.6	0.4	2.4	-	-	1.4	1.2

The amount included in the actuarial remeasurement of the net defined benefit liability shown in other comprehensive income is as follows:

	Combined		WPLAP		WERBS		UURBS	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Return on scheme assets	(2.5)	(10.9)	(2.5)	(7.9)	-	(3.0)	-	-
Experience gains and (losses) on scheme liabilities	-	23.3	(0.1)	26.1	-	3.1	0.1	(5.9)
Change in scheme liabilities	21.7	33.8	19.9	31.6	-	-	1.8	2.2
Limit on recognition of surplus gain/(loss)	(18.0)	(10.0)	(18.0)	(10.4)	-	0.4	-	-
Net actuarial gains/(losses) shown in other comprehensive income	1.2	36.2	(0.7)	39.4	-	0.5	1.9	(3.7)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

22. RETIREMENT BENEFIT SCHEMES (continued)

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	Combined		WPLAP		WERBS		UURBS	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Present value of defined benefit obligations	(376.6)	(402.2)	(340.6)	(365.5)	-	-	(36.0)	(36.7)
Fair value of scheme assets	369.3	375.9	369.3	375.9	-	-	-	-
Surplus/(deficit) in plan	(7.3)	(26.3)	28.7	(10.4)	-	-	(36.0)	(36.7)
Unrecognised surplus	(28.7)	(10.4)	(28.7)	10.4	-	-	-	-
Net liability recognised in the balance sheet	(36.0)	(36.7)	-	-	-	-	(36.0)	(36.7)
Deferred tax asset arising on above (see note 11)	6.2	6.3	-	-	-	-	6.2	6.3

Movements in the present value of defined benefit obligations were as follows:

	Combined		WPLAP		WERBS		UURBS	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
At 30 September 2017	402.2	484.6	365.5	423.8	-	46.2	36.7	14.6
Service cost	0.4	0.8	-	-	-	-	0.4	0.8
Expenses	0.4	1.0	0.4	1.0	-	-	-	-
Interest cost	10.6	11.7	9.6	10.1	-	1.1	1.0	0.5
Actuarial gains and losses	(21.7)	(57.1)	(19.8)	(57.7)	-	(3.1)	(1.9)	3.7
Benefits paid	(15.2)	(11.9)	(15.1)	(11.7)	-	(0.2)	(0.1)	-
Liabilities extinguished on settlements	-	(44.0)	-	-	-	(44.0)	-	-
Losses due to benefit changes	-	17.1	-	-	-	-	-	17.1
At 29 September 2018	376.6	402.2	340.6	365.5	-	-	36.0	36.7

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

22. RETIREMENT BENEFIT SCHEMES (continued)

Movements in the fair value of scheme assets were as follows:

	Combined		WPLAP		WERBS		UURBS	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
At 30 September 2017	375.9	408.0	375.9	361.5	-	46.5	-	-
Interest income	9.9	10.0	9.9	8.8	-	1.2	-	-
Actuarial gains and losses	(2.5)	(10.9)	(2.5)	(7.9)	-	(3.0)	-	-
Contributions from the employer	1.2	7.6	1.1	6.3	-	1.3	0.1	-
Benefits paid	(15.2)	(11.9)	(15.1)	(11.7)	-	(0.2)	(0.1)	-
Assets acquired in scheme merger	-	-	-	18.9	-	(18.9)	-	-
Assets distributed on settlements	-	(26.9)	-	-	-	(26.9)	-	-
At 29 September 2018	369.3	375.9	369.3	375.9	-	-	-	-

The analysis of the scheme assets at the balance sheet date was as follows:

	Combined		WPLAP		WERBS		UURBS	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Equity	40.5	51.3	40.5	51.3	-	-	-	-
Index linked bonds	35.0	34.1	35.0	34.1	-	-	-	-
Diversified growth/ Liability Driven Investment funds	276.5	270.9	276.5	270.9	-	-	-	-
Cash and other	17.3	19.6	17.3	19.6	-	-	-	-
Total assets	369.3	375.9	369.3	375.9	-	-	-	-

23. RELATED PARTIES

Directors' transactions

The Company has taken advantage of the exemption included in FRS 102.33 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the Group.

The directors and their related parties received the following dividends from the Company in the current and prior period:

	2018 £'000	2017 £'000
J Warburton and related parties	2,342	2,342
W Brett Warburton and related parties	3,784	3,784
W Ross Warburton and related parties	5,485	5,485
	11,611	11,611

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

23. RELATED PARTIES (continued)

Other related party transactions

The total remuneration for key management personnel for the period totalled £3.8million (2017: £4.8 million) being remuneration for the directors of Warburtons Limited disclosed in the financial statements of that company. The directors do not consider there to be any other key management personnel requiring to be disclosed.

As disclosed in note 9, Warburtons Limited has a 20% interest in the share capital of Bakers Basco Limited. During the period, Warburtons Limited traded on an arm's length basis with Bakers Basco Limited. Total transactions for the period were purchases of £2,591,472 (2017: £2,804,302). The creditor balance outstanding at 29 September 2018 in respect of Bakers Basco Limited was £nil (2017: £242,747).

24. CONTROLLING PARTY

The directors are of the opinion that there is no ultimate controlling party.

25. EXCEPTIONAL ITEMS

	Depreciation and impairment (charges) £'000	Other external (charges) £'000	Total £'000
Period ended 29 September 2018			
Stockton bread plant closure	(3,655)	(2,048)	(5,703)
Asset impairment	(4,959)	-	(4,959)
P&M removal costs	-	(1,054)	(1,054)
Other restructuring	-	(1,124)	(1,124)
Giles Foods net asset write off	-	(2,936)	(2,936)
Total	(8,614)	(7,162)	(15,776)

On 31 July 2018 the Group announced entry into a consultation period with employees regarding a proposal to close the Stockton bread plant. As a result, at 29th September 2018 the Group has recognised provisions in respect of anticipated exceptional costs of £2,048,000 and fixed asset impairment charges of £3,655,000.

During the period ended 29th September 2018 the Group identified a number of assets as no longer required by the business and therefore recognised exceptional impairment charges of £4,959,000 in respect of exceptional external charges. Costs of removal of the impaired plant and machinery have also been recognised as an exceptional expense of £1,054,000. During the period the group also made some organisational changes which resulted in other exceptional restructuring expenses of £1,124,000.

During the period the Group deemed the net assets of Giles Foods Limited as irrecoverable and therefore recognised an impairment. An expense has been recognised in the profit and loss of £2,936,000 in relation to the write off of the net assets of Giles Foods Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 29 September 2018

26. POST BALANCE SHEET EVENT

On 26 October 2018, a high court ruling concluded that UK defined benefit pension schemes should equalise guaranteed minimum pension benefits for men and women, and provided guidance on acceptable methodologies for implementing such equalisation. Accordingly the Group is in the process of assessing the impact of this ruling on its defined benefit pension liabilities. Whilst detailed calculations are not yet available, it is expected that the impact on the majority of defined benefit pension schemes will be up to 3% of the gross scheme liabilities.