

Frank Roberts & Sons Limited

**Directors' report and financial
statements**

Registered number 170133

30 August 2014

TUESDAY



A47R34GG

A05

19/05/2015

#339

COMPANIES HOUSE

Contents

Strategic Report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Frank Roberts & Sons Limited	4
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Reconciliation of operating profit to operating cash flows	9
Reconciliation of net cash flow to movement in net cash	9
Statements of total recognised gains and losses	10
Reconciliations of movements in shareholders' funds	10
Notes	11

Strategic Report

Principal activities

The principal activities of the Group are the manufacture and distribution of bread, morning goods and confectionery.

Enhanced business review

During the year the Group operating profit, excluding prior year exceptional item, increased from £8.6m to £8.9m. The improved performance was driven primarily by an increase in volumes as the Group continued to grow its core business.

The main focus of the business continues to be to expand our share of the UK market by providing a range of high quality bakery products to a diverse customer base. The growth in sales during the year has been achieved through a combination of an expansion of our customer base and our product range.

In recognition of our growth in recent years, we have recently expanded our bread making capacity with our new bread plant becoming operational post year end. This investment will enable the business to continue its recent strong growth, delivering high quality products and customer service to both our existing and new customers.

The investment in our new bread plant was the main driver of the increase in our capital expenditure during the period. This resulted in a reduction in the net cash held at the end of the year from £9.3m to £6.2m.

Details of the results for the year are given in the consolidated profit and loss account on page 6.

Key performance indicators

The Group continues to invest in management information systems and regularly uses a comprehensive range of performance measures to monitor and manage the business. Key performance indicators include sales revenue, operating profit, cash flow from operating activities and headcount. The key performance indicators for the year are shown below with prior year comparatives.

	2014	2013	% Change
Sales Revenue	£93.7m	£88.8m	+6%
Operating profit before exceptional item	£8.9m	£8.6m	+3%
Operating Cash Flow	£12.7m	£10.0m	+27%
Headcount (average)	856	855	0%

Principal risks & uncertainties

The principal risks to the business continue to be the underlying economic climate, commodity inflation, the threat of competition and pressure on margins from both a supplier and customer perspective. Whilst there are signs of an economic recovery, the current economic situation continues to create uncertainty and financial pressures for consumers in the UK.

During this period of uncertainty, the Group continues to benefit from its strategy of maintaining a versatile product range and alternative routes to market which mitigates risk and has once again resulted in a solid performance from its core business during the year.

We will continue to build on our long term relationships with key suppliers and customers in order to maintain quality, manage margin pressure and drive market share where possible.

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 August 2014.

Dividends

Dividends paid during the year on ordinary shares comprise interim and final dividends in respect of the year ended 30 August 2014 of £2,008,860 (2013: £1,865,370) being £140 (2013: £130) per share.

Directors

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

J C Roberts
M L Occleston
M F Roberts
P W Roberts
M J Braddock (resigned 1 May 2014)
J W T Mustoe (resigned 21 November 2013)
R W Stott
A A Wright
B L Cooper
R C Higginson (appointed 9 December 2013)

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Employees

It is the policy of the directors to ensure that continued employment is offered to employees who become temporarily or permanently disabled. Furthermore, it is policy to permanently employ a number of disabled persons in the Company with the same opportunities for advancement as other employees whilst recognising the special importance of health and safety in their employment.

It is the policy of the directors to keep employees informed on matters affecting their interests through normal management channels and due consideration is given to their interests in making management decisions.

Political and charitable donations

The Group made no political contributions during the year. Donations to UK charities amounted to £24,597 (2013: £28,104).

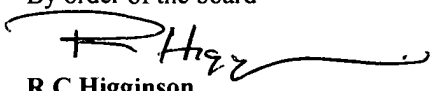
Disclosure of information to auditors

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


R C Higginson
Director
26 February 2015

Rudheath
Northwich
Cheshire
CW9 7RQ

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 their profit or loss for that period. In preparing the Group and Parent Company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditors' report to the members of Frank Roberts & Sons Limited

We have audited the financial statements of Frank Roberts & Sons Limited for the year ended 30 August 2014 set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 August 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Frank Roberts & Sons Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



Mick Davies (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

3/3/2015

Consolidated profit and loss account
for the year ended 30 August 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover from continuing operations		93,667	88,772
Change in stocks			
- before exceptional item		116	77
- exceptional item		-	(151)
		116	(74)
Raw materials and consumables		(33,966)	(34,508)
Staff costs		(28,850)	(25,301)
Depreciation and other amounts written off tangible fixed assets		(2,555)	(2,510)
Other operating charges			
- before exceptional item		(19,517)	(17,935)
- exceptional item		-	1,130
		(19,517)	(16,805)
Operating profit from continuing operations			
- operating profit before exceptional item		8,895	8,595
- exceptional item	3	-	979
		8,895	9,574
Interest receivable	6	33	72
Interest payable and similar charges	7	(55)	(55)
Other finance income net	8	40	19
Profit on ordinary activities before taxation		8,913	9,610
Tax on profit on ordinary activities	9	(1,970)	(2,170)
Profit on ordinary activities after taxation and profit for the financial year	20	6,943	7,440

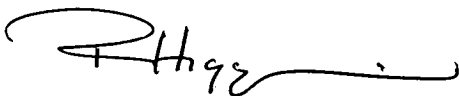
The notes on pages 11 – 27 form an integral part of these financial statements.

Consolidated balance sheet
at 30 August 2014

	<i>Note</i>	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Intangible assets	<i>11</i>		311		164
Tangible assets	<i>12</i>		33,974		24,958
			<hr/>		<hr/>
			34,285		25,122
Current assets					
Stocks	<i>14</i>	1,729		1,613	
Debtors	<i>15</i>	14,845		14,187	
Cash at bank and in hand	<i>24</i>	6,661		9,757	
			<hr/>	<hr/>	
		23,235		25,557	
Creditors: amounts falling due within one year	<i>16</i>	(14,185)		(11,942)	
			<hr/>	<hr/>	
Net current assets			9,050		13,615
			<hr/>		<hr/>
Total assets less current liabilities			43,335		38,737
Creditors: amounts falling due after more than one year	<i>17</i>		(470)		(471)
Provisions for liabilities and charges	<i>18</i>		(874)		(650)
			<hr/>		<hr/>
Net assets excluding pension scheme deficit			41,991		37,616
Defined benefit pension scheme deficit	<i>22</i>		(10,144)		(8,824)
			<hr/>		<hr/>
Net assets including pension scheme deficit			31,847		28,792
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>19</i>		14		14
Capital redemption reserve	<i>20</i>		53		53
Profit and loss account	<i>20</i>		31,780		28,725
			<hr/>		<hr/>
Shareholders' funds			31,847		28,792
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 11 – 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 February 2015 and were signed on its behalf by:



R C Higginson
Director



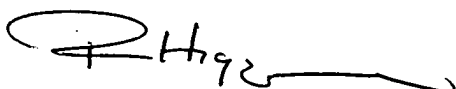
B L Cooper
Director

Company balance sheet
at 30 August 2014

	<i>Note</i>	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Intangible assets	<i>11</i>		311		164
Tangible assets	<i>12</i>		33,974		24,958
Investments	<i>13</i>		2		2
			<hr/>		<hr/>
			34,287		25,124
Current assets					
Stocks	<i>14</i>	1,729		1,613	
Debtors	<i>15</i>	14,845		14,187	
Cash at bank and in hand	<i>24</i>	6,661		9,757	
			<hr/>		<hr/>
		23,235		25,557	
Creditors: amounts falling due within one year	<i>16</i>	(14,187)		(11,944)	
			<hr/>		<hr/>
Net current assets			9,048		13,613
			<hr/>		<hr/>
Total assets less current liabilities			43,335		38,737
Creditors: amounts falling due after more than one year	<i>17</i>		(470)		(471)
Provisions for liabilities and charges	<i>18</i>		(874)		(650)
			<hr/>		<hr/>
Net assets excluding pension scheme deficit			41,991		37,616
Defined benefit pension plan deficit	<i>22</i>		(10,144)		(8,824)
			<hr/>		<hr/>
Net assets including pension scheme deficit			31,847		28,792
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	<i>19</i>		14		14
Capital redemption reserve	<i>20</i>		53		53
Profit and loss account	<i>20</i>		31,780		28,725
			<hr/>		<hr/>
Shareholders' funds			31,847		28,792
			<hr/> <hr/>		<hr/> <hr/>

The notes on pages 11 – 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 February 2015 and were signed on its behalf by:



R C Higginson
 Director



B L Cooper
 Director

Consolidated cash flow statement
for the year ended 30 August 2014

	<i>Note</i>	2014 £000	2013 £000
Cash flow from operating activities		12,711	10,015
Returns on investments and servicing of finance	23	(22)	17
Taxation paid net		(1,932)	(1,696)
Capital expenditure and financial investment	23	(11,844)	(1,196)
Equity dividends paid		(2,009)	(1,865)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(3,096)	5,275
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of operating profit to operating cash flows
for the year ended 30 August 2014

	2014 £000	2013 £000
Operating profit	8,895	9,574
Depreciation	2,555	2,510
Amortisation	131	240
Profit on sale of fixed assets	(5)	(19)
Profit on sale of Davies	-	(1,066)
Increase in stock	(116)	(77)
Increase in debtors	(658)	(1,914)
Increase in creditors	2,569	1,423
Difference between past and current service contributions paid in respect of defined benefit pension scheme	(659)	(650)
Release of government grant	(1)	(6)
	<hr/>	<hr/>
Net cash inflow from operating activities	12,711	10,015
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net cash
for the year ended 30 August 2014

	2014 £000	2013 £000
(Decrease)/Increase in cash in the year	(3,096)	5,275
Net cash at the beginning of the year	9,298	4,023
	<hr/>	<hr/>
Net cash at the end of the year	6,202	9,298
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 – 27 form an integral part of these financial statements.

Statements of total recognised gains and losses
for the year ended 30 August 2014

	2014	2013
Group and Company	£000	£000
Profit for the financial year	6,943	7,440
Actuarial loss recognised in the pension scheme	(2,349)	(3,879)
Deferred tax arising on losses in the pension scheme	470	776
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	5,064	4,337
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of movements in shareholders' funds
for the year ended 30 August 2014

	2014	2013
Group and Company	£000	£000
Profit for the financial year	6,943	7,440
Dividends on shares classified in shareholders' funds	(2,009)	(1,865)
	<hr/>	<hr/>
Retained profit	4,934	5,575
Other recognised gains and losses relating to the year (net)	(1,879)	(3,103)
	<hr/>	<hr/>
Net addition to shareholders' funds	3,055	2,472
Opening shareholders' funds	28,792	26,320
	<hr/>	<hr/>
Closing shareholders' funds	31,847	28,792
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 – 27 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Going concern

The Group's business activities, together with the factors likely to affect its future performance and position are set out in the business review on page 1. The financial position is set out in the balance sheet on page 7 which demonstrates that the Group has adequate levels of cash and liquidity.

After making enquiries 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 annual financial statements.

Basis of consolidation

The Group accounts consolidate the accounts of Frank Roberts & Sons Limited and all its subsidiary undertakings. These accounts are made up to 30 August 2014. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. In prior years, goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) has been written off against reserves on acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) has been credited directly to reserves. Any goodwill or negative goodwill arising on any acquisitions after 28 August 2010 has been and will be capitalised and amortised in accordance with FRS 10.

In the Company's accounts, investments in subsidiary undertakings are stated at cost less any provisions for permanent diminution in value. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

In accordance with section 408 of the Companies Act 2006, Frank Roberts & Sons Limited is exempt from the requirement to present its own profit and loss account. The amount of the profit for the financial year dealt with in the financial statements of Frank Roberts & Sons Limited is disclosed in note 20 to these financial statements.

Fixed assets, depreciation and amortisation

Tangible fixed assets

Depreciation is provided by the Group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

Freehold buildings	-	2% per annum
Plant and machinery	-	7.5 to 20% per annum
Motor vehicles (included within plant and machinery)	-	20% per annum
Fixtures and fittings	-	10% per annum
Computer equipment (included within fixtures and fittings)	-	15% to 33.3% per annum

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

Intangible assets

Amortisation is provided by the Group to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over the estimated useful economic lives as follows:

Basket and wheels licenses	-	33.3% per annum
----------------------------	---	-----------------

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group also operates a pension scheme providing benefits based on career average related earnings. The assets of the scheme are held separately from those of the Company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the Group, cost is taken as production cost.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

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

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company *(continued)*

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

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services delivered to third party customers during the year, net of discounts and rebates.

2 Profit on ordinary activities before taxation

	2014	2013
	£000	£000
Profit on ordinary activities before taxation is stated:		
<i>after charging/(crediting)</i>		
Auditors' remuneration:		
Audit of these financial statements	26	24
Tax	9	14
Pension	182	119
Other	-	37
Depreciation	2,555	2,510
Amortisation	131	240
Hire of other assets – land and buildings	106	184
Hire of plant and machinery – rentals payable under operating leases	82	90
Profit on disposal of tangible fixed assets	(5)	(19)
Profit on disposal of Davies	-	(979)
Grant income	(1)	(6)
	(1)	(6)

Notes *(continued)*

3 Analysis of prior year discontinued operations

On 1 May 2013 the Company sold the trade and certain net assets of the P&A Davies division. During the 2013 financial year, turnover and operating loss relating to this division were £1,549,000 and £504,000 respectively.

	2013 £000	2013 £000
Proceeds		2,513
Goodwill	(42)	
Fixed Assets – Land and Buildings	(893)	
Fixed Assets – Plant and Machinery	(460)	
Stock	(151)	
Release of grant	99	
		(1,447)
Profit before expenses		1,066
Expenses on sale		(87)
Profit on sale		979

4 Remuneration of directors

	2014 £000	2013 £000
Directors' emoluments	861	789
Pension contributions	83	87
Compensation for loss of office	693	-
	1,637	876

The aggregate of emoluments of the highest paid director were £511,000 (2013: £312,000) including £15,155 Company pension contributions (2013: £19,715) into a defined contribution scheme on his behalf.

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2014	2013
Defined contribution schemes	4	5

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Production	561	567
Administration	66	76
Distribution	229	212
	<u>856</u>	<u>855</u>

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£000	£000
Wages and salaries	25,294	22,124
Social security costs	2,302	2,034
Other pension costs (see note 22)	1,254	1,143
	<u>28,850</u>	<u>25,301</u>

6 Interest receivable

	2014	2013
	£000	£000
Interest receivable	33	72
	<u>33</u>	<u>72</u>

7 Interest payable and similar charges

	2014	2013
	£000	£000
Finance costs on shares classified as liabilities	55	55
	<u>55</u>	<u>55</u>

8 Other finance income / expense

	2014	2013
	£000	£000
Expected return on pension scheme assets	1,988	1,802
Interest on pension scheme liabilities	(1,948)	(1,783)
	<u>40</u>	<u>19</u>

Notes (continued)

9 Taxation

Analysis of charge in year:

	2014	2014	2013	2013
	£000	£000	£000	£000
UK corporation tax				
Current tax on income for the year	1,672		1,978	
Adjustments in respect of prior periods	(66)		(14)	
	<hr/>		<hr/>	
Total current tax		1,606		1,964
Deferred tax (note 18)				
Origination/reversal of timing differences	216		(64)	
Impact on deferred tax of change in tax rate	-		(107)	
Adjustments in respect of prior periods	8		8	
	<hr/>		<hr/>	
		224		(163)
Movement in deferred tax asset relating to pension deficit		140		369
		<hr/>		<hr/>
Tax on profit on ordinary activities		1,970		2,170
		<hr/> <hr/>		<hr/> <hr/>

Factors affecting the tax charge for the current year:

The current tax charge for the period is lower (2013: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2014	2013
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	8,913	9,610
	<hr/>	<hr/>
Current tax at 22.16% (2013: 23.58%)	1,975	2,266
Effects of:		
Fixed asset differences	78	(247)
Expenses not deductible for tax purposes	90	40
Short term timing differences	(166)	(152)
Adjustments to tax charge in respect of previous periods	(66)	(14)
Capital allowances in excess of depreciation	(305)	71
	<hr/>	<hr/>
Total current tax charge (see above)	1,606	1,964
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

10 Dividends

	2014	2013
	£000	£000
Aggregate amount of dividends paid in the financial year	2,009	1,865

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £nil (2013: £nil).

11 Intangible fixed assets

Group and Company	Licenses
	£000
<i>Cost</i>	
At beginning of year	916
Additions	278
	<hr/>
At end of year	1,194
	<hr/>
<i>Amortisation</i>	
At beginning of year	752
Charge for year	131
	<hr/>
At end of year	883
	<hr/>
<i>Net book value</i>	
At end of year	311
	<hr/>
At beginning of year	164
	<hr/>

Notes (continued)

12 Tangible fixed assets

Group and Company	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At beginning of year	12,864	34,878	3,526	51,268
Additions	4,377	6,742	452	11,571
Disposals	-	(34)	-	(34)
At end of year	<u>17,241</u>	<u>41,586</u>	<u>3,978</u>	<u>62,805</u>
Depreciation				
At beginning of year	2,495	20,610	3,205	26,310
Charge for year	318	2,088	149	2,555
Disposals	-	(34)	-	(34)
At end of year	<u>2,813</u>	<u>22,664</u>	<u>3,354</u>	<u>28,831</u>
Net book value				
At end of year	<u>14,428</u>	<u>18,922</u>	<u>624</u>	<u>33,974</u>
At beginning of year	<u>10,369</u>	<u>14,268</u>	<u>321</u>	<u>24,958</u>

Land and buildings includes £1,913,000 (2013: £1,913,000) of non depreciable land.

13 Fixed assets investments

Cost and net book value	Shares in subsidiary undertakings £000
At beginning and end of year	<u>2</u>

Subsidiary undertakings are FRS Finance Limited, Roberts Bakery Limited and Pastry Case Limited, in which the Company hold 100% of the ordinary share capital and all of which are dormant.

Associated undertakings

Associated undertakings include a 20% equity investment in Bakers Basco Limited.

Notes (continued)

14 Stocks

	Group and Company	
	2014	2013
	£000	£000
Raw materials and consumables	1,152	1,092
Finished goods and goods for resale	577	521
	<u>1,729</u>	<u>1,613</u>

15 Debtors

	Group and Company	
	2014	2013
	£000	£000
Trade debtors	12,949	12,321
Other debtors	905	921
Prepayments	991	945
	<u>14,845</u>	<u>14,187</u>

All amounts are due within one year.

16 Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	6,785	4,861	6,785	4,861
Amounts owed to subsidiary undertakings	-	-	2	2
Other creditors including taxation and social security:				
Corporation tax	677	1,003	677	1,003
Other taxes and social security	740	569	740	569
Other creditors	1,114	1,141	1,114	1,141
Accruals	4,869	4,368	4,869	4,368
	<u>14,185</u>	<u>11,942</u>	<u>14,187</u>	<u>11,944</u>

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	Group and Company	
	2014	2013
	£000	£000
Shares classified as liabilities	459	459
Accruals and deferred income	11	12
	<u>470</u>	<u>471</u>

Accruals and deferred income

	Group and Company	
	2014	2013
	£000	£000
<i>Government grants</i>		
At beginning of year	12	117
Credited to profit and loss account	(1)	(105)
	<u>11</u>	<u>12</u>

Shares classified as liabilities

	Group and Company	
	2014	2013
	£000	£000
<i>Allotted, called up and fully paid:</i>		
<i>Non equity</i>		
12% cumulative preference shares of £1 each	459	459
	<u>459</u>	<u>459</u>

The rights attached to the 12% cumulative preference shares are as follows:

Dividends

The cumulative preference shares entitle the holders to dividends of 12% per annum payable by equal quarterly instalments.

Winding up

The preference shares do not confer any further rights to participate in the profits or assets of the Company. On a winding up the preference shares take priority to any other class of share.

Voting

The preference shares do not entitle the holders to receive notice of or to attend or vote at any general meeting unless at the date of the notice convening the meeting the dividend on the preference shares is three months in arrears or if the business of the meeting includes the consideration of a resolution for winding up the Company or any resolution directly or adversely modifying the rights attached to the preference shares.

Notes *(continued)*

18 Provisions for liabilities and charges

Deferred taxation

	Group and Company	
	2014	2013
	£000	£000
At beginning of year	650	813
Debit/(Credit) in the year to the profit and loss account (note 9)	224	(163)
	<hr/>	<hr/>
At end of year	874	650
	<hr/> <hr/>	<hr/> <hr/>

The elements of deferred taxation are as follows:

	Group and Company	
	2014	2013
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	1,095	882
Other timing differences	(221)	(232)
	<hr/>	<hr/>
Undiscounted provision	874	650
	<hr/> <hr/>	<hr/> <hr/>

19 Called up share capital

	2014	2013
	£000	£000
<i>Allotted, called up and fully paid:</i>		
<i>Equity</i>		
14,349 ordinary shares of £1 each	14	14
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

20 Reserves

	Capital redemption reserve £000	Profit and loss account £000
Group and Company		
At beginning of year	53	28,725
Profit for the financial year	-	6,943
Dividends on shares classified in shareholders' funds	-	(2,009)
Actuarial profits, net, recognised in the pension scheme	-	(2,349)
Deferred tax arising on profits in the pension scheme	-	470
	53	31,780
At end of year	53	31,780

In the Group and the Company the cumulative amount of goodwill resulting from acquisitions in previous financial years which has been written off against reserves is £37,000 (2013: £37,000).

For the Company the profit for the year before dividends is £6,943,000 (2013: £7,440,000).

21 Commitments

Group and Company

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2014 £000	2013 £000
Contracted	4,909	10,200
	4,909	10,200

A letter of credit is in place with Barclays bank for £121,332 for payment of a fixed asset included in these capital commitments.

(b) Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings		Plant and Machinery	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating leases which expire:				
Within one year	-	82	16	12
In the second to fifth years inclusive	104	104	106	41
	104	186	122	53
	104	186	122	53

Notes (continued)

22 Pension scheme

Defined benefit scheme

The Company operates a defined benefit scheme in the UK. Up until 30 June 2007 the Scheme was a Final Salary arrangement but with effect from 1 July 2007 a Career Average Revalued Earnings (CARE) approach was adopted. The Scheme subsequently ceased accrual with effect from 9 April 2011. A full actuarial valuation was carried out at 1 April 2014 and updated to 1 September 2014 by a qualified actuary, independent of the Scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent published actuarial valuation was at 1 April 2014. This showed that the market value of the scheme's assets was £34.7m at 1 April 2014 (£31.4m at 1 April 2011) and that the actuarial value of those assets represented 76% (90% at 1 April 2011) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

To eliminate the deficit a payment of £650,000 will be made by 31 March 2015. Contributions will then increase with effect from April 2015 to £700,000 per annum payable in monthly instalments for 10 years.

	2014 £000	2013 £000
Present value of scheme liabilities	48,100	45,100
Fair value of scheme assets	(35,420)	(34,070)
	<hr/>	<hr/>
Deficit	12,680	11,030
Related deferred tax asset	(2,536)	(2,206)
	<hr/>	<hr/>
Net liability	10,144	8,824
	<hr/> <hr/>	<hr/> <hr/>

Movements in present value of scheme liabilities

	2014 £000	2013 £000
At beginning of year	45,100	41,250
Interest cost	1,948	1,783
Actuarial losses	2,707	3,520
Benefits paid	(1,655)	(1,453)
	<hr/>	<hr/>
At end of year	48,100	45,100
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

22 Pension scheme *(continued)*

Movements in fair value of scheme assets

	2014	2013
	£000	£000
At beginning of year	34,070	33,430
Expected return on scheme assets	1,988	1,802
Actuarial gains /(losses) on scheme assets	358	(359)
Contributions by employer	659	650
Benefits paid	(1,655)	(1,453)
	<hr/>	<hr/>
At end of year	35,420	34,070
	<hr/> <hr/>	<hr/> <hr/>

(Income)/Expense recognised in the profit and loss account

	2014	2013
	£000	£000
Interest on liabilities	1,948	1,783
Expected return on scheme assets	(1,988)	(1,802)
	<hr/>	<hr/>
Total	(40)	(19)
	<hr/> <hr/>	<hr/> <hr/>

The PPF Levies and Lump Sum Death in Service Benefit Insurance Premiums are paid separately by the employer.

The (income)/expense is recognised in the following line items in the profit and loss account:

	2014	2013
	£000	£000
Other finance income	(40)	(19)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

22 Pension scheme (continued)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £2,349,000 (2013 losses: £3,879,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £20,110,000 (2013: loss £17,761,000).

The fair value of the plan assets and the return on those assets were as follows:

	2014 Fair value £000	2013 Fair value £000
Bonds	5,588	10,997
Diversified growth	29,184	21,815
Cash	648	1,258
	<u>35,420</u>	<u>34,070</u>
	2014 £000	2013 £000
Actual return on scheme assets	<u>2,346</u>	<u>1,443</u>

The bond holding includes secured loan stock.

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

	2014 %	2013 %
Financial assumptions		
Discount rate	4.00	4.40
Rate of increase in pensions		
Pre 6 April 1997 service	0.00	0.00
Post 6 April 1997 service	3.05	3.15
Post 6 April 2006 service	2.15	2.30
Rate of revaluation of deferred pensions in excess of GMP	2.30	2.50
RPI inflation assumption	3.20	3.40
CPI inflation assumption	2.30	2.50
Allowance for commutation of pension for cash at retirement	Yes	Yes

Notes *(continued)*

22 Pension scheme *(continued)*

Demographic assumptions

The mortality assumptions adopted at 30 August 2014 imply the following life expectancies (100% of SAPS table with CMI 2013 improvements trending to +1% pa in the long term):

	Years
Male retiring at age 65 in 2014	22.2
Female retiring at age 65 in 2014	24.5
Male retiring at age 65 in 2032	23.9
Female retiring at age 65 in 2032	26.4

Expected long term rates of return

The overall expected return assumption is calculated as the weighted average of the individual return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bonds, and interest rates set by the Bank of England. Equity returns in well established global markets are generally expected to outperform the return on gilts by 3% pa or more in the long term, and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes, and a deduction to allow for investment expenses has been made.

The expected long term rates of return applicable for each period are as follows:

	2014 %	2013 %
Bonds	4.00	4.40
Cash	0.50	0.50
Diversified Growth	6.60	7.00
Overall for scheme	6.10	5.90

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of scheme liabilities	(48,100)	(45,100)	(41,250)	(36,479)	(38,005)
Fair value of scheme assets	35,420	34,070	33,430	30,539	28,513
Deficit	(12,680)	(11,030)	(7,820)	(5,940)	(9,492)
Experience adjustment on scheme assets	358	(359)	1,542	(82)	583
Experience adjustment on scheme liabilities	(7)	(20)	-	(117)	9

The best estimate of contributions to be paid by the Company to the scheme for the next year is £941,667 in line with the current Schedule of Contributions.

Notes *(continued)*

22 Pension scheme *(continued)*

Defined contribution schemes

Frank Roberts & Sons Limited also operates a money purchase executive pension scheme. The pensions charge for the year represents contributions payable by the Company to the fund and accrued contributions which amounted to £60,000 (2013: £54,051).

Frank Roberts & Sons Limited also operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Company to the scheme and amounted to £1,194,000 (2013: £1,089,000). Contributions amounting to £180,000 (2013: £158,000) were payable to the scheme and are included in creditors.

The total pension cost charged for the year is £1,254,000 (2013: £1,143,000)

23 Analysis of items netted in the cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	33	72
Dividends paid on shares classified as liabilities	(55)	(55)
	(22)	17
Net cash (outflow)/inflow from returns on investments and servicing of finance	(22)	17
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,571)	(3,517)
Purchase of intangible fixed assets	(278)	(98)
Proceeds from sale of Davies	-	2,393
Proceeds from sale of tangible fixed assets	5	26
	(11,844)	(1,196)
Net cash outflow from capital expenditure and financial investment	(11,844)	(1,196)

24 Analysis of net cash

	At beginning of year £000	Cash flow £000	At end of Year £000
Cash in hand and at bank	9,757	(3,096)	6,661
Shares classified as liabilities	(459)	-	(459)
	9,298	(3,096)	6,202
	9,298	(3,096)	6,202

25 Related Parties

As disclosed in note 13, Frank Roberts & Sons Limited has a 20% interest in the ordinary share capital of Bakers Basco Limited, 6 Catherine Street, London, WC2B 5JW. During the period, Frank Roberts & Sons Limited traded on an arm's length basis with Bakers Basco Limited. Total transactions for the year were purchases of £747,512 (2013: £391,000). The balance outstanding at the year end in respect of Bakers Basco Limited was £40,858 (2013: £36,129). Bakers Basco Limited recent accounts were for the period ending 29 March 2014.