

Registered number
02811875

COULTON'S BREAD LTD

Report and Accounts

31 July 2014

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COMPANIES HOUSE

COULTON'S BREAD LTD

Registered number: 02811875

Directors' Report

The directors present their report with the financial statements of the company for the year ended 31 July 2014.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of supplier of bakery produce.

REVIEW OF BUSINESS

During the year the company has seen a small decrease in activity but an increase in profitability over the previous year as the company has continued to reduce its costs. The company has been able to maintain its competitive advantage in the marketplace and the directors are confident that healthier profits will be achieved in the forthcoming financial year. The company continuously strives to improve its performance and the future development of the business will be concerned with improving that performance. Measures have been implemented by the Directors to further cut costs and improve cash flow.

BUSINESS AND FINANCIAL RISK

In common with other business of our size there is an element of both business and financial risk which the Directors have to manage and minimise wherever possible.

The main business risk is the increase in raw materials which we have experienced over the last financial year. The increases have been absorbed, where possible inevitably some increases in raw materials costs have had to be passed on to our customers.

Another business risk identified by the directors is the current economic climate which is forcing a lot of smaller retail outlets out of business as they try to compete with larger businesses. The directors manage this risk quite well as most of the smaller retailers pay on delivery with only a limited number of days credit, where applicable.

FINANCIAL INSTRUMENT RISK

The company seeks to operate within its agreed facilities with the bank. Sales to customers are all within the UK and all suppliers are UK based, the company has therefore not entered into any hedging arrangements in respect of risks relating to trade debtors or trade creditors.

The company is exposed to interest rate risk on its borrowings with the bank. The company currently bank with Santander UK plc who are satisfied with company's financial performance and the directors are of the opinion that that there is no risk of facilities being withdrawn.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2014.

FUTURE DEVELOPMENTS

The company will continue to strive to cut costs where possible and continue to maintain its competitive advantage. The company is well-placed to combat the effects of the recent recession and maintain its margins into the current and succeeding financial years.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2013 to the date of this report.

H G Hunter

L S Hunter

COULTON'S BREAD LTD

Registered number: 02811875

Directors' Report

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

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

This report was approved by the board on 29 April 2015 and signed on its behalf.



H G Hunter
Director

COULTON'S BREAD LTD
Independent auditors' report
to the members of COULTON'S BREAD LTD

We have audited the accounts of COULTON'S BREAD LTD for the year ended 31 July 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.



H Davies
(Senior Statutory Auditor)
for and on behalf of
Accountancy and Tax Planning Ltd
Chartered Certified Accountants and Statutory Auditors
29 April 2015

67 Windsor Road
Prestwich
Greater Manchester
M25 0DB

COULTON'S BREAD LTD
Profit and Loss Account
for the year ended 31 July 2014

	Notes	2014 £	2013 £
Turnover	2	19,951,512	20,220,781
Cost of sales		(16,380,525)	(16,666,644)
Gross profit		<u>3,570,987</u>	<u>3,554,137</u>
Distribution costs		(9,690)	(49,661)
Administrative expenses		(3,410,265)	(3,397,769)
Operating profit	3	<u>151,032</u>	<u>106,707</u>
Interest receivable		667	1,158
Interest payable	6	(90,881)	(90,316)
Profit on ordinary activities before taxation		<u>60,818</u>	<u>17,549</u>
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		<u>60,818</u>	<u>17,549</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

COULTON'S BREAD LTD
Balance Sheet
as at 31 July 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	8	152,857	204,827
Tangible assets	9	<u>626,880</u>	<u>579,966</u>
		<u>779,737</u>	<u>784,793</u>
Current assets			
Stocks	10	12,607	14,237
Debtors	11	2,489,916	2,615,846
Cash at bank and in hand		<u>34,674</u>	<u>147,379</u>
		<u>2,537,197</u>	<u>2,777,462</u>
Creditors: amounts falling due within one year	12	(2,305,005)	(2,563,429)
Net current assets		<u>232,192</u>	<u>214,033</u>
Total assets less current liabilities		<u>1,011,929</u>	<u>998,826</u>
Creditors: amounts falling due after more than one year	13	(463,305)	(511,020)
Provisions for liabilities			
Deferred taxation	15	(10,998)	(10,998)
Net assets		<u>537,626</u>	<u>476,808</u>
Capital and reserves			
Called up share capital	16	992	992
Revaluation reserve	17	8	8
Profit and loss account	18	536,626	475,808
Shareholders' funds	19	<u>537,626</u>	<u>476,808</u>



H G Hunter
 Director

Approved by the board on 29 April 2015

COULTON'S BREAD LTD
Cash Flow Statement
for the year ended 31 July 2014

	Notes	2014 £	2013 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		151,032	106,707
Depreciation, amortisation and loss on disposal		269,508	194,766
Decrease/(increase) in stocks		1,630	(3,677)
Decrease/(increase) in debtors		353,698	(424,485)
Decrease in creditors		(419,276)	(29,284)
Net cash inflow/(outflow) from operating activities		<u>356,592</u>	<u>(155,973)</u>
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		356,592	(155,973)
Returns on investments and servicing of finance	20	(90,214)	(89,158)
Capital expenditure	20	<u>(264,452)</u> 1,926	<u>(519,235)</u> (764,366)
Financing	20	(14,120)	553,353
Decrease in cash		<u>(12,194)</u>	<u>(211,013)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(12,194)	(211,013)
Decrease/(increase) in debt and lease financing		14,120	(553,353)
Change in net debt	21	<u>1,926</u>	<u>(764,366)</u>
Net debt at 1 August		<u>(1,326,946)</u>	<u>(562,580)</u>
Net debt at 31 July		<u>(1,325,020)</u>	<u>(1,326,946)</u>

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Improvements to property	20% on cost
Plant and machinery	20% on cost and 15% reducing balance
Motor vehicles	20% - 25% on reducing balance
Computer equipment	33% on cost and 25% reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Analysis of turnover	2014	2013
	£	£
By activity:		
Principal activity	<u>19,951,512</u>	<u>20,220,781</u>
By geographical market:		
UK	<u>19,951,512</u>	<u>20,220,781</u>
3 Operating profit	2014	2013
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	26,244	40,538
Depreciation of assets held under finance leases and hire purchase contracts	153,722	66,380
Amortisation of goodwill	51,970	50,492
Operating lease rentals - plant and machinery	130,757	196,820
Operating lease rentals - land buildings	128,594	131,489
Auditors' remuneration for audit services	<u>6,000</u>	<u>6,000</u>
4 Directors' emoluments	2014	2013
	£	£
Emoluments	<u>120,659</u>	<u>94,500</u>
Number of directors in company pension schemes:	2014	2013
	Number	Number
Money purchase schemes	<u>2</u>	<u>2</u>

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

5 Staff costs	2014	2013
	£	£
Wages and salaries	1,773,776	1,718,399
Social security costs	143,475	141,552
Other pension costs	900	-
	<u>1,918,151</u>	<u>1,859,951</u>

Average number of employees during the year	Number	Number
Management	8	5
Directors	2	2
Distribution and others	91	69
	<u>101</u>	<u>76</u>

6 Interest payable	2014	2013
	£	£
Factoring Charges	64,526	70,788
Finance charges payable under finance leases and hire purchase contracts	26,355	19,528
	<u>90,881</u>	<u>90,316</u>

7 Taxation	2014	2013
	£	£
Analysis of charge in period		
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>60,818</u>	<u>17,549</u>
Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	12,164	3,510
Effects of:		
Capital allowances for period in excess of depreciation	(12,164)	(3,510)
Current tax charge for period	<u>-</u>	<u>-</u>

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

8 Intangible fixed assets	£
Goodwill:	
Cost	
At 1 August 2013	661,973
At 31 July 2014	<u>661,973</u>
Amortisation	
At 1 August 2013	457,146
Provided during the year	<u>51,970</u>
At 31 July 2014	<u>509,116</u>
Net book value	
At 31 July 2014	<u>152,857</u>
At 31 July 2013	<u>204,827</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years.

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 August 2013	4,076	170,450	853,105	1,027,631
Additions	-	255	271,648	271,903
Disposals	-	-	(312,875)	(312,875)
At 31 July 2014	<u>4,076</u>	<u>170,705</u>	<u>811,878</u>	<u>986,659</u>
Depreciation				
At 1 August 2013	4,076	127,968	315,621	447,665
Charge for the year	-	11,905	168,063	179,968
On disposals	-	-	(267,854)	(267,854)
At 31 July 2014	<u>4,076</u>	<u>139,873</u>	<u>215,830</u>	<u>359,779</u>
Net book value				
At 31 July 2014	<u>-</u>	<u>30,832</u>	<u>596,048</u>	<u>626,880</u>
At 31 July 2013	<u>-</u>	<u>42,482</u>	<u>537,484</u>	<u>579,966</u>

	2014	2013
	£	£
Net book value of fixed assets included above held under finance leases and hire purchase contracts	<u>596,048</u>	<u>502,328</u>

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

10 Stocks	2014	2013
	£	£
Finished goods and goods for resale	<u>12,607</u>	<u>14,237</u>

11 Debtors	2014	2013
	£	£
Trade debtors	1,191,170	1,252,505
Other debtors	33,757	120,930
Prepayments and accrued income	313,415	337,554
VAT	9,754	18,007
Tax	188,364	177,370
Directors Current Accounts	<u>753,456</u>	<u>709,480</u>
	<u>2,489,916</u>	<u>2,615,846</u>

Factored debtors included in trade debtors amount to £1,039,064.

The directors current account is repayable upon demand. There are no formal conditions in relation to the loan and the loan is interest free.

12 Creditors: amounts falling due within one year	2014	2013
	£	£
Bank loans and overdrafts	736,936	837,447
Obligations under finance lease and hire purchase contracts	159,453	125,858
Trade creditors	1,276,945	1,404,220
Corporation tax	47,156	48,162
Other taxes and social security costs	42,544	44,140
Net Wages	-	27,031
Other creditors	28,986	27,975
Accrued Expenses	<u>12,985</u>	<u>48,596</u>
	<u>2,305,005</u>	<u>2,563,429</u>

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

13 Creditors: amounts falling due after one year	2014	2013
	£	£
Obligations under finance lease and hire purchase contracts	<u>463,305</u>	<u>511,020</u>
Secured liabilities		
	2014	2013
	£	£
Bank loans and overdrafts	736,936	837,447
Obligations under finance lease and hire purchase contracts	622,758	636,878
	<u>1,359,694</u>	<u>1,474,325</u>

Bank loans and overdrafts are secured on all the assets of the company.

Bank loans and overdrafts are repayable upon demand.

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

14 Obligations under finance leases and hire purchase contracts	2014	2013
	£	£
Amounts payable:		
Within one year	159,453	125,858
Within two to five years	463,305	511,020
	<u>622,758</u>	<u>636,878</u>

15 Deferred taxation	2014	2013
	£	£
Accelerated capital allowances	<u>10,998</u>	<u>10,998</u>
Undiscounted provision for deferred tax	<u>10,998</u>	<u>10,998</u>

	2014	2013
	£	£
At 1 August	10,998	10,998
At 31 July	<u>10,998</u>	<u>10,998</u>

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

16 Share capital	Nominal value	2014 Number	2014 £	2013 £
Allotted, called up and fully paid: Ordinary shares	£1 each	992	992	992
17 Revaluation reserve			2014 £	
At 1 August 2013			8	
At 31 July 2014			8	
18 Profit and loss account			2014 £	
At 1 August 2013			475,808	
Profit for the financial year			60,818	
At 31 July 2014			536,626	
19 Reconciliation of movement in shareholders' funds			2014 £	2013 £
At 1 August			476,808	459,259
Profit for the financial year			60,818	17,549
At 31 July			537,626	476,808
20 Gross cash flows			2014 £	2013 £
Returns on investments and servicing of finance				
Interest received			667	1,158
Interest paid			(64,526)	(70,788)
Interest element of finance lease rental payments			(26,355)	(19,528)
			(90,214)	(89,158)
Capital expenditure				
Payments to acquire tangible fixed assets			(271,903)	(536,652)
Receipts from sales of tangible fixed assets			7,451	17,417
			(264,452)	(519,235)
Financing				
New loans raised			113,857	617,455
Capital element of finance lease rental payments			(127,977)	(64,102)
			(14,120)	553,353

COULTON'S BREAD LTD
Notes to the Accounts
for the year ended 31 July 2014

21 Analysis of changes in net debt

	At 1 Aug 2013 £	Cash flows £	Non-cash changes £	At 31 Jul 2014 £
Cash at bank and in hand	147,379	(112,705)		34,674
Overdrafts	(837,447)	100,511		(736,936)
		(12,194)		
Finance leases	(636,878)	14,120		(622,758)
Total	<u>(1,326,946)</u>	<u>1,926</u>	<u>-</u>	<u>(1,325,020)</u>

22 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £	Land and buildings 2013 £	Other 2014 £	Other 2013 £
Operating leases which expire:				
within one year	-	12,000	26,151	21,206
within two to five years	94,825	92,379	104,606	67,470
in over five years	33,768	20,320	-	-
	<u>128,593</u>	<u>124,699</u>	<u>130,757</u>	<u>88,676</u>

23 Ultimate controlling party

The directors are regarded as the ultimate controlling party by virtue of their 100% interest in the share capital of the company.

24 Related party transactions

The directors operated a loan account with the company during the year.

As at 31st July 2014 £753,456 was due from the directors to the company. This was the maximum amount outstanding at any time during the year.

The directors current account is repayable upon demand. There are no formal conditions in relation to the loan and the loan is in interest free.

COULTON'S BREAD LTD
Detailed profit and loss account
for the year ended 31 July 2014

	2014	2013
	£	£
Sales	19,951,512	20,220,781
Cost of sales	(16,380,525)	(16,666,644)
Gross profit	<u>3,570,987</u>	<u>3,554,137</u>
Distribution costs	(9,690)	(49,661)
Administrative expenses	(3,410,265)	(3,397,769)
Operating profit	<u>151,032</u>	<u>106,707</u>
Interest receivable	667	1,158
Interest payable	(90,881)	(90,316)
Profit before tax	<u>60,818</u>	<u>17,549</u>