

WINGATE FOODS LTD
Profit and loss account for year five

	Notes	£'000 Year 5	£'000 Year 4
Turnover	2	10,427	8,619
Cost of sales		(8,078)	(6,628)
Gross profit		2,349	1,991
Distribution expenses		(832)	(673)
Administration expenses		(598)	(500)
Operating profit	3	919	818
Interest payable	5	(325)	(261)
Profit before tax		594	557
Taxation	6	(131)	(130)
Profit for the year		463	427
Dividends	7	(184)	(153)
Retained profit for the year		279	274
Earnings per share (pence)		46.3	42.7

There were no recognised gains or losses other than the profit for the year.

All of the activities of the group are classed as continuing.

WINGATE FOODS LTD
Balance sheet at 31 December, year five

	Notes	£'000 Year 5	£'000 Year 4
Fixed assets			
Tangible assets	8	5,326	4,445
Current assets			
Stock	9	1,231	953
Debtors	10	2,239	1,596
Cash		12	17
Total current assets		3,482	2,566
Current liabilities	11	2,906	2,192
Long-term liabilities	12	3,055	2,251
Net assets		2,847	2,568
Shareholders' equity			
Share capital	15	50	50
Share premium		275	275
Retained profit		2,522	2,243
Total shareholders' equity		2,847	2,568

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March, year six

WINGATE FOODS LTD
Cash flow statement for year five

	Notes	£'000 Year 5	£'000 Year 4
Operating activities			
Operating profit		919	818
Depreciation		495	402
Profit on sale of fixed assets		(8)	0
Increase in stock		(278)	(172)
Increase in debtors		(643)	(423)
Increase in creditors		207	95
Cash flow from operating activities		<u>692</u>	<u>720</u>
Capital expenditure			
Purchase of fixed assets		(1,391)	(642)
Proceeds on sale of fixed assets		23	0
Total capital expenditure		<u>(1,368)</u>	<u>(642)</u>
Returns on investments and servicing of finance			
Interest paid		(325)	(261)
Total interest		<u>(325)</u>	<u>(261)</u>
Taxation			
Corporation tax paid		(130)	(134)
Total taxation		<u>(130)</u>	<u>(134)</u>
Equity dividends paid			
Dividends on ordinary shares		(184)	(153)
Total equity dividends paid		<u>(184)</u>	<u>(153)</u>
Financing			
Loans drawn down		1,500	800
Loan repayments		(350)	(250)
Capital element of finance leases		(152)	(109)
Total financing		<u>998</u>	<u>441</u>
Increase/(decrease) in cash		(317)	(29)

WINGATE FOODS LTD

Net debt

	£'000	£'000
	Year 5	Year 4
Reconciliation of net cash flow to movement in net debt		
Increase / (decrease) in cash	(317)	(29)
(Increase) / decrease in loans	(1,150)	(550)
(Increase) / decrease in finance leases	152	(453)
(Increase) / decrease in net debt	<u>(1,315)</u>	<u>(1,032)</u>
Net debt at start of year	<u>(3,357)</u>	<u>(2,325)</u>
Net debt at end of year	<u>(4,672)</u>	<u>(3,357)</u>

Analysis of changes in net debt

	Balance at	Cash	Balance
	start of	flows	at end of
	Year 5	£'000	Year 5
	£'000	£'000	£'000
Cash	17	(5)	12
Bank overdraft	(621)	(312)	(933)
Net cash/(overdraft)	<u>(604)</u>	<u>(317)</u>	<u>(921)</u>
Bank loans	(2,000)	(1,150)	(3,150)
Finance leases	(753)	152	(601)
Net total debt	<u>(3,357)</u>	<u>(1,315)</u>	<u>(4,672)</u>

WINGATE FOODS LTD
Notes to the accounts for year five

1 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention. The directors are of the opinion that the company has access to sufficient funds to meet its day-to-day working capital requirements for a period of at least 12 months from the approval of these accounts. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

(b) Turnover

Turnover represents the invoiced value of goods sold net of value added tax. Turnover is recognised as income in the profit and loss account on the date the goods are delivered or otherwise made available to the company's customers.

(c) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Freehold buildings	2 per cent straight line basis
Plant and equipment	10 per cent or 20 per cent straight line basis
Motor vehicles	25 per cent straight line basis
Land is not depreciated.	

(d) Stocks

Manufactured goods include the costs of production. Stock and work in progress are valued at the lower of cost and net realisable value. Bought in goods are valued at purchase cost on a first in first out basis.

(e) Leasing

Where an asset is acquired under a finance lease, it is capitalised and the liability to the leasing company included in creditors. Payments are treated as consisting of capital and interest elements. The interest is charged to the P&L over the term of the lease.

All leases that are not finance leases are operating leases. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2 TURNOVER AND PROFIT

Turnover is stated net of value added tax. Turnover and profit before taxation are attributable to the one principal activity.

	£'000	£'000
	Year 5	Year 4
3 OPERATING PROFIT		
Operating profit is stated after crediting/(charging):		
Depreciation of tangible fixed assets	(495)	(402)
Auditors' remuneration	(22)	(19)
Profit on sale of fixed assets	8	-
Hire of plant and machinery	(17)	(12)
Total	(526)	(433)
4 EMPLOYEES		
The average number of employees during the year was as follows:		
Office and management	34	28
Manufacturing	47	41
Total	81	69
Staff costs during the year amounted to:		
Wages and salaries	1,211	983
Social security	110	72
Pension costs	32	28
Total	1,353	1,083
Directors' remuneration		
Emoluments - all directors (excluding pension contributions)	199	174
Pension contributions - all directors	22	20
Emoluments of highest paid director (excluding pension contributions)	65	59
Highest paid director - pension contributions	7	6
5 INTEREST PAYABLE		
Overdraft and bank loans	243	196
Interest element of finance leases	82	65
Total	325	261
6 TAXATION		
The tax charge on the profit on ordinary activities for the year was as follows:		
Corporation tax on the results for the year	131	130

		£'000	£'000	
		Year 5	Year 4	
7 DIVIDENDS				
Dividends paid during the year in respect of the previous financial year		184	153	
<p>The directors propose a dividend of £215,000 (21.5p per share) in respect of Year 5 (Year 4 : £184k). This dividend is subject to the approval of the shareholders and has not, therefore, been included in the Company's balance sheet as a liability at 31 December, Year 5.</p>				
8 TANGIBLE FIXED ASSETS				
	Land and Buildings	Plant and Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At start of Year 5	3,401	2,503	588	6,492
Additions	570	656	165	1,391
Disposals	-	(35)	-	(35)
At end of Year 5	3,971	3,124	753	7,848
Depreciation				
At start of Year 5	269	1,430	348	2,047
On disposals	-	(20)	-	(20)
Charge for the year	46	345	104	495
At end of Year 5	315	1,755	452	2,522
Net book value				
At start of Year 5	3,132	1,073	240	4,445
At end of Year 5	3,656	1,369	301	5,326
9 STOCKS AND WORK IN PROGRESS		£'000	£'000	
		Year 5	Year 4	
Raw materials		352	287	
Work in progress		17	12	
Finished goods		862	654	
Total		1,231	953	

	£'000	£'000		
	Year 5	Year 4		
10 DEBTORS				
Trade debtors less provision for doubtful debts	2,125	1,502		
Prepayments	78	66		
Other debtors	36	28		
Total	<u>2,239</u>	<u>1,596</u>		
11 CURRENT LIABILITIES				
Trade creditors	863	721		
Social security and other taxes	150	115		
Accruals	113	93		
Cash in advance	20	10		
Sub-total	<u>1,146</u>	<u>939</u>		
Bank overdraft	933	621		
Current portion of bank loans	525	350		
Current portion of finance lease liability	171	152		
Taxation	131	130		
Total	<u>2,906</u>	<u>2,192</u>		
12 LONG-TERM LIABILITIES				
Bank loans	2,625	1,650		
Finance lease liability	430	601		
Total	<u>3,055</u>	<u>2,251</u>		
The bank loans are secured by a charge over the company's assets				
13 CAPITAL AND RESERVES £'000	Share capital	Share premium	Retained profit	Total
As at 1 January, Year 5	50	275	2,243	2,568
Profit for the year	-	-	463	463
Dividends paid	-	-	(184)	(184)
As at 31 December, Year 5	<u>50</u>	<u>275</u>	<u>2,522</u>	<u>2,847</u>

	£'000	£'000
	Year 5	Year 4
14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY		
Shareholders' equity at 1 January, Year 5	2,568	2,294
Profit for the year	463	427
Dividends paid	(184)	(153)
Shareholders' equity at 31 December, Year 5	2,847	2,568
15 CALLED UP SHARE CAPITAL		
Authorised		
1,500,000 ordinary shares of 5p each	75	75
Issued and fully paid		
1,000,000 ordinary shares of 5p each	50	50
16 FINANCIAL COMMITMENTS		
At 31 December, Year 5, the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December, Year 6:		
	Plant and machinery	
	£'000	£'000
	Year 5	Year 4
Operating leases which expire:		
Between two and five years	19	21
Future liabilities under finance leases are as follows :		
Leases expiring after more than 5 years	727	961
At 31 December, Year 5, the company was committed to the future purchase of plant and equipment at a total cost of £126,300 (Year 4: £287,800).		