Our Vision

To build the leading speciality bakery group in the UK...

Annual Report & Accounts 2015

...and what it means.

Contents

Strategic Highlights

- Acquired the Fletchers Bakery Group (Fletchers) for £56m in October 2014, part funded by an oversubscribed £35m equity raise.
- Fletchers gives Finsbury a broader spread of customers across food retail and foodservice channels in cake, bread and morning goods businesses.
- Acquired the trade and assets of Johnstone's Just Desserts Ltd (Johnstone's) from administrators for £1.6m in June 2015.
- The acquisition of Johnstone's, a specialist foodservice cake manufacturer with significant coffee shop exposure will augment our foodservice offering.
- The Group is now one of the largest speciality bakery groups in the UK with annualised revenues of approximately £300m.
- Successful delivery of targeted cost cutting initiatives through continuous improvement programmes.

Operational Highlights

- Increase in operating profit margin showing the benefits of ongoing capital investment, continuous improvement, business improvement initiatives and overhead management.
- Organic sales growth of 6.1% versus prior year, driven by market share growth in the UK Cake business.
- Foodservice sales growth ahead of market growth with 20 new products launched across five ranges.
- Winner of 2015 Insider Wales Dealmakers Deal of the Year Award.
- Winner of Bakery Manufacturer of the year for 2015 at the Bakery Industry Awards.
- Food Manufacturers' Bakery Manufacturing Company of the year award 2014 and winner of 1st, 2nd and 3rd place in the Q awards.
- Successful robotic installation in Hamilton and completion of Cake Innovation Centre.
- Baking Academies set up in Cake and Bread.

Group Overview

Finsbury Food Group is a leading speciality bakery manufacturer, producing a diverse range of cakes, bread and bakery snack products for the major UK multiple retailers and for the foodservice channel. The Group includes the following brands and bakery companies.

Fletchers
Fletchers' highly automated site in Sheffield produces a wide variety of bakery products for the UK retail and foodservice markets. Each year it produces hundreds of millions of buns and rolls, and is also a leading producer of American muffins for the UK market. It employs over 300 people.

Fletchers

Kara
Kara is completely focused on the foodservice channel, providing various bakery products. Its Manchester site opened as a burger-bun factory, and today still produces frozen buns and rolls. Kara also manufactures a range of teacakes and doughballs. It now has more than 150 employees working in its highly automated factory.

Kara

Grain D'Or
Grain D'Or operates two bakeries at its London site, employing over 200 people to produce a wide range of premium bakery and pastry products for major retailers and foodservice customers in the UK.

Grain D'Or

Lightbody
Based in Hamilton, and employing over 1,100 people, Lightbody is the UK's largest supplier of Celebration cakes to UK retailers. It has Disney, Universal, Weight Watchers and Thorntons cakes within its licenced portfolio, as well as own-label cake for supermarket retailers. Products also include a wide range of sweet snacks, slices and in-store bakery bites.

Memory Lane Cakes
Memory Lane Cakes is one of the UK's leading suppliers of pre-packed cakes to the multiple retailers, and the leading supplier of their own-label 'sharing' cake ranges. It also produces under the Thorntons, Disney, Weight Watchers and Universal brands, as well as its own Memory Lane brand. It is now Cardiff's second largest employer, with around 850 permanent staff.

Campbell's
Campbell's Cakes has been producing hand-finished cold-set snacks for almost 20 years in Twechar, Scotland. It employs over 30 people to produce own-label and licensed products, such as caramel shortcake and tiffin, for retailers.

Nicholas & Harris
Nicholas & Harris bakes speciality bread, rolls and buns for the major UK supermarket and foodservice customers, and is potentially the largest baker of organic bread in the UK. It employs 280 people in Salisbury. Within its portfolio, N&H has Vogel's seeded bread, Cranks Organic and Village Bakery Rye bread.

Johnstone's Food Service
Johnstone's produces bite-style cake products, supplying foodservice customers – in particular the national coffee shop chains. It employs over 120 people in East Kilbride.

Lightbody Europe
Finsbury Foods also operates in European markets, particularly in France and Benelux, through the 50% owned company Lightbody Stretz. This distributes UK-made group products as well as third-party products.

Highlights

Group Revenue

£256.2m

Group revenue of £256.2m up 45.8% (2014: £175.7m) and up 6.1% on a like-for-like basis.

Adjusted* Operating Profit

£12.4m

Adjusted* operating profit of £12.4m up 61% (2014: £7.7m) and up 20% on a like-for-like basis.

Group Operating Profit Margin

4.8%

Group operating profit margin of 4.8% (2014: 4.4%).

Profit Before Tax

£11.4m

Profit before tax of £11.4m up 76% (2014: £6.5m).

Record Capital Investment

£7.4m

Record capital investment of £7.4m to ensure long-term competitiveness.

Adjusted Diluted EPS

7.7p

Strong growth in adjusted diluted EPS, up 22% to 7.7p per share (2014: 6.3p per share).

Final Dividend

1.67p

Final dividend per share of 1.67p taking total dividend for the year to 2.50p (2014: 1.00p per share).

Net Debt

£21.3m

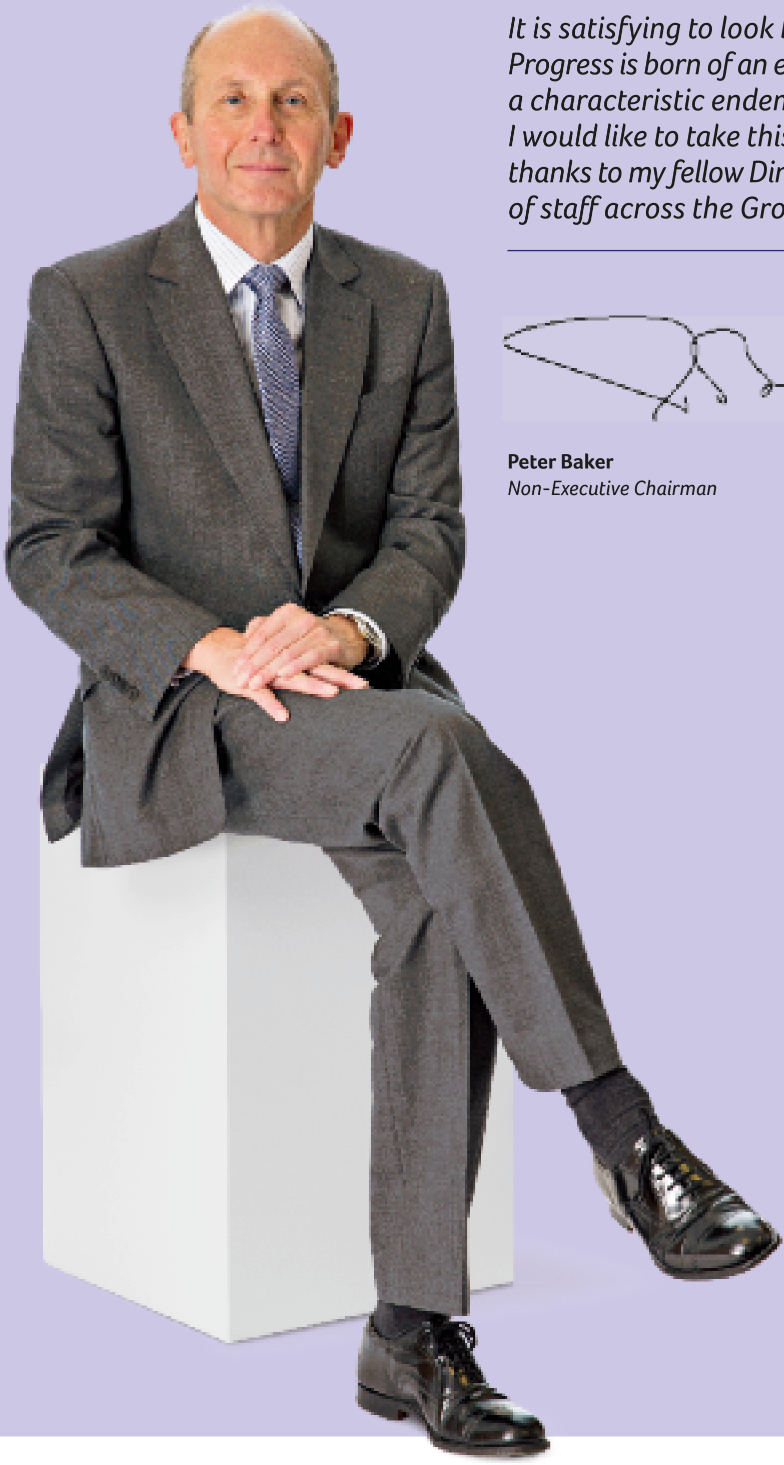
Net debt of £21.3m equates to 1.0 times pro forma annualised EBITDA of the Group. Net debt well within the long-term banking facility of £51m available to support current and future growth plans.

* These figures have been adjusted to eliminate the impact of the following charges required by IFRS and significant non-recurring items (see Note 5) for the 52 week periods ended 27 June 2015 and ended 28 June 2014:

	2015 £000	2014 £000
Adjusted profit on continuing operations before tax	**11,393**	6,470
Significant non-recurring items (see Note 5 for detail)	**(3,181)**	(759)
Share options charge	**10**	(9)
Difference between defined benefit pension scheme charges and cash cost	**(54)**	(61)
Movement in the fair value of interest rate swaps	**28**	708
Movement in the fair value of foreign exchange contracts	**181**	81
Unwinding of the discount on deferred consideration payable	**-**	(4)
Unwinding of the discount on deferred consideration receivable	**105**	150
Profit on continuing operations before tax	**8,482**	6,576

Refer to trading results section within the Strategic Report for further details on the adjusted profits.

...it means we're becoming a diversified business in channels, product and customers.



It is satisfying to look back on a successful year. Progress is born of an enormous amount of hard work, a characteristic endemic throughout the business. I would like to take this opportunity to express my thanks to my fellow Directors and to all our members of staff across the Group.

Peter Baker
Non-Executive Chairman

Chairman's Statement

Our achievements are clearly towards the upper end of the expectations of our stakeholders. I believe our historical investors recognise that the re-rating of the Group has started and that the value of their holdings are beginning to reflect the real value of the business.

An Enlarged Business
An opportunity arose in the first half of the year and the Board reacted decisively. Fletchers Bakery Group was an ambitious acquisition, a company in a product area that was related but clearly distinct.

The acquisition has provided us with diversification not only in terms of product but also of channels and customers. It has delivered benefits of scale in conjunction with access to fresh markets and opportunities.

Both businesses have similar approaches; we're very much in tune culturally and the sum, in our view, is far greater than the respective parts.

Our strategy has always been to take advantage of bolt on acquisitions if the right opportunity arises. In June 2015 this occurred and we acquired the Johnstone's business out of administration. Johnstone's supplies snacking cake products to the leading coffee chains and its acquisition represents the initial step of the acquired foodservice business into Cake products.

I would like to welcome everyone from Fletchers and Johnstone's to the Finsbury Food Group.

"We have gone from being a relatively small Group.... emerging to become a Group with an annualised turnover of close to £300m."

Implementing Comprehensive Structures to Support Growth
The pace of growth demands an evolution in the structure of the business to ensure the Group's success is supported.

A key role for me as Chairman through such evolutionary times is ensuring an appropriate composition at Board level and further upgrades to our structures of corporate governance. The Nomination Committee is currently undertaking a review of the structure of the Board to ensure that it has the appropriate balance of skills, including experience and independence, required to lead the Group through this period of growth and development. Implementation in these areas is advanced, but not yet complete.

The Board is currently conducting an extensive review of remuneration across the business to ensure that we have appropriate rewards and recognition in place to retain and attract individuals with the skills that the business demands. The Remuneration Committee has already delivered some excellent proposals which we are currently in the process of adopting.

In line with the review of remuneration, the Government's National Living Wage initiative, presents a challenge that the Board is preparing for through a number of initiatives. As with other businesses in our market, expenditure on employment is a high proportion of our costs by comparison with many other industries and this change is potentially inflationary. Adjusting and mitigating the impact will take time and will require ever-greater focus on efficiency improvements and cost reduction programmes.

The Opportunity Ahead
Finsbury Foods has undergone a transformation. We have gone from being a relatively small Group with challenges, effecting a turnaround of the core and emerging to become a Group with an annualised turnover of close to £300m. And yet we still have aspirations and the capabilities to grow further.

The economic and market environment remain challenging. Our customers are having to adjust their offering and formats and we must be responsive to these changes. While the last financial year offers cause for satisfaction, there is a dynamic environment at senior level, a restless desire to pursue our ambitions, to continue to grow organically and to seek out further opportunities.

Our primary focus for this year was on completing and integrating a major acquisition whilst driving organic growth. The consolidation phase is now well advanced and attention is already focussed towards a new set of strategic objectives. I see the next 12 months as another year of opportunity, another year of moving ahead.

...it means we're creating a business of scale.

Food manufacturing is a complex business. Inheriting a troubled Group with a legacy debt issue in a difficult market, we articulated a clear strategy from the outset; a strategy grounded in pragmatic foundations, organic growth and long-term investment.

John Duffy
Chief Executive Officer

Chief Executive's Report

Our attitude has remained consistent. Identifying areas of cost saving, paying down debt, restructuring our product range for growth, deleveraging the balance sheet: each element laying the platform for the step change acquisition that would accelerate progress.

"To some degree, a dividend is about confidence. What the dividend says is we believe in the earnings."

In October 2014, Finsbury acquired the Fletchers Bakery Group, a bread and morning goods business with three sites and a £100m turnover.

It was a big call for the Board but the right call. Part funded by an oversubscribed equity raise, the acquisition necessitated re-listing the Company on the AIM market.

I am pleased to report the larger Group is operating well, maintaining strong growth and sales trajectories.

Trading Performance
Results for the full 52-week period ending 27 June 2015 are described in greater depth in the Strategic Report but there are a number of areas I would like to take this opportunity to highlight:

- Group revenue from continuing operations £256.2 million (£175.7 million in 2014).
- Adjusted profit before tax up 76% to £11.4 million (2014: £6.5 million).
- Record capital investment spend £7.4 million (2014: £6.2 million).
- Strong growth in adjusted diluted EPS, up 22% to 7.7p per share.
- Final dividend 1.67p per share, amounting to a total dividend of 2.50p per share (2014: 1.00p).
- Total net debt £21.3 million equates to 1.0 times pro forma annualised Group EBITDA.
- Foodservice sales growth outpacing market, 20 new products launched across five ranges.
- Winner of 2015 Insider Wales Dealmakers Deal of the Year Award.
- Winner of Bakery Manufacturer of the year for 2015 at the Bakery Industry Awards.
- Food Manufacturers' Bakery Manufacturing Company of the Year 2014. 1st, 2nd and 3rd place in the Q Awards.
- Successful robotic installation in Hamilton and Cake Innovation Centre completed.
- Baking Academies set up in Cake and Bread.

Drilling Down
Our core business continues to perform strongly. Underlining a robust performance in the second half of last year, our cake business registered an increase in market share, volume and turnover. Organic growth of 6% was stimulated by increased investment in promotional campaigns, outstanding performance from licensed products and innovative methods of optimising the mix for customers.

One acquisition followed another. Reaching the growth stage has taken longer than anticipated but momentum was sustained by a second acquisition, Johnstone's, in June.

Johnstone's Just Desserts Ltd offers fresh sales outlets and distribution channels, this acquisition will complement our Fletchers growth plans to reconfigure established products – Sharing & Snacking cakes and Artisan Bread – making them available to an entirely new audience of foodservice customers.

The pace of progress is evident in all areas of activity. We invested £7m in capital expenditure this year and will spend £11m over the next 12 months. Now employing 3,200 members of staff across the Group, Finsbury is developing people strategies in both divisions, establishing Baking Academies and setting up sustainability initiatives.

Our balance sheet has been transformed. Raising fresh equity enabled the Group to take on less debt, enabling us to pay a bigger dividend. To some degree, a dividend is about confidence. What the dividend says is we believe in the earnings.

However, the economic outlook remains uncertain. Consumers still have limited disposable income and they want to spend it wisely. Discounters are continuing to take market share in a grocery sector that is relatively static.

Scale becomes important. If you're up against a well-run, well-invested larger business, it's increasingly hard to compete in the area of food. I think we're seeing a number of small food businesses go into receivership – we've just bought one – and I see more opportunities of this kind in the future.

The coming year, behind the scenes, will be demanding. Fresh layers of infrastructure are required to support £300m of annualized sales. We have already recruited a senior Group HR Director; we need to make sure we have the right people around the table to engage in the debate and make sure we take the right decisions.

Our vision has never wavered; to build a speciality bakery group focused on quality products, delivering what consumers demand and our customers want.

That vision is starting to bear fruit. We've done the hard yards, built a track record of doing the right things and navigated a route to balance sheet resilience.

The Group is taking shape as a diversified platform, equipped to increase shareholder value, identify acquisition opportunities and deliver further growth.

...it means acting decisively when opportunities arise.

Peter Baker
Non-Executive Chairman

Peter joined the Board on 1 July 2014 and is Chairman of the Nomination Committee. Peter has over 30 years' senior CEO and Board level experience within the global bakery and consumer packaged goods industry. He also chairs another Board and is a Non-Executive Director in two other businesses. Peter held the position of Managing Director of Maple Leaf Bakery from 2009 to 2013, moving into this position after the sale of La Fornaia Bakeries, where he was the CEO. Prior to these roles, Peter held COO and Divisional Managing Director positions at RHM in the Consumer Brands, British Bakeries and Cereals Divisions (including Rank Hovis Mills). Peter was previously a Non-Executive Director at Jordan's Cereals, now a part of Associated British Foods. He has also served as Vice President of CIAA (a European trade association for food and drink) and was on the Executive Board of FDF the UK Food and Drink Federation.

John Duffy
Chief Executive Officer

John was appointed CEO of Finsbury Food Group with effect from 30 September 2009, following a year as interim COO, and has led the turnaround of an indebted Group with a market capitalisation of only £6m in 2009 to the restructured and fast growing £100m+ market cap growth business of today through both operational improvement and a number of business disposals and acquisitions.

Following an engineering degree, John's early career was in the oil industry in exploration and production with Shell International. John then completed a full-time MBA at the University of Strathclyde Business School before enjoying 10 years at Director-level in manufacturing and logistics roles at Mars, the global FMCG business. This was followed by private equity experience within the portfolio investments of both L&G Ventures and Bridgepoint including as Operations Director at crisps and snacks manufacturer Golden Wonder and Managing Director of WT Foods' largest chilled foods subsidiary, Noon Products, before and after its sale to Kerry Foods.

John has experience as a Non-Executive Director in both start-up and established businesses including Denby, the household pottery manufacturer.

Stephen Boyd
Group Finance Director

Steve was appointed Group Finance Director in January 2010. Steve has spent 19 years in the food manufacturing sector and previously was Group Finance Director at Golden Wonder, subsequent to that he was Group Finance Director and Chief Operating Officer at WT Foods Group. Steve worked with John Duffy at both Golden Wonder and WT Foods.

The Directors

Paul Monk
Non-Executive Deputy Chairman

Paul Monk was appointed to the Board on 9 December 2002 and elected as joint Deputy Chairman in February 2007, he is a member of the Nomination Committee. He has extensive experience in the food manufacturing industry, was the Chief Executive of Golden Wonder Ltd and his other experience includes roles with Marks & Spencer and the Mars Corporation. He also holds other Non-Executive Director roles within the food industry.

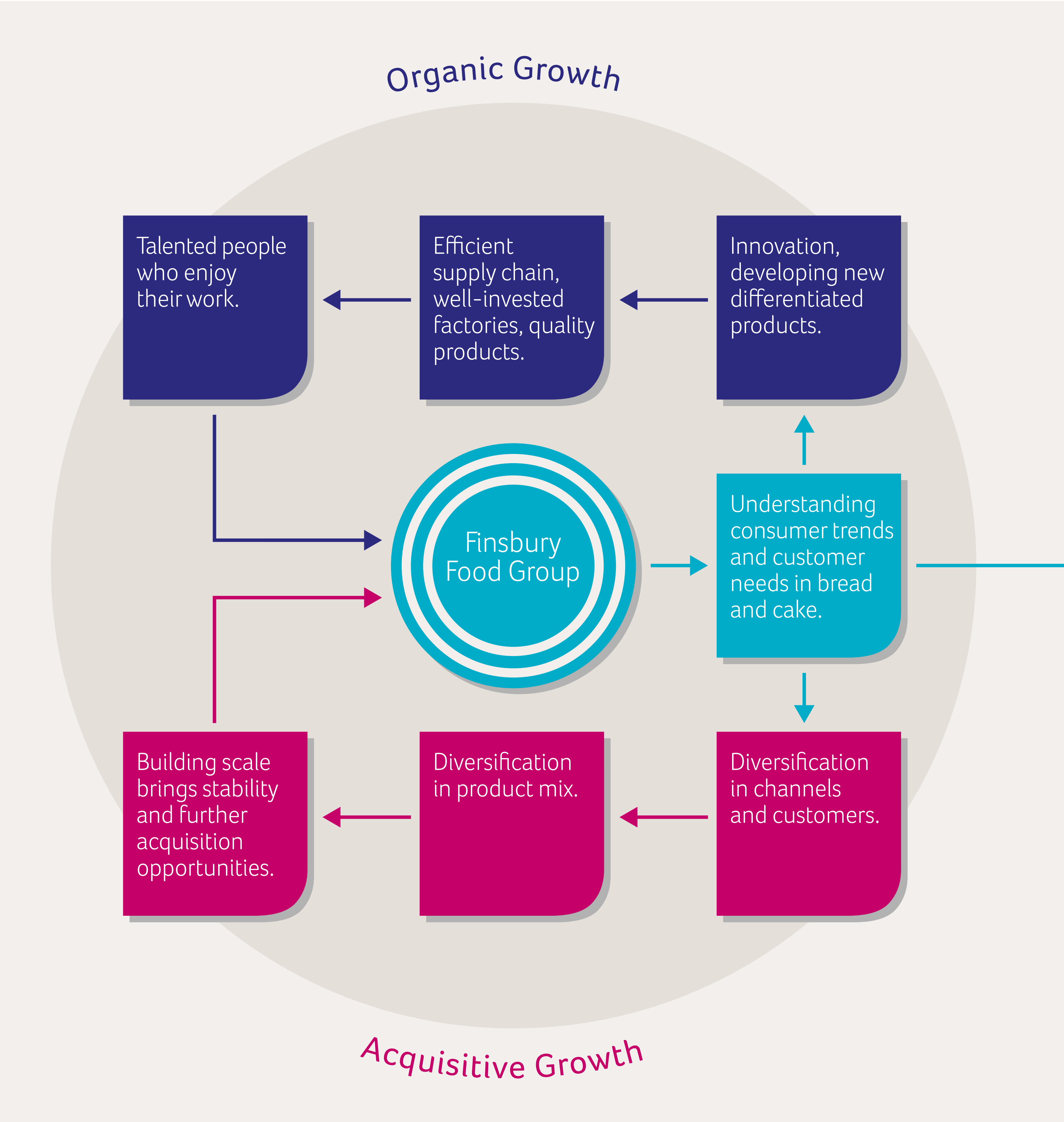
Edward Beale
Non-Executive Director

Edward Beale was appointed as a Director on 29 August 2002. He is a chartered accountant and the Chief Executive of City Group Plc., the Company's Company Secretary. He was a member of the Accounting Standards Board and subsequently the Accounting Council of the FRC for 6 years to August 2013. He is a member and former Chairman of the Quoted Corporate Alliance's Corporate Governance Committee. He is Chairman of Marshall Monteagle Plc and a Non-Executive Director of a number of other companies. He sits on both the Audit and Remuneration Committees.

Raymond Duignan
Non-Executive Director

Raymond Duignan was appointed to the Board in July 2013. He has extensive industry experience having set up a specialist investment bank, Stamford Partners, in the mid-1990s advising the European food and drink industries with clients including many blue chip companies. He is currently a Non-Executive Director of Science in Sport Plc, a member of the Advisory Board of Active Private Equity and Chairman of the Consumer Practice at Newton, the operations and supply chain consulting firm. He is Chairman of both the Audit and Remuneration Committees.

...it means we're growing organically and through acquisition.



Strategic Report

Our strategic objective is to create sustainable value for our shareholders, customers and other stakeholders by building a UK wide speciality bakery group.

"Our growth strategy will continue to be delivered by a combination of organic growth and targeted acquisitions."

Creating shareholder value.

We will produce a broad range of high quality products, targeted at growing channels and market niches, which deliver growth and differentiation for our major customers and fulfil the needs of end consumers.

Our growth strategy will continue to be delivered by a combination of organic growth and targeted acquisitions. Consolidating our market share in existing areas, such as Celebration cakes and organic bread, as well as diversifying our existing product capability into new channels such as foodservice cake will deliver organic growth. Further acquisitions will introduce new product, customer or channels diversification or accelerate market consolidation in our core product areas. The recent acquisition of Fletchers introduced significant customer (M&S), channel (foodservice) and product (muffins and croissants) diversification into the Group. The Johnstone's acquisition similarly took Finsbury into the coffee shop cake market for the first time.

Our Markets

The total UK ambient cake market (including pre-packed cake and in-store bakery) is valued at £1.09bn (source: Kantar Worldpanel 52 w/e 20 June 2015). The past 12 months has seen value and unit sales grow by +1.2% and +0.4% respectively. We continue to be the second largest supplier of pre-packed ambient cake to the UK's multiple grocers and have strengthened our leading position in the niche areas on which we focus.

Annual bread and morning goods sales in the UK are in excess of £4.8 billion (source: Kantar Worldpanel), although the market remains flat. We are a niche player in this market, manufacturing a comprehensive range of bread and morning goods such as artisan, healthy lifestyle and organic breads through to rolls, muffins and morning pastries. All are available fresh and frozen depending on the customer channel requirements. The foodservice out of home eating sector continues to grow while the retail environment remains challenging.

...it means we're developing new quality products for our different customers.

Our Business

The Group consists of the UK Bakery and the Overseas sectors businesses.

UK Bakery

UK Bakery has eight factories each with its own range of products and manufacturing capabilities.

Lightbody of Hamilton Ltd, based in Hamilton, employs over 1,100 people and is the UK's largest supplier of Celebration cakes with Disney, Universal, Weight Watchers and Thorntons products within its Licensed Portfolio as well as Own Label Cake. It also produces a wide range of sweet snacking products, slices and in store bakery bites, a number of which are under our licensed brands.

Memory Lane Cakes Ltd is based in Cardiff and employs around 850 permanent staff as well as agency staff during promotional and seasonal peak times. It is the leading manufacturer of the UK retailers own label sharing Cake ranges. Memory Lane Cakes also produces under a number of our licensed brands as well as our own Memory Lane brand.

"Eight factories, each with its own range of products and manufacturing capabilities."

The Fletchers Group of Bakeries acquired in October 2014 has three factories located in Sheffield, Manchester and London employing over 650 people. It produces a wide range of fresh and frozen bread and morning goods products, which are distributed to leading UK retailers and foodservice customers. The Fletchers foodservice business represents an important new channel to the Group through its Kara brand and own label offering and should provide revenue growth opportunities from the development of a foodservice range of Cake products and the range of Nicholas and Harris Ltd. (N&H) products.

N&H, based in Salisbury, employs around 280 people and produces a range of speciality bread and morning goods which are distributed to UK retailers and, following the Fletchers acquisition, to foodservice customers. N&H is now under Fletchers' management due to the similar nature of its business. Its offering however is still differentiated from the Fletchers' business with its focus on 'clean label' breads, rolls and buns. Within its brand portfolio, N&H has Vogel's seeded bread, Cranks Organic and Village Bakery Rye bread, all of which have a unique niche position in the UK market.

Johnstone's business and assets were acquired in June 2015. Johnstone's produces bite style cake products, including its renowned caramel shortcake. It is based in East Kilbride employing over 120 people supplying foodservice customers, particularly national coffee shop chains.

Campbells Cake Company Ltd is based in Twechar near Glasgow and employs 33 people. Campbells produces cold set products such as caramel shortbread and tiffin for retailers.

Brands and Licences

The Group has a large retailer branded own label business as well as a substantial licensed celebration portfolio which we continue to develop and seek opportunities to enhance. Fletchers has a sizeable foodservice business to which we sell both branded product, through the Kara brand, and own label product.

Kara

Kara is the foodservice brand of the Finsbury Food Group, distributing to more than 300 wholesalers, independents and end-users such as pubs, hotels and restaurant chains. The Kara brand has been operating in the foodservice sector for more than three decades and is synonymous with the famous floured bap. Today the Kara brand has a fantastic variety of frozen bakery products, providing foodservice customers with a one stop shop for their bakery requirements.

Thorntons

The Group continues to develop and innovate its branded offering via its licensing arrangement with the Thorntons confectionery business. Thorntons is the 4th largest brand in the ambient cake market and continues to grow its unit sales, outperforming the market over the last 52 weeks (Source: Symphony IRI 52 w/e 20th June 2015). Ferrero International bought Thorntons in August 2015 to expand its UK business. Ferrero have expressed their intention to maintain the Thorntons brand. Thorntons remains the dominant player within the Cake Bites market holding a market share in excess of 40%, and 2015 has seen the introduction of a raft of new product innovations which broaden and enhance the brand's offering in the marketplace.

Weight Watchers

Weight Watchers remains one of the largest food brands in the UK and we hold the licence to manufacture and distribute low fat cake to the UK and Ireland's grocers under this brand. The Low Fat cake category continues to struggle in the face of evolving consumer health and dietary requirements. Latterly however, there has been a focus on product packaging innovation to deliver better portion control to the consumer and on a stronger more impactful pack design. On-going we seek to evolve and innovate the brand and offering ensuring its continued consumer relevance.

Character Licensed Portfolio

Character Licensed Celebration cake has been a key growth area for the business, driving an overall value increase of 31% in the last 52 weeks (Source: Symphony IRI 52 w/e 20th June 2015). The evolving portfolio of licenses, strong product innovation and continued partnerships with licensors have all played a vital role in this success.

Disney
The Disney partnership has allowed us to develop a range of Celebration cakes to meet multiple age segments and occasions. Franchises such as the phenomenon of Frozen has been a resounding success story and Marvel's superheroes, Avengers and Spiderman, are ever evolving. Ongoing are the evergreen classics of Mickey Club House, Disney Princess Fairies and Cars. Late 2015 will see the much anticipated next addition to the Star Wars franchise which is sure to bring continued excitement into the category.

Other Licensed Celebration Cake
The mix of evergreen and trend driven licenses has also been a key driver of performance for the business offering a comprehensive range of product that meets all key target markets. Brands such as the ever present Peppa Pig, Turtles, Spongebob and Me to You, to the new sensation that is the Minions, have all been key drivers of the success.

Vogel's
The consumers' need for healthy nutritious food is the driver behind the Vogel's brand. Founded on the principles of Alfred Vogel, the pioneering Swiss nutritionist, Vogel's is a range of 'clean label' seeded breads crammed to bursting with seeds and grains. The loaves are baked without added sugar, emulsifiers, enzymes, or artificial preservatives or flavourings. And the best thing about Vogel's – the way we bake it means that it makes the most fantastic toast!

Village Bakery
The country's leading Rye bread brand, targeted at consumers aiming to avoid wheat, comprising a range of wholemeal and seeded loaves. The bread is made with the simplest of all recipes: Organic Rye flour, water and a little sea salt, with no added yeast, emulsifiers or enzymes.

Cranks
A range of what our customers call 'Proper Bread' made with organic stoneground flour from a specially selected group of English farmers. Cranks bread is fermented for longer – up to six hours – to give it great flavour and texture without using any additives such as emulsifiers and enzymes. Cranks is the UK's leading organic bread brand.

Overseas
The Group has a meaningful presence in Continental European markets, particularly in France and Benelux, through its 50% owned Company Lightbody Stretz Ltd, which supplies and distributes the Group's UK manufactured and third party products.

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

The Directors have identified the following as the principal risks and uncertainties that face the Group:

Competitive Environment and Customer Requirements
The environment remains competitive within the Bakery sector. The monitoring of key performance indicators at customer level such as service levels and customer complaints is part of the risk management process associated with this specific risk. Strong customer service, quality products, low costs and innovative new product development are areas of focus to satisfy customer needs and remain strong in a competitive environment. The Group invests heavily in category management, new product development and marketing skills. This investment has helped create an insight into customers and consumer demands.

Product Quality
Product quality is a key strength of the Group and failure to maintain a high standard of food quality and safety would have a severe impact on service levels and customer relationships. The Group's quality assurance procedures, managed at site level, are reviewed continuously with improvements made as appropriate. The Group's Technical Director helps provide focus to ensure there is continuous improvement across all sites to meet the increasingly high expectations of our customers. The operating subsidiaries are subject to regular internal and independent food safety and quality control audits including those carried out by, or on behalf of, our customers. The Group maintains product recall insurance cover to mitigate the potential impact of such an occurrence.

Labour Costs, Prices and Supply
Increases in labour costs, for example as a result of the national living wage, the impact of the price and volatility of price of raw materials, along with increasing costs of utilities can impact the core profitability of the business. Furthermore, the prices of certain key commodities (e.g. sugar) are tied to the Euro – the relative strength of sterling and future volatility within the Eurozone will have an impact on the cost of these commodities. Any related shortage in supply of raw materials will impact the business's ability to maintain its service levels to customers – another of its key performance indicators.

The Group maintains a high level of expertise in its buying team and will consider long-term contracts where appropriate to reduce uncertainty in input prices. The team also cultivates strong relationships with major suppliers to ensure continuity of supply at competitive prices. Regular renovation and innovation in our product range can help to manage margin pressures in an effective manner as far as the competitive environment allows. The Group also purchases forward foreign currency in order to minimise the fluctuation of input costs linked to future currency conversion rates. The Group invests in site capabilities such as leading edge robotics to increase efficiency and effectively manage costs.

Economic Environment
The economic environment remains challenging, with consumer behaviour changing and a shift toward value-oriented discounters. Affordability for consumers is essential, the Group will continue to focus on quality and value for money. Innovation and development of products that stand out from the crowd help maintain strong relationships with customers and licensors. We are driven by a passion to meet consumer expectations at affordable quality.

Trading Results
Continuing Group revenue for the 52 week period to 27 June 2015 was £256.2 million (2014: £175.7 million).

Operating Profit margins were 4.8% (2014: 4.4%). Capital investment, improvement in operational efficiency and product mix are the main drivers for the improvement in margin. Inflationary increases and employee pay rises have been offset by operational improvements and returns from capital investment. Administrative expenses have increased, driven by acquired businesses and through increased retailer marketing support, new product development, range support, remuneration for outperformance of targets and improvements in the fabric of the workplace.

Dividend
Subject to shareholder approval at the Company's AGM on 25 November 2015, the final dividend of 1.67 pence per share will be paid on 10 December 2015 to shareholders on the register at 13 November 2015 and will be recognised in the financial year ending 2 July 2016.

The following analysis is included to show what the Directors consider to be the underlying performance of the Group and eliminates the impact of significant non-recurring items and certain charges required by IFRS.

52 week period ended 27 June 2015

	Operating performance £000	Non-recurring significant items £000	Share options charge £000	Defined benefit pension scheme £000	Fair value of interest rate swaps/ foreign exchange contracts £000	Unwinding of discount on deferred consideration £000	As per Consolidated Statement of Comprehensive Income £000
Revenue	**256,166**	-	-	-	-	-	256,166
Cost of sales	**(177,276)**	-	-	-	-	-	(177,276)
Gross profit	**78,890**	-	-	-	-	-	78,890
Other costs excluding depreciation & amortisation	**(60,638)**	(3,181)	10	100	181	-	(63,528)
EBITDA	**18,252**	(3,181)	10	100	181	-	15,362
Depreciation & amortisation	**(5,836)**	-	-	-	-	-	(5,836)
Results from operating activities	**12,416**	(3,181)	10	100	181	-	9,526
Finance income	**1**	-	-	-	28	105	134
Finance costs	**(1,024)**	-	-	(154)	-	-	(1,178)
Profit before tax	**11,393**	(3,181)	10	(54)	209	105	8,482
Taxation	**(2,452)**	644	(2)	11	(42)	(21)	(1,862)
Profit after tax	**8,941**	(2,537)	8	(43)	167	84	6,620

Details of non-recurring significant items are detailed in Note 5.

52 week period ended 28 June 2014

	Operating performance £000	Non-recurring significant items £000	Share options charge £000	Defined benefit pension scheme £000	Fair value of interest rate swaps/ foreign exchange contracts £000	Unwinding of discount on deferred consideration £000	As per Consolidated Statement of Comprehensive Income £000
Revenue	**175,708**	-	-	-	-	-	175,708
Cost of sales	**(127,530)**	-	-	-	-	-	(127,530)
Gross profit	**48,178**	-	-	-	-	-	48,178
Other costs excluding depreciation & amortisation	**(37,471)**	(759)	(9)	71	81	-	(38,087)
EBITDA	**10,707**	(759)	(9)	71	81	-	10,091
Depreciation & amortisation	**(2,999)**	-	-	-	-	-	(2,999)
Results from operating activities	**7,708**	(759)	(9)	71	81	-	7,092
Finance income	**-**	-	-	-	708	150	858
Finance costs	**(1,238)**	-	-	(132)	-	(4)	(1,374)
Profit before tax	**6,470**	(759)	(9)	(61)	789	146	6,576
Taxation	**(1,519)**	171	2	(73)	(195)	(37)	(1,651)
Profit after tax	**4,951**	(588)	(7)	(134)	594	109	4,925

Details of non-recurring significant items are detailed in Note 5.

Earnings Per Share (EPS)

EPS comparatives to the prior year can be distorted by significant non-recurring items and IFRS adjustments. The Board is focused on growing adjusted diluted EPS, which is calculated by eliminating the impact of the items highlighted on page 16 and incorporates the dilutive effect of share options. Adjusted diluted EPS is 7.7p for the 52 week period (2014: 6.3p).

	2015	2014	2013* (restated)	2012*
Basic EPS	5.8p	6.7p	7.2p	5.1p
Adjusted** basic EPS	8.0p	6.7p	6.5p	5.2p
Diluted*** basic EPS	5.6p	6.3p	6.6p	4.9p
Adjusted* diluted EPS**	**7.7p**	**6.3p**	**5.9p**	**5.0p**

* EPS for continuing operations only.

** Adjusted EPS measures are calculated by eliminating the impact of significant non-recurring items and IFRS adjustments. Further details can be found in Note 10.

*** Diluted EPS takes basic EPS and incorporates the dilution effect of share options.

Non-Financial Key Performance Indicators

A range of non-financial key performance indicators are monitored at site level covering, amongst others, customer service, quality and health and safety. The Board receives an overview of these on a regular basis.

Acquisitions

On 30 October 2014 the Group acquired the Fletchers Group of Bakeries (Fletchers) for £56 million, funded in part by an oversubscribed equity raise of £35 million. The remainder was funded through debt. The acquisition brings opportunities in new foodservice channels, retail customer diversification and complementary product ranges. Fletchers fits well within our UK bakery business and the Group is expecting significant operational and commercial synergies.

On 26 May 2015 the Group acquired 25% of the ordinary share capital of Dr Zak's Limited. Dr Zak's develops and supplies high protein food including bread, pasta and bagels.

On 16 June 2015 the Group acquired the business, production assets, stock and customer list of Johnstone's Just Desserts Ltd ('Johnstone's') from administrators FRP Advisory. Unaudited turnover for 2014 was £9m. This acquisition signals the escalation of Finsbury's entry into the foodservice cake channel and in particular the high growth national coffee shop segment. This is in line with the Group's channel diversification strategy, indicated at the acquisition of Fletchers.

Cash Flow

There was a decrease in our working capital requirement of £2.2 million compared to the last financial year. Corporation tax payments made in the financial year totalled £1.2 million (2014: £1.7 million), the payments in the current year took account of the research and development tax relief due to the Group. Capital expenditure in the year amounted to £7.4 million (2014: £6.2 million).

Debt and Bank Facilities

The Group's total net debt including deferred consideration payable is £21.3 million (2014: £8.8 million) up £12.5 million from the prior year. Within this total, £9.3 million is due within one year, including cash at bank and invoice finance (2014: £5.1 million).

The Group's debt facility was renegotiated during the year driven by the acquisition of Fletchers. The facility is now a bilateral facility with HSBC Bank Plc and Lloyds Bank Plc totalling £50.9m, the key features of the facility are as follows:

- Overdraft (£2.0m)
- Term loan (£13.4m)
- Confidential invoice discounting facility (£22.0m)
- Mortgage facility (£3.5m)
- Rolling asset finance facility (£2.0m)
- Revolving credit facility (£8.0m)

Note 20 gives details of the drawn amounts and maturity dates.

The Group is able to offer strong asset backing to secure its borrowings. The Group owns freehold sites at Memory Lane in Cardiff, Fletchers in Sheffield and Lightbody and Campbells in Scotland. In addition, the Group has a strong trade debtor book to support the invoice discounting facility, made up primarily of the UK's major multiple retailers. This debtor book stood at £42.8 million (2014: £22.4 million) at the period end date.

The Group recognises the inherent risk from interest rate rises. To mitigate these risks, the Group has three interest rate swaps in place with a total coverage of £14.0 million (2014: £14.0 million) equivalent to 66% (2014: 159%) of year end net bank debt at a weighted average rate of 2.5% (2014: 2.5%).

The effective interest rate for the Group at the year end, taking account of the interest rate swaps in place and deferred consideration with base rate at 0.5% and LIBOR at 0.58%, was 4.04% (2014: 4.27%).

Financial Covenants
The Board reviews the Group's cash flow forecasts and key covenants on a regular basis to ensure that it has adequate facilities to cover its trading and banking requirements with an appropriate level of headroom. The forecasts are based on management's best estimates of future trading. There has been no breach of covenants during the year.

Interest cover (based on adjusted EBITDA) for the 52 weeks to 27 June 2015 was 17.8 (2014: 8.6). Net bank debt to EBITDA (based on adjusted EBITDA) for the year to 27 June 2015 was 1.0 (2014: 0.8).

Taxation
The Group taxation charge for the year was £1.9 million (2014: £1.7 million). This represents an effective rate of 22.0% (2014: 25.1%).

Further details on the tax charge can be found in Note 9 to the Group's Financial Statements.

Environmental Matters
The Group continues to reduce packaging through innovation and has delivered further reductions across the business. The Group takes the key learning and successes from the Cake Category and applies them across other areas of the business to deliver category leading innovative solutions. Installation of LED lighting, more efficient gas boilers and improved effluent systems are reducing our impact on the environment. New production capability, which has recently been commissioned in Hamilton, further reduces the consumption of cardboard and reduces food waste. Work continues with local universities on shelf life of product, the outcome of which will lead to waste reduction over the coming years. We are also presently formulating our Environmental Sustainability Strategy across the Group. N&H remains a 'landfill-free' site and all waste materials are recycled.

Employee Social and Community Issues
All manufacturing sites are active within their local communities, supporting local community initiatives. We donate regularly to local and national charities in terms of both product and fund raising activities at all sites.

We work closely with local universities through business projects and placements and plan to continue this partnership work further in several areas of training, development and project work. We continue to invest in training and development of the workforce supporting a programme of vocational qualifications.

Eight bakers have qualified from the N&H bakers' apprenticeship scheme this year, with City and Guilds' qualifications, adding to the 21 that have qualified in the last two years.

Technical Matters
The technical integration of the Fletchers businesses has been smooth and it has enabled Finsbury to start having a more senior dialogue with customers. Customer relationships remain robust and after a period of re-structuring across several retailers they are coming back with a renewed focus on compliance. Restructuring and strengthening of our teams during the past year has put us in a good position to be able to respond to these new challenges.

One of the biggest changes to date in the British Retail Consortium (BRC) Food Standard will go live later in 2015. This requires a focus on vulnerability assessments throughout the supply chain. This is being documented in a consistent manner across the Group and assessments are being conducted by multidisciplinary teams. All sites have maintained BRC A or A* grades in the year. BRC are anticipating fewer suppliers achieving the higher A and new AA scores.

As part of our ongoing commitment to health we are continually working with suppliers to investigate novel ingredients, processes and recipes to reduce sugar, saturated fat and salt in our products where possible.

The Food Standards Agency has published new salt targets for 2017, requiring work to be carried out on recipes to meet these targets. Further reductions will become significantly more technically challenging on certain types of product. The Group currently sits at around 70% compliance against the new targets.

A robust sustainability strategy is being developed for the Group covering People, Supply Chain and Factories. This focus will deliver real benefits for the business in these core areas.

The Strategic Report was approved by the Board of Directors on 18 September 2015 and was signed on its behalf by:

Stephen Boyd
Director

...it means we're maintaining strong growth and sales trajectories.

Financial Statements

Report on Corporate Governance

The Board is committed to high standards of corporate governance and although the Company is not required to comply with the UK Corporate Governance Code (2012) ("the Code"), the Company's corporate governance framework is based on the Code's main principles to the extent appropriate for the Company. The Board reviews its corporate governance arrangements on a regular basis.

The Board directs the activities of the Group and develops its strategy. The Board meets at least five times during the year and reviews performance against budget at each meeting. There is a schedule of matters which are reserved to the Board for decision. These matters include:

- Strategy
- Acquisition policy
- Corporate governance
- Risk management
- Health and safety
- Approval of major capital expenditure
- Approval of annual budgets
- Approval of Annual Reports
- Dividend recommendations and policy
- Committee reports

The Board comprises the Non-Executive Chairman, Peter Baker who was appointed on 1 July 2014, succeeding Martin Lightbody who stood down from the Board on 30 June 2014, two Executive Directors (John Duffy, Chief Executive and Stephen Boyd, Finance Director), and three Non-Executive Directors (Paul Monk, Edward Beale and Raymond Duignan. David Marshall who retired from the Board with effect 30 June 2014 had served as a Non-Executive Director up until that date).

There is a clear division of responsibilities between the Chairman and the Chief Executive. The Chairman is responsible for leadership of the Board, setting its agenda and monitoring its effectiveness. He meets regularly and separately with the Chief Executive and the other Non-Executive Directors.

Edward Beale is the Chief Executive of City Group Plc. City Group Plc is a subsidiary of London Finance & Investment Group Plc, a substantial shareholder in the Company. City Group Plc provides a full company secretarial service to the Company on an outsourced basis and its fees are set out in Note 31 of the Financial Statements.

Board Committees
The Board has delegated certain responsibilities to the Audit, Nomination and Remuneration Committees.

The Audit Committee is chaired by Raymond Duignan with Edward Beale as the other member. Further details are given in the Audit Committee Report on pages 26 to 27.

The Remuneration Committee is chaired by Raymond Duignan with Edward Beale as the other member.

Peter Baker chairs the Nomination Committee with Paul Monk as the other member. The Committee's main responsibilities include:

- Advising the Board on the appointment of Directors
- Reviewing the composition and size of the Board
- Evaluating the balance of skills, knowledge, experience and diversity of the Board
- Making recommendations on succession planning

Internal Controls and Risk Management
The Board has overall responsibility for the system of internal controls to safeguard shareholders' investment and the Group's assets, as well as reviewing the effectiveness of those controls. The system of internal controls is designed to manage rather than eliminate the risks of failure to achieve the Group's objectives and can only provide reasonable, and not absolute, assurance against material loss and misstatement. Additional resource has been employed to review current policies and procedures and to test the systems.

Dialogue with Shareholders
The Board maintains a general policy of keeping all interested parties informed by regular announcements and update statements.

In implementing this policy the Board keeps in mind the distribution of shareholders between direct, nominee and institutional shareholders. Communications are then distributed between these groups accordingly.

Specific methods of communication are:

- Annual general meetings
- Broker briefings
- Broker and analysts visits to operating sites
- Letters to shareholders when appropriate
- Corporate website (www.finsburyfoods.co.uk)
- One to one meetings with investors

Audit Committee Report

Role and Responsibilities of the Audit Committee
The principal responsibilities of the Committee are to:

- Monitor the financial controls of the Group and the integrity of the Financial Statements of the Group and assist the Board in fulfilling its responsibilities relating to external financial reporting and similar announcements.
- Review significant issues and the judgements of management and the methodology and assumptions used in relation to the Financial Statements.
- Review the Group's financial control systems and risk management procedures.
- Recommend the appointment and/or reappointment of the external auditor and approve their terms of engagement.
- Review and monitor the independence of the external auditor and the effectiveness of the audit process.
- Monitor policy on external auditor non-audit services.
- Monitor the operation of the Group's compliance with all regulatory legislation and practice.
- Review the effectiveness of the internal audit process and approve and review the internal audit work programme.
- Report to the Board on how it has discharged its responsibilities.

The full terms of reference, which can be found on the Company's website at www.finsburyfoods.co.uk, are reviewed periodically by the Board.

Membership
The Committee is chaired by me, and, the other member is Edward Beale, a Non-Executive Director. Edward Beale, a chartered accountant, is a former member of the UK's Accounting Standards Board and therefore has recent and relevant financial experience.

The Audit Committee met three times during the year. The Finance Director is invited to attend Committee meetings together with other senior members of the finance team including those members of staff that conduct internal audits. The external auditors attend those meetings involving the Financial Statements, the annual audit and other significant matters. Time is set aside during at least one meeting each year for the Committee to hold discussions in private with the external auditors in the absence of management and Executive Directors.

External Auditor
The Committee carried out an assessment of the effectiveness of the external audit process which focused on criteria which the Committee considered to be important factors in an effective audit process. These factors included the quality of audit staff, the planning and execution of the audit and the role of management in the audit process. Following this assessment, the Committee concluded that the external audit process remained effective and that it provides an appropriate independent challenge.

The engagement of the auditor to carry out non-audit services is approved in advance by me or, in the case of a significant instruction, by the Committee. This enables the Committee to satisfy itself of the Auditor's independence and objectivity.

Risk Management and Internal Controls
The Committee is responsible for reviewing the effectiveness of the Group's system of internal controls. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Group management prepare an Annual Report for the Committee's consideration that identifies the risks and uncertainties to which the Group is exposed, the procedures in place to mitigate those risks and uncertainties and the potential impact on the Group. The Committee reviews this report and any concerns that it has over the adequacy of the controls in place, or the level of risk accepted by the Group, are reported to the Board. The principal risks and uncertainties to which the Group is exposed are considered by the Board and are set out in the Strategic Report on page 8. Following this review, the Committee is satisfied that the Group has in place effective risk management and internal control systems. The Committee continues to keep under review the need for a separate dedicated internal audit function in the Group. The Committee remains satisfied that the Group's system of internal control is appropriate for a Group of the size and nature of the Company and the Committee's current view is that a separate formal independent internal audit function is not required at this time. The Committee will monitor the situation closely as the Group continues to expand.

A programme of rolling internal control and risk reviews is monitored by the Committee which considers reports on these reviews at each meeting and monitors any follow up action that is required.

External Reporting
The Board delegates primary responsibility for the preparation of complete, balanced and accurate Financial Statements and disclosures, in accordance with Financial Reporting Standards and regulations, to the Finance Director. The responsibility of the Committee includes consideration of significant accounting policies, any changes in policies and significant estimates and judgements, taking into account the external auditor's view, and to report back to the Board on any concerns that it might have. The Audit Committee reviews the clarity and completeness of disclosures within the Financial Statements. Ultimate responsibility for reviewing and approving the annual Financial Statements and half yearly reports remains with the Board.

The Committee also reviews related information presented with the Financial Statements, in particular the Strategic Report, the Directors' Report and the Report on Corporate Governance.

Anti-Bribery
The Company has a Group-wide anti-bribery and corruption policy to comply with the Bribery Act 2010 and it periodically reviews its procedures to ensure continued effective compliance.

Key Agenda Items
In addition to matters referred to elsewhere in this Report, during the year the Committee also considered:

- Revenue recognition
- Internal authorisation levels and procedures
- Interest rate and currency hedging
- Dividend policy
- Systems related issues arising from the Fletchers' acquisition
- Impairment reviews
- Group insurance programme
- Pension disclosures

If any reader of these accounts has suggestions for improvement in the content or the presentation of the Financial Statements, please can they let me know by writing to info@finsburyfoods.co.uk.

Raymond Duignan
Chairman of the Audit Committee

Directors' Remuneration Report (unaudited)

Statement from the Chairman of the Remuneration Committee

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 27 June 2015.

Although not subject to the remuneration reporting regulations applicable to fully listed companies in the UK the Committee has decided to take into account these regulations in the preparation of the Directors' Remuneration Report for the year as a matter of best practice. Therefore this report is presented as:

1. A Directors' Remuneration Policy – setting out the parameters within which the remuneration arrangements for Directors operate
2. An Annual Report on Remuneration – setting out remuneration earned during the year and any changes planned for the 2015-16 financial year

We hope this change will provide our shareholders with greater clarity and transparency on our pay arrangements for our most senior individuals.

The Committee will continue to monitor remuneration policy to ensure it remains aligned to the long-term interests of the Company, profitable growth and the delivery of shareholder value.

Review of the 2014-15 Financial Year
As described earlier in the Annual Report the Company has performed well delivering strong profits of £18.3 million EBITDA. The Executive Directors also delivered a number of key strategic milestones as noted in the Highlights on page 1. This delivery of excellent EBITDA growth of 70% on prior year and against our budget resulted in an annual bonus being earned equating to 100% of salary. In line with the Committee's commitment to align Executives' interests with those of shareholders, 50% of total bonuses earned in the year will be paid as cash and 50% in the form of shares, in order to develop further the shareholdings of the Executive Directors. The Directors were also awarded a bonus relating to the successful execution of the Genius and Fletcher transactions, which they had handled personally and which had saved the Group significant costs with regard to external advisors.

The Committee remains committed to a fair and responsible approach to Executive pay (including the avoidance of pay level ratcheting). In October 2014 the Committee determined it was appropriate to award the CEO and CFO a 2.5% salary increase which was in line with increases for the wider workforce.

In response to feedback from our shareholders that Executive Directors should be appropriately incentivised over the longer term and build up personal equity holdings the Committee introduced a new long-term incentive plan following consultation with advisors and our largest shareholder. The new long-term incentive plan is designed to motivate the senior executives over the longer term to deliver the Group's strategy and to reward appropriately, reflecting their contribution to shareholder value creation. The plan is based on the achievement of stretching three year performance conditions and Executive Directors are required to hold shares for a further two years after the end of the performance period. The first awards were made on 26 June 2015. Further details of the plan are set out in the Policy table on the following page and details of the first awards are provided in the Annual Report on Remuneration.

Outlook for the 2015-16 Financial Year

- Having undertaken a detailed review of variable remuneration, the Committee will now seek to embed the new long-term plan into the Group and will focus on this in the current year as the primary incentive mechanism. Awards are planned to be made after our 2014-15 preliminary announcement and we will review the performance measures at this time and especially our absolute EPS targets to ensure that these support our long-term plans.

- Salary increases for 2015-16 will be reviewed in October, after the printing of this document and will therefore be fully disclosed and explained in next year's Report.

- The annual bonus will continue to be based on EBITDA performance as the Committee considers this to be the key short-term financial measure.

Raymond Duignan
Chairman of the Remuneration Committee

18 September 2015

Directors’ Remuneration Policy Report (unaudited)

The following section sets out our Directors’ Remuneration Policy (the “Policy”). This Policy will apply to payments made from the next AGM of the Company which will be held on 25 November 2015.

The main aim of the Company’s Policy is to align the interests of Executive Directors with the Company’s strategic vision and the long-term creation of shareholder value. The Company aims to provide returns to shareholders through both organic and acquisitive growth. The Policy is intended to remunerate our Executive Directors competitively and appropriately for effective delivery of this and allows them to share in this success and the value delivered to shareholders. The Policy is based on a broad set of remuneration principles:-

- Promote shareholder value creation
- Support the business strategy
- Promote sound risk management
- Ensure that the interests of the Directors are aligned with the long-term interests of shareholders
- Deliver a competitive level of pay for the Directors without paying more than is necessary to recruit and retain individuals
- Ensure that the Executive Directors are rewarded for their contribution to the success of the Group and share in the success delivered to shareholders and
- Motivate the Directors to deliver enhanced sustainable performance

Executive Directors’ Remuneration Policy
The table below sets out the various elements of Executive Directors’ compensation and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Basic salary	To provide a competitive base salary for the market in which the Company operates to attract, motivate and retain Executives with the experience, capabilities and ambition required to achieve the Group’s strategic aims.	Salaries are usually reviewed annually.	No overall maximum has been set under the Policy. However, salaries are determined taking into consideration a range of factors, which may include: • Underlying Company performance • Role, experience and individual performance • Competitive salary levels and market forces • Pay and conditions elsewhere in the Company	N/A
Benefits	To provide broadly market competitive benefits as part of the total remuneration package designed to attract, motivate and retain Executives with the experience, capabilities and ambition required to achieve the Group’s strategic aims.	Executive Directors currently receive health insurance for the individual and his immediate family and a car allowance. Other benefits may be provided at the discretion of the Committee based on individual circumstances and business requirements, such as relocation expenses and an invitation to join a Save As You Earn plan.	Set at a level which the Committee deems appropriate and provides sufficient consideration of benefit based on individual circumstances.	N/A

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Pension	To provide broadly market competitive retirement benefits as part of the total remuneration package designed to attract, motivate and retain Executives with the experience, capabilities and ambition required to achieve the Group's strategic aims.	Executive Directors are eligible to participate in the Group defined contribution pension plan or in an approved personal pension. In appropriate circumstances, such as where contributions exceed the annual or lifetime pension allowance in the UK, Executive Directors may be permitted to take a pension benefit as additional salary instead of contributions to a pension plan.	Executive Directors receive a salary supplement, in lieu of a contribution to a pension plan, which for 2015-16 is 10% of basic salary and which from 1 April 2014 was formally built into salary.	N/A
Annual bonus	To incentivise Executive Directors to deliver against the short to medium-term objectives of the Group.	Awards are based on annual performance. Pay-out levels are determined by the Committee after the year end based on performance against targets. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. A proportion (normally 50%) of any bonus earned is paid in cash and the balance is paid in the form of shares.	The maximum annual bonus opportunity is currently 100% of base salary.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual targets and the weightings between these measures determined by the Committee each year taking into account the Company's strategic priorities at the time. Currently 100% of the bonus is based on EBITDA performance.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-term incentive plan ('LTIP')	To create alignment between the interests of Executive Directors and shareholders through the delivery of rewards in Company shares.	The Company has adopted a new LTIP and future awards will be made under this plan. Awards can be made over conditional shares, nil cost options and/or market value share options (or a cash equivalent). Vesting will be subject to the achievement of specified performance conditions over three years. The Committee may also require awards to be subject to an additional two year holding period from the end of the performance period. Awards may include dividend equivalents earned between the grant and vesting date. Awards may be subject to malus provisions at the discretion of the Committee.	Normally up to 200% of base salary in respect of a financial year. In exceptional circumstances awards may exceed this.	Relevant performance measures are set that reflect longer term strategy and business performance. Performance measures and their weighting where there is more than one measure are reviewed annually to maintain appropriateness and relevance. For 2015-16, 50% of the awards will be subject to EPS growth and 50% subject to relative TSR performance against the FTSE SmallCap Index.
Bonuses (linked to the acquisition or sale of Group Companies).	To reward the growth in business as a result of the active exploration of merger and acquisition opportunities.	The Executive Directors are eligible to receive bonuses in recognition of their role in growing the business through mergers and acquisitions. Bonuses are paid in cash or shares.	There is no maximum opportunity. However the Committee will determine an appropriate bonus taking into account a number of factors including: • The costs saved as a result of the Company executing the work • The size of the transaction • The contribution of the relevant Executive Director in the transaction • Remuneration already earned by the Director in respect of his Executive duties	Determined on a case-by-case basis depending upon the specific circumstances of the transaction.

Explanation of Performance Measures Chosen
Performance measures for the annual bonus and long-term incentive are selected that reflect the Company's strategy. Stretching performance targets are set each year by the Committee, taking into account a number of different factors.

The annual bonus is based on EBITDA delivery with threshold pay-out normally requiring outperformance of EBITDA reported in the previous financial year and compared to broker forecasts. Stretch targets for maximum awards under the bonus are set against outperformance of internal company forecasts.

The performance measures for the LTIP are EPS growth and relative TSR against the FTSE SmallCap Index across the three year performance period. The Committee considers EPS to be a key measure of long-term sustainable business performance. Relative TSR is a measure of value delivered to shareholders against a group of companies which are considered to be an appropriate peer group for Finsbury as the business grows and matures.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or a divestment of a Group business or change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year).

Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP.

Legacy Remuneration
The Committee has the right to settle remuneration arrangements (including historic share awards) that were put in place prior to this Policy being created and in respect of remuneration awarded to individuals prior to becoming an Executive Director (and which was not awarded in anticipation of becoming an Executive Director).

Non-Executive Directors' Remuneration Policy
The remuneration Policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract the individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary.

Details are set out in the table below:

Approach to setting fees	**Basis of fees**	**Other items**
• The fees of the Non-Executive Directors are agreed by the Chairman and CEO. • The fees for the Chairman are determined by the Board as a whole. • Fees are normally reviewed every two years, but may be reviewed more or less frequently if it is considered appropriate. • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at other companies of a similar size and complexity.	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for membership and chairmanship of the Remuneration Committee and the Audit Committee. • Additional fees may also be paid for other Board responsibilities or roles, if this is considered appropriate. • Fees are normally paid in cash.	• Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Company's incentive arrangements. • Non-Executive Directors do not currently receive any benefits. However, benefits may be provided in the future if, in the view of the Board, this is considered appropriate. • Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors. The Company may settle any tax due on benefits or taxable expenses.

Approach to Recruitment Remuneration
The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When considering the remuneration package of a potential new Executive Director, the Committee would seek to apply the following principles;

- The Committee will ensure that the package is sufficient to attract, motivate and retain the appropriate individual, having regard to the skills, experience, capability and ambition required while ensuring that the long-term interests of the Company and its shareholders are taken into account and without paying more than is appropriate.

- The Committee will typically seek to align the remuneration package with the Company's Remuneration Policy (as set out in the Policy table). In all circumstances, the maximum level of variable remuneration that may be granted to a new Executive excluding 'buyout' awards referred to below is 300% of salary. The Committee will ensure that awards within this limit are linked to the achievement of stretching performance measures in line with the Policy maximums under each plan.

- In some circumstances, the Committee may make payments or awards to recognise or 'buyout' remuneration packages forfeited on leaving a previous employer. In doing so, it will take into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining such 'buyout' arrangements, the Committee's intention would be that awards would generally be on a 'like-for-like' basis as those forfeited. The Committee does not intend to use this discretion to make a non-performance related incentive payment (for example a "golden hello").

- Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue, according to the original terms.

The remuneration package for a newly appointed Chairman or Non-Executive Director will normally be in line with the structure set out in the Non-Executive Directors' Remuneration Policy table on the previous page.

Service Contracts
Each of the Executive Directors has a service contract with the Company. The notice period of Executive Directors' service will not exceed 12 months.

All Non-Executive Directors have Letters of Appointment the terms of which recognise that their appointments are subject to the Company's Articles of Association.

All Non-Executive Directors submit themselves for election at the AGM following their appointment. Directors retire by rotation at each AGM in accordance with the Company's Articles of Association.

Details of the Directors' service contracts, notice periods and, where applicable, expiry dates are set out below:

Name	**Commencement**	**Expiry**	**Notice period**
J G Duffy	30 September 2009	Indefinite	12 months
S A Boyd	18 January 2010	Indefinite	12 months
P Baker	1 July 2014	Initial term of three years until 1 July 2017 but subject to Articles of Association	3 months
E J Beale	29 August 2002	Subject to Articles of Association	Unspecified
R Duignan	15 July 2013	Subject to Articles of Association	3 months
P Monk	4 December 2002	Subject to Articles of Association	Unspecified

Payments for Loss of Office
The principles on which the determination of payments for loss of office will be approached are set out below:

Payment in lieu of notice	Each Executive Director's service contract contains provision for payment in lieu of notice at the discretion of the Company. Such payment would consist of basic salary for the notice period (or the balance of the notice period, if relevant) and may also include benefits for the relevant period.
Annual bonus	The Committee may determine that an Executive Director remains eligible to receive a bonus for the financial year in respect of which he ceased to be a Director. The Committee will determine the level of bonus, taking into account a number of factors including, but not limited to, performance during the bonus period, the length of time employed during the bonus period and the circumstances of departure.
LTIP	To the extent any unvested awards will vest will be determined in accordance with the rules of the LTIP. Unvested awards will normally lapse on the cessation of employment, other than when the individual is considered a 'good leaver'. A 'good leaver' will typically be a leaver by reason of death, disability, injury, sale of the business or entity employing the leaver out of the Group or any other reason at the Committee's discretion.
Change of control	The extent to which unvested awards will vest will be determined in accordance with the rules of the plan. Awards under the LTIP will vest early on a takeover, merger or other relevant corporate event. The Committee will determine the proportion of awards that will vest by reference to the extent to which the performance condition is satisfied and such other factors as the Committee may consider relevant. The existing unapproved options awarded under the historic 2006 Company Share Option Plan have all vested.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE plan.

Where a 'buyout' award is made then the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise or any claim arising in connection with the termination of Director's office or employment.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or the agreement terminating early.

Consultation with Shareholders
The Committee considers shareholder feedback received on remuneration matters including issues raised at the AGM as well as any additional comments received during any other meeting with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Policy.

Unaudited Annual Report on Remuneration

Single Total Figure of Remuneration

The tables below detail the total remuneration **earned** by each Director in respect of the financial years ended 27 June 2015 and 28 June 2014:

2015	Salaries/fees £000	Taxable benefits £000	Annual bonus £000	Other £000	Long-term incentives £000	Pension £000	Total remuneration £000
Chairman							
P Baker	75	–	–	25	–	–	100
Executive Directors							
J G Duffy	334	12	334	240	–	–	920
S A Boyd	211	12	211	240	–	–	674
Non-Executive Directors							
E J Beale	45	–	–	–	–	–	45
R Duignan	50	–	–	50	–	–	100
P J Monk	70	–	–	–	–	–	70
	785	**24**	**545**	**555**	**–**	**–**	**1,909**

2014	Salaries/fees £000	Taxable benefits £000	Annual bonus £000	Other £000	Long-term incentives £000	Pension £000	Total remuneration £000
Chairman							
M W Lightbody	100	–	–	–	–	–	100
Executive Directors							
J G Duffy	304	12	328	–	–	22	666
S A Boyd	192	12	208	–	–	15	427
D C Currie	33	–	–	–	–	1	34
Non-Executive Directors							
E J Beale	45	–	–	–	–	–	45
R Duignan	48	–	–	–	–	–	48
I R Farnsworth	3	–	–	–	–	–	3
D C Marshall	40	–	–	–	–	–	40
P J Monk	70	–	–	–	–	–	70
	835	**24**	**536**	**–**	**–**	**38**	**1,433**

1. Martin Lightbody resigned as Chairman and Director on 30 June 2014, and Peter Baker was appointed as Chairman on 1 July 2014.
2. Crawford Currie stepped down as a Director on 30 November 2013.
3. Ian Farnsworth stepped down as a Director on 15 July 2013.
4. David Marshall stepped down as a Director on 30 June 2014.
5. On 16 July 2013 J G Duffy exchanged 1,149,000 vested unapproved options in return for 361,804 shares and the settlement of taxes amounting to £198,000 arising on the issue of the shares. This exchange resulted in no cash benefit to J G Duffy and no monetary value is therefore included in the above table.
6. “Other” relates to payments awarded to the Executive Directors for the successful execution of the Genius and Fletcher acquisitions and fees for the additional time commitment provided by Mr P Baker and Mr R Duignan in respect of their support on these transactions.
7. Cash paid in lieu of pension was incorporated into salary from 1 April 2014.
8. Salaries and fees included consultancy fees paid to Mr P J Monk amounting to £30,000 in both years.

Notes to the Table

Base Salaries

The base salaries for the Executive Directors are set with effect from 1 October, the salaries in the financial years ended 27 June 2015 and 28 June 2014 were as follows.

Executive Director	From 1 October 2013	From 1 October 2014	Percentage increase
J G Duffy	£327,493	£335,680	2.5%
S A Boyd	£207,750	£212,759	2.5%

With effect from 1 April 2014, cash in lieu of pension was formally built into salary and the figures above reflect this change as though it applied from 1 October 2013 for comparative purposes.

Taxable Benefits

The taxable benefits for the Executive Directors in the year included a car allowance and private medical insurance.

Annual Bonus

The annual bonus is the total value of the bonus earned in respect of the financial year (including the amount delivered in shares). For the financial year ended 27 June 2015 Executive Directors were able to earn a bonus of up to 100% of annual base salary subject to the achievement of stretching EBITDA performance targets.

The following table sets out the bonus pay-out to the Executive Directors for 2014-15 and how this reflects EBITDA performance for the year.

Performance measure	Actual performance	Resulting level of award for each Executive as a percentage of salary
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EBITDA £18,252,000	100%

Long-term Incentives

No long-term incentive awards vested with respect to a performance period ending in the year ended 27 June 2015.

Details of the LTIP awards granted on 26 June 2015 are given in the table below:

	Number of shares	Basis of award*	Performance period	Performance conditions
J G Duffy	1,137,898	200% of salary	3 financial years from 29 June 2014	50% subject to EPS growth and 50% subject to relative TSR (further details below).
S A Boyd	721,217	200% of salary	3 financial years from 29 June 2014	50% subject to EPS growth and 50% subject to relative TSR (further details below).

*The basis of award was calculated using the share price of the shares issued to fund the acquisition of the Fletchers Group on 30 October 2014.

Vesting of 50% of the award will be based upon the amount of the adjusted diluted Earnings Per Share (EPS) delivered in the final Financial Year of the performance period. Below the threshold vesting target of 7.29p, none of this component of the award will vest. 25% of this component will vest if adjusted diluted EPS is 7.29p, with 100% vesting at 10.23p, and vesting determined on a straight-line basis between these figures.

Vesting of 50% of the award will be based upon Relative Total Shareholder Return against the FTSE SmallCap (excluding investment trusts) (“TSR”) over the performance period. At below median relative TSR ranking, none of this component of the award will vest. 25% of this component will vest at median ranking, with 100% vesting at upper quartile or above ranking and vesting determined on a straight-line basis between these points.

The awards are also subject to a general performance underpin assessing factors, including ROCE and other financial indicators of performance over the performance period, at the discretion of the Remuneration Committee.

Pensions

The Chief Executive Officer and the Group Finance Director are both entitled to a taxable non-pensionable cash allowance equivalent to 10% of their salaries. From 1 April 2014 these pension allowances were replaced by salary, as in both cases the respective Directors have reached the lifetime limits set by HMRC.

Non-Executive Director fees

Details of Non-Executive Directors' fees for 2013/14 and 2014/15 are as set out below:

Chairman fee	Non-Executive Director fee	Chairman of the Remuneration Committee	Member of the Remuneration Committee	Chairman of the Audit Committee	Member of the Audit Committee
£75,000	£40,000	£5,000	£2,500	£5,000	£2,500

Payments made to Former Directors during the Year

No payments were made in the year to any former Director of the Company.

Payments for Loss of Office made during the Year

No payments for loss of office were made in the year to any Director of the Company.

Statement of Directors' Shareholding and Share Interests

The interests of the Directors and their immediate families in the Company's ordinary shares as at 28 June 2014 and 27 June 2015 were as follows.

	27 June 2015 Number	28 June 2014 (or date of appointment) Number
Chairman		
P Baker	46,000	-
Executive Directors		
J G Duffy	2,111,762	1,855,163
S A Boyd	906,629	555,137
Non-Executive Directors		
E J Beale	40,000	40,000
R Duignan	-	-
P J Monk	291,547	291,547

The interests of the Directors and their immediate families in the Company's ordinary shares did not change between 27 June 2015 and the date these accounts were signed on 18 September 2015.

The interests of each Executive Director of the Company as at 27 June 2015 in the Company's share schemes were as follows:

Executive Director	Number of options at 28 June 2014	Granted	Exercised	Lapsed	Number of options at 27 June 2015
J G Duffy	2,500,000	-	-	-	2,500,000
J G Duffy	-	1,137,898	-	-	1,137,898
S A Boyd	2,900,000	-	(146,341)	-	2,753,659
S A Boyd	-	721,217	-	-	721,217
	5,400,000	1,859,115	(146,341)	-	7,112,774

Consideration by the Directors of Matters Relating to Directors' Remuneration
The Remuneration Committee comprises R Duignan (Chairman) and E J Beale. The Company Secretary attends the meeting as secretary to the Committee. The Committee's responsibilities are:

- Maintaining the remuneration policy;
- Reviewing the remuneration packages of the Executive Directors;
- Monitoring the level and structure of the remuneration of Senior Management; and
- Production of the Annual Report on Directors' remuneration.

The Chief Executive Officer and Group Finance Director occasionally attend meetings and provide information and support as requested. Neither Executive Director is present when his remuneration package is considered.

Advisors
During the financial year the Committee received advice from Deloitte LLP. The Committee is satisfied that the advice received is independent and objective. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK.

Implementation of Directors' Remuneration Policy for the Financial Year commencing 28 June 2015
Information on how the Company intends to implement the Directors' Remuneration Policy for the financial year commencing on 28 June 2015 is set out below.

Salaries/fees
Salaries for the Executive Directors and fees for the Non-Executive Directors will be reviewed in October and will be disclosed in the Remuneration Report next year although the Committee does not anticipate making salary increases greater than the awards being made to the wider workforce. The provision of benefits will remain unchanged.

Annual Bonus
For the financial year commencing 28 June 2015 the annual bonus opportunity for the Executive Directors will continue to be 100% of salary subject to the achievement of stretching EBITDA performance targets with payment made 50% in cash and 50% in shares.

Long-term Incentives
For the year commencing 28 June 2015 the Executive Directors will receive LTIP awards of 200% of base salary.

It is the intention that these awards will be subject to the same performance metrics as the LTIP awards made during the financial year 2014-15.

Awards will also be subject to a further two year holding period at the end of the performance period.

Approval
This report was approved by the Board on 18 September 2015 and signed on its behalf by:

Raymond Duignan
Chairman of the Remuneration Committee

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the 52 weeks ended 27 June 2015 and 28 June 2014

	Note	2015 £000	2014 £000
Revenue	3	**256,166**	175,708
Cost of sales		**(177,276)**	(127,530)
Gross profit		**78,890**	48,178
Administrative expenses	4	**(69,364)**	(41,086)
Results from operating activities		**9,526**	7,092
Finance income	8	**134**	858
Finance cost	8	**(1,178)**	(1,374)
Net finance cost		**(1,044)**	(516)
Share of profits of associates after tax	2	**-**	-
Profit before tax		**8,482**	6,576
Taxation	9	**(1,862)**	(1,651)
Profit for the year		**6,620**	4,925
Other comprehensive (expense)/income			
Items that will not be reclassified to profit and loss			
Remeasurement on defined benefit pension scheme	16	**(153)**	(726)
Movement in deferred taxation on pension scheme liability	24	**31**	145
Total items that will not be reclassified to profit and loss		**(122)**	(581)
Other comprehensive expense for the financial year, net of tax		**(122)**	(581)
Total comprehensive income for the financial year		**6,498**	4,344
Profit attributable to:			
Equity holders of the parent		**6,179**	4,400
Non-controlling interest		**441**	525
Profit for the financial year		**6,620**	4,925
Total comprehensive income attributable to:			
Equity holders of the parent		**6,057**	3,819
Non-controlling interest		**441**	525
Total comprehensive income for the financial year		**6,498**	4,344
Earnings per ordinary shares			
Basic	10	**5.8**	6.7
Diluted	10	**5.6**	6.3
Adjusted earnings per ordinary shares			
Basic	10	**8.0**	6.7
Diluted	10	**7.7**	6.3

The Notes on pages 43 to 73 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

at 27 June 2015 and 28 June 2014

	Note	2015 £000	2014 £000
Non-current assets			
Intangibles	12	**80,071**	52,968
Property, plant and equipment	13	**46,038**	21,541
Investments in equity accounted investees	14	**225**	-
Other financial assets	14	**28**	28
Deferred tax assets	24	**4,446**	1,350
		130,808	75,887
Current assets			
Deferred consideration receivable	15	**-**	2,895
Inventories	17	**11,268**	4,530
Trade and other receivables	18	**48,381**	24,832
Cash and cash equivalents	19	**61**	592
Current tax asset	14	**40**	-
Other financial assets – fair value of foreign exchange contracts	14	**117**	-
		59,867	32,849
Total assets		**190,675**	108,736
Current liabilities			
Other interest-bearing loans and borrowings	20	**(9,288)**	(5,718)
Trade and other payables	22	**(62,283)**	(30,736)
Provisions	23	**(252)**	(237)
Deferred purchase consideration		**(50)**	-
Other financial liabilities – fair value of interest rate swaps/foreign exchange	14	**(359)**	(451)
Current tax liabilities		**-**	(28)
		(72,232)	(37,170)
Non-current liabilities			
Other interest-bearing loans and borrowings	20	**(11,746)**	(3,612)
Provisions and other liabilities	23	**(161)**	(199)
Deferred tax liabilities	24	**(103)**	(422)
Pension fund liability	16	**(3,837)**	(3,630)
		(15,847)	(7,863)
Total liabilities		**(88,079)**	(45,033)
Net assets		**102,596**	63,703
Equity attributable to equity holders of the parent			
Share capital	27	**1,280**	669
Share premium account	26	**64,952**	31,480
Capital redemption reserve	26	**578**	578
Retained earnings	26	**34,580**	29,849
		101,390	62,576
Non-controlling interest		**1,206**	1,127
Total equity	26	**102,596**	63,703

These Financial Statements were approved by the Board of Directors on 18 September 2015 and were signed on its behalf by:

Stephen Boyd
Director

Registered Number 00204368

The Notes on pages 43 to 73 form an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

for the 52 weeks ended 27 June 2015 and 28 June 2014

	Note	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Non-controlling interest £000	Total equity £000
Balance at 30 June 2013		642	30,779	578	26,865	1,019	59,883
Profit for the financial year		–	–	–	4,400	525	4,925
Other comprehensive income/(expense):							
Remeasurement of defined benefit pension	16	–	–	–	(726)	–	(726)
Deferred tax movement on pension scheme remeasurement	24	–	–	–	145	–	145
Total other comprehensive expense		–	–	–	(581)	–	(581)
Total comprehensive income for the period		–	–	–	3,819	525	4,344
Transactions with owners, recorded directly in equity:							
Shares issued during the year	27	27	701	–	–	–	728
Impact of share based payments	27	–	–	–	9	–	9
Deferred tax on share options		–	–	–	(350)	–	(350)
Dividend paid	28	–	–	–	(494)	(417)	(911)
Balance at 28 June 2014		**669**	**31,480**	**578**	**29,849**	**1,127**	**63,703**
Balance at 29 June 2014		669	31,480	578	29,849	1,127	63,703
Profit for the financial year		–	–	–	6,179	441	6,620
Other comprehensive (expense)/income:							
Remeasurement on defined benefit pension	16	–	–	–	(153)	–	(153)
Deferred tax movement on pension scheme remeasurement	24	–	–	–	31	–	31
Foreign exchange translation differences		–	–	–	–	–	–
Total other comprehensive expense		**–**	**–**	**–**	**(122)**	**–**	**(122)**
Total comprehensive income for the period		**–**	**–**	**–**	**6,057**	**441**	**6,498**
Transactions with owners, recorded directly in equity:							
Shares issued during the year	27	611	33,472	–	–	–	34,083
Impact of share based payments	27	–	–	–	(10)	–	(10)
Deferred tax on share options		–	–	–	243	–	243
Dividend paid	28	–	–	–	(1,559)	(362)	(1,921)
Balance at 27 June 2015		**1,280**	**64,952**	**578**	**34,580**	**1,206**	**102,596**

The Notes on pages 43 to 73 form an integral part of these Financial Statements.

Consolidated Cash Flow Statement

for the 52 weeks ended 27 June 2015 and 28 June 2014

	Note	2015 £000	2014 £000
Cash flows from operating activities			
Profit for the financial year		**6,620**	4,925
Adjustments for:			
Taxation		**1,862**	1,651
Net finance costs		**1,044**	516
Depreciation		**5,433**	2,834
Amortisation of intangibles		**403**	165
Share options (credit)/charge		**(10)**	9
Contributions by employer to pension scheme		**(100)**	(71)
Fair value charge/(credit) for foreign exchange contracts		**(181)**	(81)
Operating profit before changes in working capital		**15,071**	9,948
Changes in working capital:			
Increase in inventories		**(1,004)**	(197)
Increase in trade and other receivables		**(7,259)**	(6)
Increase/(decrease) in trade and other payables		**10,510**	(2,032)
Cash generated from operations		**17,318**	7,713
Interest paid		**(923)**	(1,084)
Tax paid		**(1,164)**	(1,700)
Net cash from operating activities		**15,231**	4,929
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7,354)**	(6,167)
Purchase of subsidiary companies	11	**(40,809)**	(217)
Deferred consideration received	11	**3,000**	-
Settlement of acquired debt		**(19,740)**	-
Cash received with acquisition		**4,990**	-
Net cash used in investing activities		**(59,913)**	(6,384)
Cash flows from financing activities			
Drawdown of new facility		**24,028**	-
Repayment of invoice discounting		**(8,159)**	(300)
Drawdown of revolving credit		**-**	2,000
Repayment of bank loans		**(3,622)**	(338)
Repayment of asset finance liabilities		**(380)**	(478)
Issue of ordinary share capital		**34,083**	728
Dividend paid to non-controlling interest	28	**(362)**	(417)
Dividend paid to shareholders		**(1,559)**	(494)
Net cash from financing activities		**44,029**	701
Net decrease in cash and cash equivalents		**(653)**	(754)
Opening cash and cash equivalents		**592**	1,310
Effect of exchange rate fluctuations on cash held		**122**	36
Cash and cash equivalents at end of period	19	**61**	592

The Notes on pages 43 to 73 form an integral part of these Financial Statements.

Presentation of Financial Statements

Basis of Preparation
These accounts cover the 52 week period ended 27 June 2015 (prior financial year is the 52 week period ended 28 June 2014). The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent company Financial Statements in accordance with UK GAAP; these are presented on pages 74 to 79.

It should be noted that current liabilities exceed current assets. Having reviewed the Group's short and medium term plans and available financial facilities, the Board has reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has stayed within its banking facilities during the year, meeting covenant requirements. The Group has continued support from its banks with facilities of £50.9m. In addition, the Group has a strong asset backing and strong trade debtor book. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements for both the Group and the parent company.

The Board reviews the Group's cash flow forecasts and key covenants on a regular basis to ensure that it has adequate facilities to cover its trading and banking requirements with an appropriate level of headroom. The forecasts are based on management's best estimates of future trading. There has been no breach of covenants during the year. All covenant tests were passed at the year end.

Critical Accounting Estimates and Judgements
The Group is required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. Accounting estimates and judgements have been required for the production of these Financial Statements. The following are those that are deemed to require the most complex judgements about matters that have the most significant effect on the amounts recognised in the Financial Statements.

- Acquisition related intangible assets are considered to have finite lives ranging from 15 to 20 years. The determination of the fair value and useful lives are subject to estimates and judgement. Impairment reviews in respect of intangibles are performed where there is indication of impairment. Impairment of goodwill is carried out annually and can significantly impact the Group's Consolidated Statement of Profit and Loss for the year. The Group estimates the recoverable amounts based on historical experience of margin, volumes and cost structure and expectations of future events. The discount rate takes account of the current market conditions and this has been applied as a pre-tax discount factor to obtain a current value. Refer to Note 12 for further details.

- The Group has one defined benefit pension scheme. The net deficit or surplus is the difference between the plan assets and plan liabilities at the period end date. The valuation of the assets and liabilities is based on a number of judgements. The assets are based on market value at the period end date, the liabilities are based on actuarial assumptions such as discount, inflation and mortality rates. The assumptions applied are based on advice provided by the Scheme's actuary, further detail can be found in Note 16.

- The Group recognises provisions where an obligation exists at the period end date and a reliable estimate can be made. Provisions for employee claims and pension augmentation have been recognised in these Financial Statements. Estimates for employee claims are made based on the number of reported accidents and incidents and the number of expected claims yet to be reported based on historical evidence, all accrued up to the maximum self-insured amount of £10,000 per claim. The pension provision relates to a contractual liability for pension augmentation that has been valued by the pension scheme actuaries. See Note 23 for further detail.

1 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements, except as explained in the basis of preparation, which addresses any changes in accounting policies resulting from new or revised standards.

Basis of Consolidation
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of new subsidiaries are changed when necessary to align them with the policies adopted by the Group. Intra-group balances and transactions are eliminated in preparing the consolidated Financial Statements.

Lightbody Stretz Limited which is 50% owned by the Group has been consolidated into the Group accounts as a subsidiary with a corresponding non-controlling interest on the basis that the Group has the controlling interest. Control arises by virtue of the fact that Lightbody Group Limited, a wholly owned subsidiary of Finsbury Food Group, has a majority of voting rights arising from an agreement between Lightbody Group Limited and Philippe Stretz, the owner of the remaining 50%.

Business Combinations
The acquisition method of accounting is used in accounting for the acquisition of businesses. In accordance with IFRS 3 Business Combinations, the assets and liabilities of the acquired entity are measured at fair value. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated are made within twelve months of the acquisition date and are effected from the date of acquisition.

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 January 2014. No modifications of previous conclusions about control regarding the Group's investees were required.

As a result of IFRS 12, the Group has expanded disclosures about its interests in subsidiaries and equity-accounted investees.

Foreign Currency
Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end date are retranslated to Sterling at the foreign exchange rate ruling at that date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the period end date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. This revaluation is recognised through Other Comprehensive Income.

Derivative Financial Instruments
The Group has derivative financial instruments in respect of interest rate swaps and foreign exchange hedges. The Group does not hold derivative financial instruments for trading purposes. The existing interest rate swaps and foreign exchange hedges used by the Group while they function as hedges, do not meet the criteria for hedge accounting set out by IAS 39, and have thus been treated as financial assets and liabilities which are carried at their fair value in the Consolidated Statement of Financial Position. Fair value is deemed to be market value, which is provided by the counterparty at the year end date.

Changes in the market value of interest rate swaps have been recognised through the Consolidated Statement of Profit and Loss as finance income or cost. Changes in the market value of foreign exchange hedges have been recognised through the Consolidated Statement of Profit and Loss within administrative costs.

1 Significant Accounting Policies *(continued)*

Non-derivative Financial Instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Unless otherwise indicated, the carrying amounts of the Group's financial assets and liabilities are a reasonable approximation of their fair values.

Trade and other Receivables
The value of trade and other receivables is the amount that would be received if the debt was cleared on the period end date which is a close approximation to amortised cost.

Trade and other Payables
The value of trade and other payables is the value that would be payable to settle the liability at the period end date.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Interest-bearing Borrowings
Interest-bearing borrowings are stated at amortised cost using the effective interest method.

Property, Plant and Equipment
Recognition and Measurement
Items of property, plant and equipment are measured at cost or fair value at the date of acquisition, less accumulated depreciation and impairment provisions. Costs include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation
Depreciation is provided to write off the cost, less estimated residual value, of the property, plant and equipment by equal instalments over their estimated useful economic lives to the Consolidated Statement of Profit and Loss. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The depreciation rates used are as follows:

Freehold buildings	2% – 20%	Plant and equipment	10% – 33%
Leasehold property	Up to the remaining life of the lease	Assets under construction	Nil
Fixtures and fittings	10% – 33%	Motor vehicles	25% – 33%

Impairment reviews of fixed assets are undertaken if there are indications that the carrying values may not be recoverable.

Leased Assets
Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets acquired by finance lease and hire purchase are depreciated over the lease term or their useful lives.

Obligations under finance leases are included in liabilities net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Profit and Loss as finance expense so as to produce a constant periodic rate of charge on the net obligations outstanding in each period.

Other leases are operating leases and the leased assets are not recognised on the Group's Consolidated Statement of Financial Position.

Operating Lease Payments
Payments made under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease.

Finance Lease Payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1 Significant Accounting Policies *(continued)*

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Application of the Equity Method to Associates and Joint Ventures
Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Intangible Assets and Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Intangible assets are capitalised separately from goodwill as part of a business combination, only if the fair value can be measured reliably on initial recognition and if the future economic benefits are expected to flow to the Group. All intangible assets recognised are considered to have finite lives and are amortised on a straight line basis over their estimated useful economic lives that range from 15 to 20 years. Goodwill arises when the fair value of the consideration for the business exceeds the fair value of the net assets acquired. Where the excess is negative (negative goodwill), the amount is taken to retained earnings. Goodwill is capitalised and subject to impairment reviews both annually and where there are indications that the carrying value may not be recoverable.

Impairment
The carrying amounts of the Group's intangible assets and goodwill are reviewed at each period end date to determine whether there is an indication of impairment. Intangible assets and goodwill are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each period end date.

An impairment loss would be recognised whenever the carrying amount of an intangible asset, goodwill or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

Calculation of Recoverable Amount
The recoverable amount is the greater of the assets' fair value less costs to sell and its value in use. In assessing an assets' value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based upon estimated selling price allowing for all further costs of completion and disposal. Specific provisions are made against old and obsolete stock taking the value to zero or an estimated reduced value based on the most likely route for disposal of each particular item of stock.

Employee Benefits
Defined Benefit Plans
Memory Lane Cakes Ltd operates a defined benefit pension scheme and the pension costs are charged to the Consolidated Statement of Profit and Loss and Other Comprehensive Income in accordance with IAS 19 (revised), with current and past service cost being recognised as an administrative expense, interest on assets and liabilities is shown as finance income or a finance cost in the Consolidated Statement of Profit and Loss. The remeasurements are recognised in full in Other Comprehensive Income.

Defined Contribution Plans
The costs of contributing to defined contribution and personal pension schemes are charged to the Consolidated Statement of Profit and Loss as an administration cost in the period to which they relate.

Share-based Payment Transactions
The value, as at the grant date, of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

1 Significant Accounting Policies *(continued)*

Revenue
Revenue represents the amounts derived from the sale of bakery products. Revenue is the invoiced value of consideration received or receivable excluding value added tax, trade discounts, transactions with or between subsidiaries and less the cost of price promotions and sales over-riders. Revenue is recognised upon despatch of goods.

Segmental Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All segments' operating results are reviewed regularly by the Group's Board of Directors. The Group's Chief Operating Decision Maker is considered to be the Board.

Licence Fees
Payments made for licence fee charges are recognised under cost of sales in the Consolidated Statement of Profit and Loss in the period to which they relate. Any charges relating to future years are deferred and recognised in the Consolidated Statement of Profit and Loss under cost of sales over the life of the contract.

Finance Income and Cost
Finance costs comprise loan interest payable, interest payable and finance charges on finance leases recognised using the effective interest method, unwinding of the discount on provisions and deferred consideration, interest on the net defined benefit pension plan position and adverse changes in the fair value of interest rate swaps.

Finance income comprises, interest receivable on funds invested and favourable changes in the fair value of interest rate swaps. Interest income is recognised in Consolidated Statement of Profit and Loss as it accrues, using the effective interest method.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the period end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- The differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Research and Development Expenditure
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Profit and Loss as incurred.

2 Acquisitions

On 30 October 2014 the Group acquired the entire share capital of the Fletchers Group (Fletchers) for £56.4 million less £2.6 million working capital adjustment. Fletchers produces morning goods and specialist bread products for leading UK grocery retailers and foodservice customers. Strategic and financial benefits of the acquisition include, complementary product ranges and new foodservice channels, retail customer diversification, the benefits of significant capital investment within Fletchers' manufacturing and a multi-channel platform for further acquisitions in due course. In the period between acquisition date and 27 June 2015, the acquired Group contributed a profit before tax of £3,144,000.

The cash outflow under 'investing activities' on the face of the Consolidated Cash Flow Statement relates to the following:

	£000
Initial consideration	39,084
Debt settled	19,740
Cash acquired	(4,990)
Cash consideration (excluding acquisition costs)	53,834
Working capital adjustment	2,598
Total consideration	56,432

The acquisition had the following effect on the Group's assets and liabilities:

	Fair value carrying amount £000
Acquiree's net assets at acquisition date:	
Property, plant and equipment	21,094
Stock	5,387
Trade and other receivables	16,852
Deferred tax asset	3,903
Trade and other payables	(20,536)
Working capital adjustment	2,598
Net identifiable assets	29,298
Intangibles	8,770
Goodwill	18,364
	56,432

Further information on intangible assets is provided in Note 12 to the Financial Statements.

On 16 June 2015 the Group acquired the business, production assets, stock and customer list of Johnstone's Just Desserts from administrators FRP Advisory for £1.6 million. A new legal entity Johnstone's Food Service Limited was formed and trading commenced under this legal entity from the acquisition date. In the period between acquisition date and 27 June 2015, the new subsidiary contributed a profit before tax of £23,000.

	Fair value carrying amount £000
Acquiree's net assets at acquisition date:	
Property, plant and equipment	1,489
Stock	496
Trade and other receivables	22
Trade and other payables	(829)
Working capital adjustment	40
Net identifiable assets	1,218
Goodwill	372
	1,590
Consideration paid net of working capital adjustment	1,550

2 Acquisitions *(continued)*

Investment in Associate

On 26 May 2015 the Group acquired 25% of the ordinary share capital of Dr Zak's Ltd for a consideration of £225,000 of which £50,000 has been deferred and is payable within one year of the acquisition date.

	2015 £000	2014 £000
Carrying amount of immaterial associates	**225**	-

The Group has not recognised the results relating to the Investment in Dr Zak's as post acquisition results are less than £1,000 and deemed not material to the Group.

The total costs associated with the acquisitions amounted to £3,181,000 and are shown as a non-recurring signitificant item under administration costs. Share placing costs of £1,484,000 relating to an equity raise to part fund the acquisition of Fletchers have been written off against the share premium account.

3 Revenue and Segment Information

Operating segments are identified on the basis of internal reporting and decision making. The Group's Chief Operating Decision Maker is considered to be the Board as it is primarily responsible for the allocation of resources to segments and the assessment of performance by segment.

The Board uses adjusted operating profit, reviewed on a regular basis, as the key measure of the segments' performance. Operating profit in this instance is defined as profit before the following:

- Net financing expense
- Share option charges
- Significant non-recurring items
- Fair value adjustments relating to acquisitions
- Pension charges or credits in relation to the net pension position
- Revaluation of interest rate swaps and forward foreign currency contracts

The UK Bakery segment manufactures and sells bakery products to the UK's multiple grocers and foodservice sectors. This segment primarily comprises the operations of Memory Lane Cakes Ltd, Lightbody Group Ltd, Campbells Cake Company Ltd, Johnstone's Food Service Ltd, Fletchers Bakeries Ltd and Nicholas & Harris Ltd. These subsidiaries are aggregated into a single segment after considering the following criteria:

- The nature of the products – products are similar in nature and are classed as manufactured bakery products
- The production process – the production processes have the same or similar characteristics
- The economic characteristics – the average gross margins are expected to be similar

The core operation of the Overseas segment is the distribution of the Group's UK manufactured product along with the sale of third party products primarily to Europe.

Costs of Group operations plus a 10% premium have been allocated across the segments on the basis of their operating profit. The premium has been charged to reflect the synergies achieved from obtaining resources centrally giving benefits across the operating segments. Operating profit levels have been chosen as the basis, as this reflects the underlying performance of the segment and is also the return the Group expects from those segments.

A purchasing premium of 2% is charged from Group operations, and is calculated on materials and packaging spends at segmental level. This charge is based on the rationale that Group operations, through its Group buyers, optimises the Group's procurement spend through leveraging its purchasing power.

This has resulted in a profit from continuing operations of £0.3m (2014: £0.5m) being presented within the Group Operations segment.

The Group's finance income and expenses cannot be meaningfully allocated to the individual operating segments.

3 Revenue and Segment Information *(continued)*

	UK Bakery £000	Overseas £000	Group Operations £000	Total Group £000
52 week period ended 27 June 2015				
Continuing				
Revenue				
External pre acquisition	**164,255**	**22,186**	**-**	**186,441**
External acquired	**69,725**	**-**	**-**	**69,725**
Total revenue	**233,980**	**22,186**	**-**	**256,166**
Profit pre acquisition	**7,748**	**1,154**	**347**	**9,249**
Profit from acquired businesses	**3,167**	**-**	**-**	**3,167**
Total underlying profit	**10,915**	**1,154**	**347**	**12,416**
Fair value foreign exchange contracts				181
Share options charge				10
Defined benefit pension scheme				100
Significant non-recurring items				(3,181)
Results from operating activities				**9,526**
Finance income				134
Finance cost				(1,178)
Profit before taxation				**8,482**
Taxation				(1,862)
Profit after taxation				**6,620**
At 27 June 2015				
Segment assets	**183,623**	**5,042**	**1,508**	**190,173**
Unallocated assets	**-**	**-**	**-**	**502**
Consolidated total assets	**-**	**-**	**-**	**190,675**
Segment liabilities	**(53,660)**	**(4,056)**	**(8,786)**	**(66,502)**
Unallocated liabilities	**-**	**-**	**-**	**(21,577)**
Consolidated total liabilities	**-**	**-**	**-**	**(88,079)**
Other segment information				
Capital expenditure	7,320	34	-	7,354
Depreciation included in segment profit	5,414	19	-	5,433
Amortisation	403	-	-	403
Inter-segmental sale/(purchases)	6,072	(6,072)	-	-

Analysis of unallocated assets and liabilities:

	Assets £'000		Liabilities £'000
Investments	253	Loans and borrowings	(21,034)
Financial instruments	117	Financial instruments	(359)
Cash and cash equivalents	61	Cash and cash equivalents	-
Taxation balances	71	Taxation balances	(184)
Unallocated assets	502	Unallocated liabilities	(21,577)

With regard to revenue, five customers with sales of £53m, £36m, £27m, £24m and £20m account for 62% of revenue, which is attributable to the UK Bakery and Overseas segments above.

3 Revenue and Segment Information *(continued)*

	UK Bakery £000	Overseas £000	Group Operations £000	Total Group £000
52 week period ended 28 June 2014				
Continuing				
Revenue				
External	**153,740**	**21,968**	**-**	**175,708**
Underlying operating profit	**6,094**	**1,139**	**475**	**7,708**
Fair value foreign exchange contracts				81
Share options charge				(9)
Defined benefit pension scheme				71
Significant non-recurring items				(759)
Results from operating activities				**7,092**
Finance income				858
Finance cost				(1,374)
Profit before taxation				**6,576**
Taxation				(1,651)
Profit after taxation				**4,925**
At 28 June 2014				
Segment assets	**99,891**	**4,522**	**3,613**	**108,026**
Unallocated assets				710
Consolidated total assets				**108,736**
Segment liabilities	**(30,588)**	**(3,312)**	**(1,352)**	**(35,252)**
Unallocated liabilities				(9,781)
Consolidated total liabilities				**(45,033)**
Other segment information				
Capital expenditure	6,121	46	-	6,167
Depreciation included in segment profit	2,813	21	-	2,834
Amortisation	165	-	-	165
Inter-segmental sale/(purchases)	6,039	(6,039)	-	-

Analysis of unallocated assets and liabilities:

	Assets £'000		Liabilities £'000
Investments	28	Loans and borrowings	(9,330)
Financial instruments	-	Financial instruments	(451)
Cash and cash equivalents	592	Cash and cash equivalents	-
Taxation balances	90	Taxation balances	-
Unallocated assets	710	Unallocated liabilities	(9,781)

With regard to continuing revenue, five customers with sales of £35m, £35m, £26m, £17m and £16m account for 73% of revenue, which is attributable to the UK Bakery and Overseas segments above.

3 Revenue and Segment Information *(continued)*

An analysis by geographical segment is shown below:

Geographical split of turnover by destination

	2015 £000	2014 £000
Continuing		
United Kingdom	**230,299**	151,587
Europe	**25,856**	23,832
Rest of World	**11**	289
Total continuing	**256,166**	175,708

Net asset and margin geographical split would not provide meaningful information owing to the necessity to allocate costs, assets and liabilities. Capital expenditure on segment assets is detailed in Note 3.

Geographical split by country of origin

	United Kingdom £000	Europe £000	Total £000
2015			
Turnover	233,980	22,186	256,166
Operating profit	11,262	1,154	12,416
Total assets	185,633	5,042	190,675
Total liabilities	(84,023)	(4,056)	(88,079)
Net assets	101,610	986	102,596

	United Kingdom £000	Europe £000	Total £000
2014			
Turnover	153,740	21,968	175,708
Operating profit	6,569	1,139	7,708
Total assets	104,214	4,522	108,736
Total liabilities	(41,721)	(3,312)	(45,033)
Net assets	62,493	1,210	63,703

4 Expenses and Auditor's Remuneration

Included in profit are the following:

	2015 £000	2014 £000
Depreciation of owned tangible assets	**5,096**	2,498
Depreciation on assets under finance leases and hire purchase contracts	**337**	336
Difference on foreign exchange	**(140)**	(132)
Hire of plant and machinery – operating leases	**679**	480
Hire of other assets – operating leases	**1,452**	803
Share option charges	**(10)**	9
Movement on fair value of interest rate swaps	**(29)**	(708)
Movement on fair value of foreign exchange contracts	**(180)**	(81)
Research and development	**1,737**	1,759
Amortisation of intangibles	**403**	165

4 Expenses and Auditor's Remuneration *(continued)*

Amortisation of intangibles for the year was £403,000 (2014: £165,000) relating to the Fletchers acquisition October 2014, (2014: Goswell Enterprises Ltd acquisition during June 2009).

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these Financial Statements	**26**	25
Amounts receivable by the auditor and their associates in respect of:		
Audit of the Financial Statements of subsidiaries of the Company	**116**	57
Taxation compliance services	**16**	13
Services related to corporate finance transactions	**278**	-
Other services in relation to taxation	**-**	11
Other services	**176**	137

The auditor's remuneration is in respect of KPMG LLP. Fee for other services relates to pension advisory services, services relating to information technology and services relating to remuneration.

5 Non-Recurring Significant Items

The Group presents certain items as non-recurring and significant. These relate to items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a more meaningful understanding of the financial information.

Costs of £3,181,000 relate to acquisition transaction costs during the year, (2014: £643,000 relate to redundancy and restructuring and £116,000 relate to due diligence and consultancy expenses associated with an aborted acquisition).

6 Staff Numbers and Costs

The average number of persons employed by the Group including Directors and excluding agency staff during the year, analysed by category, was as follows:

	Number of Employees	
	2015	2014
Production	**2,297**	2,000
Selling and distribution	**186**	146
Administration, technical, new product development	**164**	143
	2,647	2,289

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	**57,848**	44,756
Share option charges	**(10)**	9
Social security costs	**4,875**	3,856
Charge in respect of defined contribution pension plans	**1,191**	688
	63,904	49,309

7 Remuneration of Directors

	2015 £000	2014 £000
Fees	**315**	206
Executive salaries and benefits	**569**	653
Bonuses	**1,016**	324
Company contributions to defined contribution pension plans	**-**	38
	1,900	1,221

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid Director was £914,000 (2014: £483,000), there were no Company pension contributions made to a defined contribution scheme during the year (2014: £22,000). Bonuses include cash bonus of £407,000 and shares issued with a total cost of £161,000. There were no share options exercised in the period by the highest paid Director.

	Number of Directors 2015	2014
Retirement benefits were accruing in the year to the following number of Directors under:		
Money purchase schemes	**-**	2

One Director exercised 146,341 share options during the current year at an exercise price of 20.5 pence per share (2014: 111,000 shares at 27.0 pence per share). The market value at exercise date was 59.4 pence per share.

The emoluments **paid** to Directors were as follows:

	Fees £000	Salary £000	Benefits £000	Annual bonus £000	Other £000	Year ended 27 June 2015 £000	Year ended 28 June 2014 £000
P Baker	75	-	-	-	25	**100**	-
E J Beale	45	-	-	-	-	**45**	45
S A Boyd – paid	-	211	12	153	166	**542**	309
S A Boyd – shares	-	-	-	55	74	**129**	-
D C Currie	-	-	-	-	-	**-**	73
J G Duffy – paid	-	334	12	241	166	**753**	483
J G Duffy – shares	-	-	-	87	74	**161**	-
R Duignan	50	-	-	-	50	**100**	48
I R Farnsworth	-	-	-	-	-	**-**	3
M Lightbody	-	-	-	-	-	**-**	150
D C Marshall	-	-	-	-	-	**-**	40
P J Monk	70	-	-	-	-	**70**	70
	240	545	24	536	555	**1,900**	1,221

Shares comprise 256,599 shares issued to J G Duffy and 205,151 shares issued to S A Boyd. During the year awards over 1,859,115 shares under the newly adopted long-term incentive plan (LTIP) were granted to Directors in the form of nil cost options (2014: nil). The vesting of the awards are conditional upon performance conditions over a three year period commencing 1 July 2014 and are subject to a further two year holding period.

Directors' rights to subscribe for shares in or debentures of the Company and its subsidiaries are listed below:

	Number of options at 27 June 2015	Number of options at 28 June 2014	Exercise price	Earliest exercise date	Exercise expiry date
S A Boyd	**2,753,659**	2,900,000	20.5p	08/07/2014	30/10/2016
S A Boyd	**721,217**	-	Nil	01/07/2019	30/06/2029
J G Duffy	**2,500,000**	2,500,000	20.5p	08/07/2014	30/10/2016
J G Duffy	**1,137,898**	-	Nil	01/07/2019	30/06/2029
	7,112,774	5,400,000			

The mid-market price of the ordinary shares on 27 June 2015 was 83.5p (2014: 55.0p) and the range during the 52 week period to 27 June 2015 was 53p to 92p (2014: 47p to 77p).

8 Finance Income and Cost

Recognised in the Consolidated Statement of Profit and Loss

	2015 £000	2014 £000
Finance income		
Change in fair value of interest rate swaps	**28**	708
Bank interest receivable	**1**	-
Unwinding of discount of deferred consideration receivable	**105**	150
Total finance income	**134**	858
Finance cost		
Net interest on net pension position	**(154)**	(132)
Bank interest payable	**(748)**	(643)
Interest on interest rate swap agreements	**(276)**	(595)
Unwinding of discount on deferred consideration payable	**-**	(4)
Total finance cost	**(1,178)**	(1,374)

9 Taxation

Recognised in the Consolidated Statement of Profit and Loss

	2015 £000	2014 £000
Current tax		
Current year	**1,221**	1,254
Adjustments for prior years	**(121)**	22
Total current tax	**1,100**	1,276
Deferred tax		
Origination and reversal of temporary differences	**753**	309
Retirement benefit deferred tax charge	**(11)**	73
Adjustments for prior years	**20**	(7)
Total deferred tax	**762**	375
Total tax expense	**1,862**	1,651

Reconciliation of Effective Tax Rate

The weighted average hybrid rate of UK and French tax is 22.8% (2014: 25.6%). The tax assessed for the period is lower (2014: lower) than the hybrid rate of UK and French tax. The hybrid UK corporation tax rate for the period is 20.75% (2014: 22.50%). The differences are explained below:

	2015 £000	2014 £000
Profit before taxation from continuing operations	**8,482**	6,576
Tax using the UK corporation tax rate of 20.75%, (2014: 22.50%)	**1,760**	1,480
Overseas profits charged at different taxation rate	**173**	206
Non-deductible expenses	**239**	85
Amortisation of intangible asset	**60**	34
Temporary differences*	**(143)**	(179)
Adjustment to restate opening deferred tax and differences in rates	**(28)**	107
R&D uplift current year	**(98)**	(97)
Adjustments to tax charge in respect of prior periods	**(101)**	15
Total tax expense	**1,862**	1,651

*Temporary differences relate to share based payments.

9 Taxation *(continued)*

Reductions in the corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 27 June 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The impact of the reduction in the UK corporation tax rate from 21% to 20% from April 2015 amounts to £74,000 lower charge in the financial year to 27 June 2015. The adjustment for prior year in 2015 relates to additional tax relief on qualifying R&D expenditure for prior periods.

The Company has an unrecognised deferred tax asset of £191,300 (2014: £191,300). This asset has not been recognised in these Financial Statements as suitable profits to utilise the underlying capital losses are not expected to arise in the future.

10 Earnings Per Ordinary Share

Basic earnings per share for the period is calculated on the basis of profit for the year after tax, divided by the weighted average number of shares in issue being 106,759,000 (2014: 65,635,000).

Basic diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. At 27 June 2015 the diluted weighted average number of shares in issue was 110,507,000 (2014: 70,169,000).

An adjusted earnings per share and an adjusted diluted earnings per share have also been calculated as in the opinion of the Board this will allow shareholders to gain a clearer understanding of the trading performance of the Group. These adjusted earnings per share exclude:

- Reorganisation and other significant non-recurring costs
- IAS 39 'Financial Instruments: Recognition and Measurement' fair value adjustment relating to the Group's interest rate swaps and foreign exchange contracts
- IAS 19 (revised) 'Accounting for retirement benefits' relating to net income
- IFRS 3 'Business Combinations' discount charge relating to deferred consideration payable and receivable
- The taxation effect at the appropriate rate on adjustments

Significant and non-recurring items are tabled in the Strategic Report on page 8.

	52 weeks to 27 Jun 2015 £000	52 weeks to 28 Jun 2014 £000
Profit		
Profit attributable to equity holders of the Company (basic)	**6,179**	4,400
Significant non-recurring and other items	**2,321**	26
Numerator for adjusted earnings per share calculation (adjusted basic)	**8,500**	4,426

	Basic '000	**Diluted '000**	**Basic '000**	**Diluted '000**
Shares				
Weighted average number of ordinary shares in issue during the period	106,759	106,759	65,635	65,635
Dilutive effect of share options	–	3,748	–	4,534
	106,759	110,507	65,635	70,169

	Basic Pence	**Diluted Pence**	**Basic Pence**	**Diluted Pence**
Earnings per share				
Basic and diluted earnings per share	5.8	5.6	6.7	6.3
Adjusted basic and adjusted diluted earnings per share	8.0	7.7	6.7	6.3

11 Purchase of Subsidiary Companies and Deferred Consideration Cashflow

The net cash outflow during the current year shown as 'purchase of subsidiary companies' on the face of the Consolidated Cash Flow Statement relates to:

	2015 £000	2014 £000
Cash consideration paid in respect of Fletchers Group of Bakeries acquisition	**39,084**	-
Cash consideration paid in respect of Johnstone's Just Desserts Ltd acquisition	**1,550**	-
Cash consideration paid in respect of 25% share of Dr Zak's Ltd	**175**	-
Deferred consideration paid in respect of Goswell Enterprises Ltd acquisition	**-**	217
Cash outflow	**40,809**	217
Deferred consideration received in respect of the sale of Free From	**(3,000)**	-

12 Intangibles

Intangible assets comprise customer relationships, brands and goodwill.

	Goodwill £000	Brands and licences £000	Customer relationships £000	Total £000
Cost at 29 June 2013 and 28 June 2014	52,968	822	-	53,790
On acquisition of subsidiary (Note 2)	18,736	2,861	5,909	27,506
Cost at 27 June 2015	**71,704**	**3,683**	**5,909**	**81,296**
Amortisation at 29 June 2013	-	(657)	-	(657)
Charge for the year 28 June 2014	-	(165)	-	(165)
Amortisation at 28 June 2014	-	(822)	-	(822)
Charge for the year 27 June 2015	-	(107)	(296)	(403)
Amortisation at 27 June 2015	**-**	**(929)**	**(296)**	**(1,225)**
NBV at 29 June 2013	52,968	165	-	53,133
NBV at 28 June 2014	52,968	-	-	52,968
NBV at 27 June 2015	**71,704**	**2,754**	**5,613**	**80,071**

The brand and customer relationships recognised were purchased as part of the acquisition of Fletchers Group of Bakeries in October 2014. They are considered to have finite useful lives and are amortised on a straight line basis over their estimated useful lives of twenty years for brands and fifteen years for customers. The intangibles were valued using an income approach, using Multi-Period excess earnings Method approach for customer relationships and Relief from Royalty Method for brand valuation.

Goodwill has arisen on acquisitions and reflects the future economic benefits arising from assets that are not capable of being identified individually and recognised as separate assets. The goodwill reflects the anticipated profitability and synergistic benefits arising from the enlarged Group structure. The goodwill is the balance of the total consideration less fair value of assets acquired and identified. The carrying value of the goodwill is reviewed annually for impairment.

The carrying amount of goodwill has been allocated to cash generating units or groups of cash generating units as follows:

	2015 £000	2014 £000
Nicholas & Harris	**2,980**	2,980
Lightbody of Hamilton	**48,474**	48,474
Memory Lane Cakes	**1,514**	1,514
Fletchers	**18,364**	-
Johnstone's Food Service	**372**	-
	71,704	52,968

12 Intangibles *(continued)*

The Group tests goodwill for impairment on an annual basis, or more frequently if there are indications that the goodwill may be impaired. The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate used for future cash flows and the anticipated future changes in revenue, direct costs and indirect costs. The assumptions used reflect the past experience of management and future expectations.

The Group prepares cash flow forecasts based on the most recent financial budgets approved by management and extrapolates these forward for the next five years with a residual value at the end of the five years. Changes in revenue and direct costs are based on past experience and expectations of future changes in the market.

The revenue growth rate used for impairment tests at 27 June 2015 was 3% (2014: 3%) for all cash generating units. This inflation rate of 3% (2014: 3%) has been applied to the 2016 budget and for the following five years on costs of sales, variable costs and indirect costs. The five year cashflow is taken along with a residual value at the end of the five year period.

A pre-tax discount rate of 10% (2014: 10%) has been used in these calculations. The Group has considered the economic environment and higher level of return expected by equity holders due to the perceived risk in equity markets when selecting the discount rate.

The discount rate used for each cash generating unit has been kept constant as the market risk is deemed not to be materially different between the different segments of the bakery sector, nor over time.

Sensitivity analyses have been carried out by the Directors and they are comfortable that at reasonable discount levels there are no indications of impairment.

13 Property, Plant and Equipment

	Land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost					
Balance at 30 June 2013	10,046	21,034	2,240	920	34,240
Exchange adjustments	-	-	(11)	-	(11)
Additions	894	5,050	194	29	6,167
Transfers	-	226	-	(226)	-
Disposals	-	(185)	(122)	-	(307)
Balance at 28 June 2014	**10,940**	**26,125**	**2,301**	**723**	**40,089**
Balance at 29 June 2014	10,940	26,125	2,301	723	40,089
Exchange adjustments	-	-	(16)	-	(16)
Assets acquired with subsidiary	4,592	40,742	-	-	45,334
Additions	11	6,592	446	305	7,354
Transfers	(261)	-	261	-	-
Disposals	(22)	(316)	(139)	-	(477)
Balance at 27 June 2015	**15,260**	**73,143**	**2,853**	**1,028**	**92,284**
Depreciation and impairment					
Balance at 30 June 2013	(3,106)	(11,208)	(1,717)	-	(16,031)
Exchange adjustments	-	-	12	-	12
Depreciation charge for the financial period	(233)	(2,390)	(211)	-	(2,834)
Disposals	-	185	120	-	305
Balance at 28 June 2014	**(3,339)**	**(13,413)**	**(1,796)**	**-**	**(18,548)**
Balance at 29 June 2014	(3,339)	(13,413)	(1,796)	-	(18,548)
Exchange adjustments	-	-	9	-	9
Assets acquired with subsidiary	(1,092)	(21,659)	-	-	(22,751)
Depreciation charge for the financial period	(333)	(4,801)	(299)	-	(5,433)
Disposals	22	316	139	-	477
Balance at 27 June 2015	**(4,742)**	**(39,557)**	**(1,947)**	**-**	**(46,246)**
Net book value					
At 29 June 2013	6,940	9,826	523	920	18,209
At 28 June 2014	7,601	12,712	505	723	21,541
At 27 June 2015	**10,518**	**33,586**	**906**	**1,028**	**46,038**

13 Property, Plant and Equipment *(continued)*

Leased Plant and Machinery

The net book value of assets held under finance lease or hire purchase contracts included on the previous page is as follows:

	2015 £000	2014 £000
Plant and equipment	**1,502**	1,834

Security

HSBC Bank Plc, HSBC Asset Finance (UK) Ltd, HSBC Equipment Finance (UK) Ltd and HSBC Corporate Trustee Company (UK) Ltd have debentures incorporating fixed and floating charges over the undertaking and all property and assets including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery. Hire purchase obligations are secured on the underlying assets.

The lease obligations are secured on leased equipment (see Note 20).

14 Other Financial Assets and Liabilities

	2015 £000	2014 £000
Non-current		
Investments in equity accounted investees	**225**	-
Other financial assets	**28**	28
Current assets		
Current tax	**40**	-
Fair value of foreign exchange contracts	**117**	-
Current liabilities		
Fair value of interest rate swaps	**(359)**	(387)
Fair value of foreign exchange contracts	**-**	(64)
	(359)	(451)

Investments

During the year the Group purchased 25% of the ordinary share capital of Dr Zak's Ltd for a consideration of £225,000. The cost of investment is deemed to be the fair value. The Group's share of profit of associates after tax is equity accounted and is presented in a single line in the Consolidated Statement of Profit and Loss. This is nil for the current year.

Under other financial assets are the unlisted investments acquired as part of the Lightbody acquisition on 23 February 2007 at a cost of £28,000 consisting of preference shares in Murray Traders Limited (10.5% of the issued capital of that company). There is no active market in these shares, therefore the fair value cannot be determined and the investments are held at cost.

Interest Rate Swaps at Fair Value

The Group has three interest rate swap arrangements to hedge its risks associated with interest rate fluctuations:

£5.0m for five years from 1 July 2011 (fixed) at 3.6%
£3.0m for four years from 22 May 2013 (fixed) at 1.7%
£6.0m for three years from 2 June 2014 (fixed) at 1.9%

The total coverage at the year end of £14.0 million (2014: £14.0 million) is equivalent to 66% (2014: 159%) of total net bank debt at a weighted average rate of 2.5% (2014: 2.5%).

A credit of £28,000 (2014: credit £708,000) is shown in finance income for the periods reflecting changes in the fair values of interest rate swaps. The fair values are liabilities as a result of the current low levels of base and LIBOR interest rates.

Forward Foreign Exchange Contracts at Fair Value

The Group has entered into a number of forward foreign exchange contracts to minimise the impact of fluctuations in exchange rates.
A credit of £181,000 (2014: credit £81,000) is shown in administration expenses for the periods reflecting changes in their fair value.

15 Deferred Consideration Receivable

On 27 February 2013 the Group sold its Free From business to Genius Foods for a total value of £21,257,000, including £3,000,000 of deferred consideration which was received on 27 February 2015.

	£000
Balance at 29 June 2014	2,895
Unwinding of discount	105
Amount received during the year	(3,000)
Balance at 27 June 2015	**-**

16 Pension Schemes

A number of companies within the Group operate defined contribution pension schemes with one company also operating a defined benefit scheme.

Defined Contribution Scheme
The Group made contributions in respect of its defined contribution pension arrangements of £1,191,000 (2014: £688,000).

Defined Benefit Scheme
The Group's defined benefit scheme is the Memory Lane Cakes Pension Scheme, which is a separately administered plan. At the financial year end, the scheme had no active members accruing benefits (2014: nil), 217 deferred pensioner members (2014: 227) and 209 pensioner members (2014: 200).

The scheme was closed to future accrual on 31 May 2010. The assets of the scheme are held separately from those of the Company. The amounts in the Financial Statements for the 52 weeks ended 27 June 2015 relating to defined benefit pension are based on a full actuarial valuation dated 31 December 2012, which was updated at the end of the scheme's financial year 2014.

A £100,000 contribution was paid during the financial year 2015 by Memory Lane Cakes (2014: £70,834). The Group's contribution has been agreed based on the outcome of the full actuarial valuation dated 31 December 2012. The valuation of the scheme on an equity/bond basis and projected unit method, showed that there was a deficit of £1,910,000 equivalent to a 10% deficit of liabilities over assets. The valuation was conducted by a qualified independent actuary. This deficit is payable at a rate of £100,000 per annum until September 2020. A full valuation is due by 31 December 2015 which will challenge the appropriateness of this recovery plan taking into consideration the deficit recovery contributions and actual returns realised on the pension scheme assets.

Approximately 90% of the assets are held in two diversified growth funds which target 6 month LIBOR +5% and CPI +5% respectively. The scheme's assets are expected to provide real returns over the long-term. The expected return on cash balances held is based on the current Bank of England base rate rather than long-term deposit rates as cash is held to cover short-term requirements.

The full actuarial valuation differs from the financial year end valuation deficit of £3,837,000 (2014: £3,630,000). No allowance is made in the financial year end valuation for any outperformance expected from the scheme's actual asset holding over and above high quality corporate bonds.

	2015 £000	2014 £000
Fair value of plan assets	**20,587**	19,741
Present value of defined benefit obligations	**(24,424)**	(23,371)
Deficit recognised	**(3,837)**	(3,630)

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

	2015 £000	2014 £000
Equities/target return fund	**18,580**	17,973
Property	**1,939**	1,755
Cash	**68**	13
Fair value of plan assets	**20,587**	19,741
Actual return on plan assets	**1,491**	1,789

16 Pension Schemes *(continued)*

None of the fair values of the assets shown on the previous page includes any of the Company's own financial instruments or any property occupied by, or any other assets used by, the Company.

	2015 £000	2014 £000
Movements in present value of defined benefit obligation		
At beginning of financial year	**(23,371)**	(21,571)
Interest on plan obligations	**(989)**	(994)
Benefits paid	**745**	847
Remeasurement (loss)/gain	**(809)**	(1,653)
At end of financial year	**(24,424)**	(23,371)
Movements in fair value of plan assets		
At beginning of financial year	**19,741**	18,728
Interest on plan assets	**835**	862
Return on plan assets less interest	**656**	927
Benefits paid	**(745)**	(847)
Contributions by employer	**100**	71
At end of financial year	**20,587**	19,741

Remeasurement gains and losses arise due to changes in the key assumptions such as inflation, mortality rates, demographic rates and discount rates as well as experience gains and losses. Remeasurement gains and losses are shown separately below.

	2015 £000	2014 £000
(Expense)/income recognised in the Consolidated Statement of Profit and Loss		
Interest on plan assets/finance income	**835**	862
Interest on plan obligations/finance expense	**(989)**	(994)
Past service cost	**-**	-
Total (expense)/income	**(154)**	(132)
Remeasurement gains and losses recognised directly in equity in the statement of recognised income and expense since 1 July 2006, the transition date to Adopted IFRSs		
Cumulative amount at beginning of financial year	**(5,852)**	(5,126)
Recognised in the financial year – return on plan assets less interest	**656**	927
Recognised in the financial year – loss from changes to financial assumptions	**(790)**	(1,653)
Recognised in the financial year – loss from changes to demographic assumptions	**(19)**	-
Cumulative amount at end of financial year	**(6,005)**	(5,852)

	2015	2014
Principal long-term actuarial assumptions at the year end were as follows		
CPI price inflation assumption	**2.3%**	2.5%
Increases to pensions in payment	**2.3%**	2.5%
Discount rate for liabilities	**3.9%**	4.3%
Rate of return for plan assets	**3.9%**	4.3%

16 Pension Schemes *(continued)*

The differential between the assumed rate of inflation and the discount rate for liabilities is 1.6% (2014: 1.8%).

Salary inflation assumptions are as determined by the Board with regard to price inflation. The salary inflation from 31 May 2010 when the scheme closed to future accrual was assumed to be in line with inflation.

The financial assumptions are based on market conditions as at the review date of 27 June 2015 with discount rates based on the yields on long-dated high quality corporate bonds. The discount rate is lower than the discount rate used last year reflecting the change in bond yields over this period. The rate of return for plan assets is the long-term rate that reflects the yield on high quality corporate bonds as required under changes to IAS 19. The rate of return is effectively based on the discount rate with no allowance made for any outperformance expected from the scheme's actual asset holding. The actual return on the scheme's assets, net of expenses, over the year to the review date was around 7.7%.

	2015	2014
Pre-retirement mortality assumption	**S1NA year of birth tables with CMI 2012 projections and 1.25% pa long-term rate of improvement**	S1NA year of birth tables with CMI 2012 projections and 1.25% pa long-term rate of improvement
Post-retirement mortality assumption	**S1NA year of birth tables with CMI 2012 projections and 1.25% pa long-term rate of improvement**	S1NA year of birth tables with CMI 2012 projections and 1.25% pa long-term rate of improvement

Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows:

	2015	2014
Male currently at age 45	**24.3**	24.2
Female currently at age 45	**27.0**	26.9
Male currently at age 65	**22.5**	22.5
Female currently at age 65	**25.0**	25.0

Changing the year end 2015 assumptions to those of 2014 year end listed above, the deficit would have been £3,028,000 compared to the reported deficit of £3,837,000.

Sensitivity Analysis
The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises changes in these assumptions and their approximate (decrease)/increase in liabilities.

	2015
Discount rate plus 0.5%	(£2.2 million)
Discount rate minus 0.5%	£2.5 million
Inflation plus 0.5%	£2.2 million
Inflation minus 0.5%	(£2.2 million)
Life expectancy plus 1.0 years	£0.4 million
Life expectancy minus 1.0 years	(£0.4 million)

The above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

The weighted average duration of the defined benefit obligation is around 19 years.

Risk Mitigation Strategies
Whilst the Scheme does not explicitly hold risk mitigation strategies such as swaps, annuities or liability driven investments, the investment strategy is dominated by diversified growth funds which are intended to reduce the investment risk through diversification.

16 Pension Schemes *(continued)*

Effect of the Scheme on the Company's Future Cashflows

The Company is required to agree a Schedule of contributions with the Trustees of the Scheme following a valuation which must be carried out at least once every three years. The next valuation of the scheme is due as at 31 December 2015. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected contributions may be reduced. The Company expects to pay contributions of £100,000 in the year to 30 June 2016. The projected net interest charge to the Consolidated Statement of Profit and Loss for the year to 30 June 2016 is £148,000. This projection assumes cashflows to and from the scheme are broadly unchanged from the current year figures and that there will be no events that would give rise to a settlement/curtailment/past service cost.

Consolidated Statement of Financial Position

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of plan assets	**20,587**	19,741	18,728	18,349	19,102
Present value of the defined benefit obligation	**(24,424)**	(23,371)	(21,571)	(21,424)	(20,274)
Deficit	**(3,837)**	(3,630)	(2,843)	(3,075)	(1,172)
Experience adjustments on plan assets	**656**	927	332	(1,772)	644
as a percentage of plan assets	**3.2%**	4.7%	1.8%	9.7%	3.4%
Experience adjustments on plan liabilities	**-**	-	339	-	(561)
as a percentage of plan liabilities	**0.0%**	0.0%	1.6%	0.0%	2.8%
Total remeasurement (losses)/gains	**(153)**	(726)	(543)	(2,357)	2,224
as a percentage of plan liabilities	**0.6%**	3.1%	2.5%	11.0%	11.0%

17 Inventories

	2015 £000	2014 £000
Raw materials and consumables	**5,872**	2,612
Finished goods	**5,396**	1,918
	11,268	4,530

Inventories recognised as an expense

Opening inventories	**4,530**	4,400
Purchases	**90,839**	84,621
Increase/(decrease) in stock provisions	**443**	(352)
Closing inventories	**(11,268)**	(4,530)
Expensed during the period	**84,544**	84,139

18 Trade and Other Receivables

	2015 £000	2014 £000
Trade receivables due from third parties	**42,845**	22,410
Other debtors	**2,888**	1,125
Prepayments and accrued income	**2,648**	1,297
	48,381	24,832

Within prepayments above is an amount for £nil (2014: £33,000) relating to prepaid pension costs. Specific provisions are made against doubtful debts taking the value of trade receivables to an estimated value based on the most likely outcome.

Cash received under the invoice discounting facility, amounting to £3,397,000 (2014: £2,959,000) is shown within current liabilities and is secured on the trade receivables above. All the risks and rewards of the trade debtors lie with the Group.

19 Cash and Cash Equivalents including Bank Overdrafts

	2015 £000	2014 £000
Cash at bank and on hand	**6,147**	5,574
Bank overdraft	**(6,086)**	(4,982)
	61	592

20 Other Interest-Bearing Loans and Borrowings

This Note provides information about the contractual terms and repayment terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost, using the effective interest rate method.

2015	Margin	Frequency of repayments	Year of maturity	Facility £000	Drawn £000	Current £000	Non-Current £000
Invoice discounting	**1.50%/base**	**On demand**	**Revolving***	**22,000**	**3,397**	**3,397**	**-**
Term loan	**2.00%/LIBOR**	**Quarterly**	**2019**	**13,400**	**12,116**	**3,211**	**8,905**
Revolving credit	**2.00%/LIBOR**	**Varies**	**2019**	**8,000**	**2,000**	**2,000**	**-**
Mortgage	**1.75%/LIBOR**	**Quarterly**	**2022**	**3,470**	**3,287**	**461**	**2,826**
Finance lease liabilities	**1.76%/base**	**Monthly**	**Various**	**2,000**	**474**	**284**	**190**
Overdraft	**2.00%/base**	**On demand**	**-**	**2,000**	**-**	**-**	**-**
				50,870	**21,274**	**9,353**	**11,921**
Unamortised transaction costs					**(240)**	**(65)**	**(175)**
					21,034	**9,288**	**11,746**

Secured bank loans and mortgages over one year	**11,921**
Unamortised transaction costs	**(175)**
	11,746
Repayments are as follows:	
Between one and two years	**3,006**
Between two and five years	**7,389**
Between five and ten years	**1,351**
	11,746

2014	Margin	Frequency of repayments	Year of maturity	Facility £000	Drawn £000	Current £000	Non-Current £000
Invoice discounting	1.50%/base	On demand	Revolving*	15,000	2,959	2,959	-
Revolving credit	2.00%/LIBOR	Monthly	2017	8,000	2,000	2,000	-
Mortgage	1.75%/base	Monthly	2023	4,000	3,593	399	3,194
Finance lease liabilities	1.76%/base	Monthly	Various	2,000	854	382	472
Overdraft	2.00%/base	On demand	-	3,000	-	-	-
				32,000	9,406	5,740	3,666
Unamortised transaction costs					(76)	(22)	(54)
					9,330	5,718	3,612

Secured bank loans and mortgages over one year (included above)	3,666
Unamortised transaction costs	(54)
	3,612
Repayments are as follows:	
Between one and two years	630
Between two and five years	1,262
Between five and ten years	1,720
	3,612

* Revolving maturity above relates to the payment terms on the invoice discounting which is up to 90 days from the date of invoice. The invoice discounting facility renewal date is October 2019.

20 Other Interest-Bearing Loans and Borrowings *(continued)*

Finance lease liabilities are payable as follows:

	2015			2014		
	Minimum lease payments £000	**Interest £000**	**Principal £000**	Minimum lease payments £000	Interest £000	Principal £000
Less than one year	**294**	**10**	**284**	403	21	382
Between one and five years	**194**	**4**	**190**	486	14	472
	488	**14**	**474**	889	35	854

All of the above loans are denoted in pounds sterling, with various interest rates and maturity dates. The main purpose of the above facilities is to finance the Group's operations. For more information about the Group's exposure to interest rate risk, see Note 25.

HSBC Bank Plc, HSBC Asset Finance (UK) Ltd, HSBC Equipment Finance (UK) Ltd and HSBC Corporate Trustee Company (UK) Ltd have debentures incorporating fixed and floating charges over the undertaking and all property and assets including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

As part of the bank borrowing facility the Group needs to meet certain covenants every six months. There were no breaches of covenants during the year. The covenant tests required are as follows:

Net bank debt: EBITDA
Interest cover
Debt service cover
Capital expenditure

The bank facilities (excluding overdraft) available for drawdown are £48.9m (2014: £29.0m). At the period end date the facility utilised was £21.3m (2014: £9.4m), giving £27.6m (2014: £19.6m) headroom.

21 Analysis of Net Debt

	Note	At year ended 28 June 2014 £000	Cash flow £000	**At year ended 27 June 2015 £000**
Cash at bank		592	(531)	**61**
Debt due within one year		(2,399)	(3,273)	**(5,672)**
Debt due after one year		(3,194)	(8,537)	**(11,731)**
Invoice discounting due within one year		(2,959)	(438)	**(3,397)**
Hire purchase obligations due within one year		(382)	98	**(284)**
Hire purchase obligations due after one year		(472)	282	**(190)**
Total net bank debt		(8,814)	(12,399)	**(21,213)**
Debt	20	(9,330)	-	**(21,034)**
Cash at bank		592	-	**61**
Unamortised transaction costs		(76)	-	**(240)**
Total net bank debt		(8,814)	-	**(21,213)**
Deferred consideration payable		-	-	**(50)**
Total net debt including deferred consideration payable		(8,814)	-	**(21,263)**
Cash at bank		592	-	**61**
Total debt including deferred consideration payable excluding cash		(9,406)	-	**(21,324)**
Deferred consideration receivable		2,895	-	**-**
Total debt including deferred consideration payable and receivable excluding cash		(6,511)	-	**(21,324)**

22 Trade and Other Payables

	2015 £000	2014 £000
Current		
Trade creditors	**37,457**	20,254
Other creditors including taxes and social security	**1,718**	1,245
Accruals and deferred income	**23,108**	9,237
	62,283	30,736

The higher balances in trade and other payables are driven by the acquisitions during the year and increased levels of trading.

23 Provisions

	Employee claims £000	Pension £000	Total £000
Balance at beginning of financial year	237	199	436
Made during the financial year	–	–	–
Utilised during the financial year	(3)	(20)	(23)
Balance at end of financial year	**234**	**179**	**413**
Current provisions	234	18	252
Non-current provisions	–	161	161

The employee claims provision is based on the number of reported accidents and incidents and the number of expected claims yet to be reported based on historical evidence, all accrued at amounts up to the maximum self-insured amount of £10,000 per claim.

The pension provision relates to a contractual liability for pension augmentation, the amount utilised during the year represents payments in relation to the augmentations which are being paid over 14 years.

24 Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015 £000	2014 £000	2015 £000	2014 £000
Property, plant and equipment	**–**	–	**(41)**	(318)
Short-term temporary differences	**–**	–	**(39)**	(104)
Losses	**2,849**	–	**–**	–
Employee share scheme charges	**758**	513	**–**	–
Pension scheme charges	**767**	726	**–**	–
Interest rate swaps	**72**	77	**–**	–
Foreign exchange contracts	**–**	13	**(23)**	–
IFRS fair value adjustments on deferred consideration	**–**	21	**–**	–
Tax assets/(liabilities)	**4,446**	1,350	**(103)**	(422)
Net tax assets/(liabilities)	**4,343**	928	**–**	–

Short-term temporary differences relate to general provisions which will be allowed when utilised.

24 Deferred Tax Assets and Liabilities *(continued)*

Movement in deferred tax during the year

	28 June 2014 £000	Recognised in income £000	Recognised in equity £000	Acquired £000	**27 June 2015 £000**
Property, plant and equipment	(318)	(215)	-	492	**(41)**
Short-term temporary differences	(104)	(171)	-	236	**(39)**
Losses	-	(326)	-	3,175	**2,849**
Employee share scheme	513	2	243	-	**758**
Pension scheme	726	10	31	-	**767**
Interest rate swaps	77	(5)	-	-	**72**
Foreign exchange contracts	13	(36)	-	-	**(23)**
IFRS fair value adjustments deferred consideration	21	(21)	-	-	**-**
	928	(762)	274	3,903	**4,343**

Movement in deferred tax during the prior year

	29 June 2013 £000	Recognised in income £000	Recognised in equity £000	28 June 2014 £000
Property, plant and equipment	(323)	5	-	(318)
Short-term temporary differences	(82)	(22)	-	(104)
Employee share scheme	920	(53)	(354)	513
Pension scheme	654	(73)	145	726
Interest rate swaps	252	(175)	-	77
Foreign exchange contracts	33	(20)	-	13
IFRS fair value adjustments deferred consideration	58	(37)	-	21
	1,512	(375)	(209)	928

25 Financial Risk Management

The main purpose of the Group's financial instruments which comprise of bank term loans, invoice discounting facility, hire purchase, finance leases, interest rate swaps, foreign currency forwards, cash and liquid resources and various items arising directly from its operations, such as trade receivables and trade payables, is to finance the Group's operations. The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Group's policies on the management of liquidity, credit, interest rate and foreign currency risks are set out below and also referred to in the Strategic Report on page 8.

a) Fair Values of Financial Instruments

All financial assets and liabilities are held at amortised cost apart from forward exchange contracts, interest rate swaps and deferred consideration receivable, which are held at fair value, with changes going through the Consolidated Statement of Profit and Loss. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

The fair values of forward exchange contracts and interest rate swaps are determined using a market comparison valuation technique. The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. The fair values relating to these instruments represent level 2 in the fair value hierarchy which relates to the extent the fair value can be determined by reference to comparable market values. The classifications range from level 1 where instruments are quoted on an active market through to level 3 where the assumptions used to arrive at fair value do not have comparable market data.

25 Financial Risk Management *(continued)*

b) Liquidity

The Group's policy is to ensure that it has sufficient facilities to cover its future funding requirements. Short-term flexibility is available through the existing bank facilities and the netting off of surplus funds. The carrying amounts are the amounts due if settled at the period end date. The contractual undiscounted cash flows include estimated interest payments over the life of these facilities. The estimated interest payments are based on interest rates prevailing at the 27 June 2015.

			Contractual cashflows including estimated interest			
At year ended 27 June 2015	**Carrying amount £000**	Total £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Non-derivative financial liabilities						
Secured bank loans	**(17,163)**	(18,412)	(6,026)	(3,198)	(7,785)	(1,403)
Finance lease liabilities	**(474)**	(488)	(293)	(137)	(58)	-
Invoice discounting	**(3,397)**	(3,397)	(3,397)	-	-	-
Deferred consideration	**(50)**	(50)	(50)	-	-	-
Trade creditors	**(37,457)**	(37,457)	(37,457)	-	-	-
Derivative financial liabilities						
Interest rate swaps liabilities	**(359)**	(377)	(270)	(107)	-	-
	(58,900)	(60,181)	(47,493)	(3,442)	(7,843)	(1,403)

			Contractual cashflows including estimated interest			
At year ended 28 June 2014	Carrying amount £000	Total £000	1 year or less £000	1 to 2 years £000	2 to 5 years £000	5 years and over £000
Non-derivative financial liabilities						
Secured bank loans	(5,517)	(5,990)	(2,487)	(436)	(1,258)	(1,809)
Finance lease liabilities	(854)	(892)	(403)	(294)	(195)	-
Invoice discounting	(2,959)	(2,959)	(2,959)	-	-	-
Trade creditors	(20,254)	(20,253)	(20,253)	-	-	-
Derivative financial liabilities						
Interest rate swaps liabilities	(387)	(650)	(271)	(271)	(108)	-
	(29,971)	(30,744)	(26,373)	(1,001)	(1,561)	(1,809)

The carrying amount relating to interest rate swaps is the fair value.

The information relating to the interest rate swaps shown in the tables above indicate the cash flows associated with these instruments. This also reflects the expected effect on the future profit. These amounts will change as interest rates change.

Short-term flexibility is available through existing bank facilities and the netting off of surplus funds.

c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. These trading exposures are monitored and managed at operating level and are also monitored at Group level. Whilst there is a concentration of credit risk arising from the profile of five customers accounting for 62% of total revenue, the Group deems this to be low risk due to the nature of these customers. The carrying amount of the financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk for the trade receivables at the period end date was £42.8 million (2014: £22.4 million) and the ageing of trade receivables at the period end date was:

	2015 £000	2014 £000
Not past due	**39,445**	21,052
Past due 0 – 30 days	**2,263**	1,167
Past due 31 – 120 days	**1,097**	144
Past due more than 120 days	**40**	47
	42,845	22,410

The above numbers are net of impairment provisions. Group policy is to provide in full against all receivable balances whose full recovery is significantly in doubt. The provision is netted off the gross receivable.

25 Financial Risk Management *(continued)*

The Group's strategy is to focus on supplying UK multiple grocers and foodservice distributors, the nature of these customers is such that there is a relatively low risk of them failing to meet their contractual obligations. There is no impairment necessary to the value of trade receivables at the period end date over and above the specific credit note provision and bad debt provision held at the year end. The balance of £1.1 million past due by more than 30 days is equivalent to less than 2 day sales (2014: £0.2 million, equivalent to 1 day).

Deferred consideration amounting to £3 million was received from Genius Foods Ltd on 27 February 2015.

d) Market Risk

i) Interest Rate Risk
The Group's interest rate risk exposure is primarily to changes in variable interest rates. The Group has entered into three interest rate swap arrangements in order to hedge its risks associated with any fluctuations. Details of swaps are given in Note 14.

The profile of the Group's loans including deferred consideration and overdraft at the period end date were split as follows:

	2015 £000	2014 £000
Variable rate liabilities	**21,274**	9,406

Swaps amounting to £14,000,000 (2014: £14,000,000) limit the risk associated with the variable rate liabilities, the weighted average interest rate at 27 June 2015 is 2.5% (2014: 2.5%).

Sensitivity
A 1% increase in the base rate or LIBOR would have the following impact on interest charges and associated net assets for the Group, this sensitivity relates to interest-bearing bank borrowings and interest rate swaps only and excludes possible changes in pension financing costs.

	2015 £000	2014 £000
Profit decrease	**318**	160
Decrease in net assets	**318**	160

A 1% decrease in the base rate or LIBOR would have an equal and opposite impact to those listed above.

The above movement is not equal to 1% of interest-bearing loans because of interest rate swap cover that is in place.

ii) Commodity Prices
Any rises in commodity prices can adversely impact the core profitability of the business. The Group will aim to pass on its increased costs to its customers as far as is reasonable in the circumstances whilst maintaining its tight control over overhead costs to mitigate the impact on consumers. The Group maintains a high expertise in its buying team and will consider long-term contracts where appropriate to reduce uncertainty in commodity prices. Further information on input prices and risks is contained in the Strategic Report.

iii) Foreign Exchange Risk
The Group currently supplies UK manufactured products to Lightbody Stretz Ltd, its 50% owned selling and distribution business trading primarily in Europe. The Group also purchases some raw materials in foreign currency. The consequence of this is that the Group is exposed to movement in foreign currency rates. Forward foreign exchanges contracts are used to manage the foreign exchange exposure.

e) Debt and Capital Management
The Group's objective is to maximise the return on net invested capital while maintaining its ongoing ability to operate and guaranteeing adequate returns for shareholders and benefits for other stakeholders, within a sustainable financial structure. An interim dividend for the six months to 27 December 2014 of 0.83p per share was paid on 24 April 2015 to shareholders on the register at the close of business on 7 April 2015. Subject to shareholder approval at the Company's AGM on 25th November 2015, the final dividend of 1.67 pence per share will be paid on 10 December 2015 to all shareholders on the register at 13 November 2015. It is the Company's intention to pay dividends at an affordable rate so that the Company can continue to invest in the business in order to grow profits.

25 Financial Risk Management *(continued)*

The Group manages its capital by monitoring its gearing ratio on a regular basis, there are also covenant tests which are monitored regularly and presented to the Group's banks every 6 months. There have been no breaches of covenant tests during the year and the gearing ratio stands at 0.2 (2014: 0.1). The gearing ratio is calculated taking total net debt including deferred consideration over net assets.

The Group considers its capital to include share capital, share premium and capital redemption reserve.

The Group does not have any externally imposed capital requirements.

26 Capital and Reserves

The reconciliation of movement in capital and reserves is shown as a primary statement: Consolidated Statement of Changes in Equity on page 41.

Equity comprises the following:

- Share capital representing the nominal value of equity shares
- Share premium representing the excess of the fair value of consideration received for the equity shares; (net of expenses of the share issue) over nominal value of the equity shares
- Capital redemption reserve representing the buyback and cancellation of shares at nominal value
- Retained earnings representing retained profits

27 Share Capital

	2015 000's	2014 000's
In issue at beginning of the financial year	**66,894**	64,155
Shares issued	**61,143**	2,739
In issue at end of the financial year – fully paid	**128,037**	66,894

	2015 £000	2014 £000
Allotted, called up and fully paid		
Ordinary shares of 1p each	**1,280**	669

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share-based Payments
The Group operates both approved and unapproved share option schemes.

The fair value is calculated at the grant date and ultimately expensed in the Consolidated Statement of Profit and Loss over the vesting period, based on the best available estimate of the number of share options expected to vest, with a corresponding credit to reserves.

Upon exercise of the share options the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium.

There have been a number of options granted during the course of the financial year to 27 June 2015 with further details given below.

Date of grant	Number of options granted	Number of options expected to vest	Exercise price	Fair value £000	**Amount expensed in year to 27 June 2015 £000**	Period of expense
3 July 2014	155,172	155,172	54.8p	13	**4**	3 years
26 June 2015	1,859,115	680,436	Nil	135	**-**	4 years
Charge relating to options granted in the current year					**4**	
Charge relating to options granted in prior years					**(14)**	
Charge included in Administration expenses					**(10)**	

27 Share Capital *(continued)*

There were a number of options granted during the course of the financial year to 28 June 2014 with further details given below.

Date of grant	Number of options granted	Exercise price	Fair value £000	Amount expensed in year to 28 June 2014 £000	Period of expense
16 May 2014	302,758	58.0p	3	1	3 years
Charge relating to options granted in the current year				1	
Charge relating to options granted in prior years				8	
Charge included in Administration expenses				**9**	

Details of share options outstanding at 28 June 2014 and movements during the year by exercise price is shown below:

Exercise price	First exercise date	Last exercise date	At 28 June 2014	Granted	Forfeited	Cancelled	Exercised	**At 27 June 2015**
58.0p	May 2017	May 2024	302,758	-	-	-	-	**302,758**
54.8p	Jul 2017	Jul 2024	-	155,172	-	-	-	**155,172**
20.5p	Jul 2014	Oct 2016	3,289,374	-	-	-	(535,715)	**2,753,659**
20.5p	Jul 2014	Oct 2016	3,035,714	-	-	-	(535,714)	**2,500,000**
20.0p	Feb 2015	Aug 2015	341,280	-	(3,960)	(20,340)	(277,740)	**39,240**
18.0p	Jan 2014	Jul 2014	29,200	-	(29,200)	-	-	**-**
14.0p	Mar 2012	Mar 2019	56,600	-	(28,300)	-	-	**28,300**
Nil	Jun 2019	Jun 2025	-	1,859,115	-	-	-	**1,859,115**
			7,054,926	2,014,287	(61,460)	(20,340)	(1,349,169)	**7,638,244**

A summary of share options outstanding and movements for the year to 28 June 2014 is shown below:

	At 29 June 2013	Granted	Forfeited	Cancelled	Exercised	At 28 June 2014
Number of options	11,225,472	302,758	(409,613)	(1,679,702)	(2,383,989)	7,054,926

There were 5,321,199 (2014: 85,800) options exercisable at the period end date. There were 1,349,169 options exercised during the year (2014: 2,383,989).

The options outstanding at the year end have weighted average exercise price of 27.1p (2014: 22.0p) and a weighted average contractual life of 5.5 years (2014: 4.5 years).

The Company has used the QCA-IRS option valuer TM (based on the Black-Scholes-Merton based option pricing model) to calculate the fair value of the outstanding options. This model was developed by The QCA partnered with Independent Remuneration Solutions (IRS) and City Group Plc. The development was led by Mr Edward Beale, a Director of the Company and Chief Executive of City Group Plc.

The inputs into the Black-Scholes-Merton based option pricing model to calculate the charge for share options granted in the financial year were as follows:

	2015	2014
Expected life of option	**3.0-4.0 years**	3.0 years
Volatility of share price	**33.1%-28.9%**	33%
Dividend yield	**1.3%-3.0%**	1.3%
Risk-free interest rate	**1.18%-1.29%**	1.18%
Share price at date of grant	**54.8p-83.5p**	58.0p
Exercise price	**54.8p-59.0p**	58.0p
Bid price discount	**10%**	10%
Estimated conversion rate	**100%**	100%
Fair value per option	**8.4p-19.9p**	9.3p

Volatility is calculated on a consistent basis for each grant of options and is based on the historic annualised standard deviation of continuously compounded rates of return.

28 Dividends

An interim dividend for the six months to 27 December 2014 of 0.83p per share was paid on 24 April 2015 to shareholders on the register at the close of business on 7 April 2015. The amount paid was £1,059,549. A final dividend of 1.67p per share has been proposed taking the total dividend for the year to 2.50p per share. Subject to shareholder approval at the Company's AGM on 25th November 2015, the final dividend will be paid on 10 December 2015 to shareholders on the register at 13 November 2015.

During the year a dividend of £362,000 (2014: £417,000) was paid to the holders of the non-controlling interest in Lightbody Stretz Ltd.

29 Operating Leases

The Group has annual commitments under non-cancellable operating leases relating primarily to land and buildings, fork lift trucks and office equipment. Land and buildings have been considered separately for lease classification. Land and buildings amounts relate to leasehold properties at the Nicholas & Harris site, part of the Lightbody of Hamilton site, Fletchers' sites in London and Manchester and Johnstone's site in East Kilbride.

During the year £2,131,000 was recognised as an expense in the Consolidated Statement of Profit and Loss in respect of operating leases (2014: £1,283,000).

Future minimum lease repayments under non-cancellable operating leases at the end of the financial periods are as follows:

	Land and Buildings		**Other**	
	2015 £000	2014 £000	**2015 £000**	2014 £000
On leases which expire in:				
Less than one year	**51**	55	**234**	121
Between one and five years	**770**	474	**1,168**	1,042
More than five years	**11,427**	11,537	**47**	15
	12,248	12,066	**1,449**	1,178

30 Capital Commitments

At the financial year ended 27 June 2015, the Group had capital expenditure commitments of £1,266,000 (2014: £523,000).

31 Related Parties

Related Party Transactions and Directors' Material Interests in Transactions

Mr E J Beale is the Chief Executive and Mr D C Marshall is the Chairman of City Group Plc. City Group Plc provides Company Secretarial and ancillary services to the Group. Fees for these services amounted to £38,544 including VAT (2014: £39,589). In addition Directors' fees of £45,000 for Mr E J Beale (2014: £85,000 for Mr E J Beale and Mr D C Marshall) have been paid to City Group. Directors' fees for Mr Beale are ceded to his primary employer, City Group. Directors' fees for Mr Marshall were paid to a company in which none of the Directors has an interest. Mr Marshall stepped down from the Finsbury Food Group Plc Board on 1 July 2014.

A 50% owned subsidiary, Lightbody Stretz Ltd, paid Mr P Stretz, the Managing Director of Lightbody Stretz Ltd, £58,000 (2014: £57,000) in respect of rent for offices. No balances were outstanding at either year end.

The Group paid £97,000 (2014: £187,000) for the supply of finished products from and received £100,000 (2014: £105,000) for the sale of finished products to Party Fizz, a company 50% owned by Mr P Stretz. The amount payable and receivable at the year end was £23,000 (2014: £22,000) and £9,000 (2014: £10,000) respectively.

The Group sold finished product to Dr Zak's for a value of £27,000 between the acquisition date of 16 June 2015 and the year end date of 27 June 2015, the amount receivable at the year end was £27,000 (2014: nil).

Transactions with the Memory Lane Pension Scheme are detailed in Note 16.

31 Related Parties *(continued)*

Transactions with Key Management Personnel
Directors of the Company and their immediate relatives control 3% (2014: 16%) of the voting shares of the Company.

The aggregate compensation of key management personnel (Main Board Executive Directors, Divisional MDs, and Executive Committee) is as follows:

	2015 £000	2014 £000
Fees	**-**	75
Company contributions to money purchase pension schemes	**42**	82
Executive salaries and benefits	**1,291**	1,240
Executive bonuses	**1,118**	481
	2,451	1,878

Share options held by Group Directors are set out in Note 7. Details of share options outstanding at 27 June 2015 for other key management personnel by exercise price is shown in the table below.

Exercise price	**Number of options at 27 June 2015**	Number of options at 28 June 2014	Earliest exercise date	Exercise expiry date
54.75p	**51,724**	-	03/07/2017	03/07/2024
58.00p	**155,172**	155,172	16/05/2017	16/05/2024
	206,896	155,172		

32 Post Consolidated Statement of Financial Position Events

Since the period end date there have been no significant events.

33 Ultimate Parent Company

Finsbury Food Group Plc is the ultimate parent company.

Company Balance Sheet

at 27 June 2015 and 28 June 2014

	Note	2015 £000	2014 £000
Fixed assets			
Investments	41	**100,629**	61,587
		100,629	61,587
Current assets			
Deferred consideration receivable	42	**-**	3,000
Debtors	43	**23,180**	3,401
Cash and cash equivalents		**2,498**	3,582
		25,678	9,983
Creditors: amounts falling due within one year	44	**(14,433)**	(3,766)
Net current assets		**11,245**	6,217
Total assets less current liabilities		**111,874**	67,804
Creditors: amounts falling due after more than one year	45	**(11,556)**	(3,140)
Net assets		**100,318**	64,664
Capital and reserves			
Called up share capital	47	**1,280**	669
Share premium account	47	**64,952**	31,480
Capital redemption reserve	48	**578**	578
Profit and loss account	48	**33,508**	31,937
Shareholders' funds	48	**100,318**	64,664

These Financial Statements were approved by the Board of Directors on 18 September 2015 and were signed on its behalf by:

Stephen Boyd
Director

Registered Number 204368

The Notes on pages 76 to 80 form an integral part of these Financial Statements.

Company Reconciliation of Movements in Shareholders' Funds

for the 52 weeks ended 27 June 2015 and 28 June 2014

	2015 £000	2014 £000
Loss for the financial year	**(893)**	(827)
Dividends received	**4,062**	4,958
Retained profit	**3,169**	4,131
Impact of share based payments current year (credit)/credit	**(10)**	3
Impact of share based payments credit to subsidiaries	**(29)**	(136)
New share capital subscribed (net of issue costs)	**34,083**	728
Dividends paid	**(1,559)**	(494)
Net increase to shareholders' funds	**35,654**	4,232
Opening shareholders' funds	**64,664**	60,432
Closing shareholders' funds	**100,318**	64,664

The Notes on pages 76 to 80 form an integral part of these Financial Statements.

34 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 year was the 52 weeks ended 27 June 2015 (prior financial year 52 weeks ended 28 June 2014). The Financial Statements for the Company have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules and in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) and law.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own Profit and Loss Account. The profit or loss for the year is set out in the Reconciliation of Movements in Shareholders' Funds.

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is included within the consolidated accounts.

The accounting policies of the Company are the same as for the Group except for the following:

Investments
Investments are stated at cost less provision for any permanent diminution in value.

Taxation
The credit for taxation is based on the loss for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

35 Remuneration of Directors

Details of Directors' remuneration are set out in Note 7 of the Group's Financial Statements.

36 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	
	2015	2014
Directors and administrative staff	**35**	35

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	**2,790**	2,669
Social security costs	**399**	343
Other pension costs	**105**	145
	3,294	3,157

37 Employee Share Schemes

No share options were granted during the year to 27 June 2015 under the ShareSave scheme, (2014: nil). Details of Directors' share options are set out in Note 7 of the Group's Financial Statements.

38 Share Based Payments

As set out in Note 27 to the Group Financial Statements, 51,724 (2014: 251,034) of the total 155,172 (2014: 302,758) share options granted during the year were issued to employees of the Company resulting in a charge to the Company profit and loss account of £1,000 (2014: £3,000). The remaining options were granted to employees of the subsidiary companies with corresponding charges to the relevant profit and loss accounts. Credits relating to options exercised, cancelled or lapsed after vesting have also been passed to the subsidiaries during the year. The credit totalled £42,000 (2014: credit £136,000) and has resulted in a reduction (2014: reduction) in the total cost of investments in the Company balance sheet. Details of Directors' share options are set out in Note 7 of the Group's Financial Statements.

39 Dividends

On 10 December 2014 a final dividend was paid to shareholders on the register at the close of business on 24 October 2014. An interim dividend for the six months to 27 December 2014 of 0.83 per share was paid on 24 April 2015 to shareholders on the register at the close of business on 7 April 2014. The amount paid was £1,059,549.

A final dividend of 1.67p per share has been proposed taking the total dividend for the year to 2.50p per share. Subject to shareholder approval at the Company's AGM on 25 November 2015, the final dividend will be paid on 10 December 2015 to all shareholders on the register at 13 November 2015.

40 Investment in Subsidiaries

Set out below are all undertakings of the Company whose results are included in the consolidated Financial Statements for the period ended 27 June 2015.

Subsidiary	Direct/Indirect ownership	Country of incorporation	Class of shares held	**Ownership 2015**	Ownership 2014
Anthony Alan Foods Ltd	Direct	England and Wales	Ordinary £1	**100%**	100%
California Cake Company Ltd	Indirect	Scotland	Ordinary £1	**100%**	100%
California Cake Company (Holdings) Ltd	Direct	Scotland	Ordinary £1	**100%**	100%
Campbells Cake Company Ltd	Indirect	Scotland	Ordinary £1	**100%**	100%
Campbells Cake (Holdings) Ltd	Direct	Scotland	Ordinary £1	**100%**	100%
Dr Zak's Ltd	Indirect	England and Wales	Ordinary £1	**25%**	-
Fennel Acquisition Ltd	Direct	England and Wales	Ordinary £1	**100%**	-
Fletchers Bakeries Ltd	Indirect	England and Wales	Ordinary £1	**100%**	-
Fletchers Bakeries Investment Ltd	Indirect	England and Wales	Ordinary £1	**100%**	-
Goswell Enterprises Ltd	Indirect	England and Wales	Ordinary £1	**100%**	100%
Goswell Marketing Ltd	Indirect	England and Wales	Ordinary £1	**100%**	100%
Johnstone's Food Service Ltd	Indirect	Scotland	Ordinary £1	**100%**	-
Lightbody Celebration Cakes Ltd	Indirect	Scotland	Ordinary £1	**100%**	100%
Lightbody Group Ltd	Direct	Scotland	Ordinary £1	**100%**	100%
Lightbody Holdings Ltd	Indirect	Scotland	Ordinary £1	**100%**	100%
Lightbody of Hamilton Ltd	Indirect	Scotland	Ordinary £1	**100%**	100%
Lightbody-Stretz Ltd	Indirect	Scotland	Ordinary £1	**50%**	50%
Memory Lane Cakes Ltd	Direct	England and Wales	Ordinary 1p	**100%**	100%
Murray Traders Ltd	Indirect	Scotland	Preference £1	**10.5%**	10.5%
Nicholas & Harris Ltd	Indirect	England and Wales	Ordinary £1	**100%**	100%
Storesurvey Ltd	Direct	England and Wales	Ordinary £1	**100%**	100%

In accordance with the transitional provisions of IFRS10, the Group reassessed the control conclusion for its investees at 1 January 2014. No modifications of previous conclusions about control regarding the Group's investees were required.

41 Fixed Asset Investments

	£000
Cost	
At beginning of financial year	61,587
Additions	39,084
Disposals	(42)
At end of financial year	100,629
Net book value	
At 27 June 2015	**100,629**
At 28 June 2014	61,587

The additions relate to the consideration paid for the acquisition of the Fletchers Group of Bakeries. The disposals relate to share option credit of £42,000 (2014: credit £136,000) passed down to individual subsidiaries.

42 Deferred Consideration Receivable

On 27 February 2013 the Group sold its Free From business to Genius Foods for a total value of £21,257,000, £3,000,000 of which was deferred at the time of sale, and was received on 27 February 2015.

43 Debtors

	2015 £000	2014 £000
Amounts owed by Group undertakings	**22,065**	2,945
Other taxation	**15**	15
Deferred taxation	**365**	362
Prepayments and accrued income	**735**	79
	23,180	3,401

44 Creditors: Amounts Falling Due Within One Year

	2015 £000	2014 £000
Bank loan	**5,607**	2,377
Trade creditors	**105**	43
Amounts due to Group undertakings	**42**	22
Other taxes and social security	**96**	84
Accruals and deferred income	**8,583**	1,240
	14,433	3,766

45 Creditors: Amounts Falling Due After More Than One Year

	2015 £000	2014 £000
Total bank loans and mortgages	**11,556**	3,140

HSBC Bank Plc, HSBC Asset Finance (UK) Ltd, HSBC Equipment Finance (UK) Ltd and HSBC Corporate Trustee Company (UK) Ltd have debentures incorporating fixed and floating charges over the undertaking and all property and assets including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

46 Interest-Bearing Loans and Borrowings

This Note provides information about the contractual terms and repayment schedule of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see Note 25.

2015	Currency	Margin	Above	Frequency of repayments	Year of maturity	Total £000	Current £000	Non-current £000
Term loan	GBP	2.00%	LIBOR	Quarterly	2019	12,116	3,211	8,905
Revolving credit	GBP	2.00%	LIBOR	Quarterly	2019	2,000	2,000	-
Mortgage	GBP	1.75%	LIBOR	Monthly	2022	3,287	461	2,826
Unamortised transaction costs						(240)	(65)	(175)
						17,163	5,607	11,556

Repayments are as follows:	
Between one and two years	2,873
Between two and five years	7,332
Between five and ten years	1,351
Between ten and fifteen years	-
	11,556

46 Interest-Bearing Loans and Borrowings *(continued)*

2014	Currency	Margin	Above	Frequency of repayments	Year of maturity	Total £000	Current £000	Non-current £000
Revolving credit	GBP	2.00%	LIBOR	Quarterly	2017	2,000	2,000	-
Mortgage	GBP	1.75%	Base	Monthly	2023	3,593	399	3,194
Unamortised transaction costs						(76)	(22)	(54)
						5,517	2,377	3,140

Repayments are as follows:	
Between one and two years	347
Between two and five years	1,073
Between five and ten years	1,720
Between ten and fifteen years	-
	3,140

47 Called Up Share Capital

Note 27 in the Group Financial Statements gives details of called up share capital.

48 Capital and Reserves

Reconciliation of movement in capital and reserves

	Share capital £000	Share premium £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 30 June 2013	642	30,779	578	28,433	60,432
Shares issued	27	701	-	-	728
Impact of share based payments	-	-	-	(133)	(133)
Retained profit for the financial year	-	-	-	4,131	4,131
Dividends payable	-	-	-	(494)	(494)
Balance at 28 June 2014	**669**	**31,480**	**578**	**31,937**	**64,664**
Balance at 29 June 2014	669	31,480	578	31,937	64,664
Shares issued	611	33,472	-	-	34,083
Impact of share based payments	-	-	-	(39)	(39)
Retained profit for the financial year	-	-	-	3,169	3,169
Dividends payable	-	-	-	(1,559)	(1,559)
Balance at 27 June 2015	**1,280**	**64,952**	**578**	**33,508**	**100,318**

49 Contingent Liabilities

The Company has guaranteed the overdrafts of its subsidiaries; there was a net cash position at the year end of £61,000 (2014: £592,000).

50 Related Party Disclosures

Note 31 in the Group's Financial Statements gives details of related party transactions.

51 Financial Risk Management

The Company's policies on the management of liquidity, credit and interest rate risks are managed at a Group level and are set out in Note 25 in the Group's Financial Statements and also referred to in the Strategic Report.

Presentation of Financial Statements

Basis of Preparation of Consolidated Financial Statements
The following accounting standards and interpretations, issued by the International Accounting Standards Board ("IASB") or IFRIC (as endorsed by the EU), are effective for the first time in the current financial year:

- IAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities – effective 1 January 2014
- IAS 36 (Amendments) Recoverable amount disclosures for non-financial assets – effective 1 January 2014
- IFRS 10 Consolidated Financial Statements – effective 1 January 2014
- IFRS 11 Joint Arrangements – effective 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities – effective 1 January 2014
- IAS 27 Separate Financial Statements – effective 1 January 2014
- IAS 28 Investments in Associates and Joint Ventures

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over, and consequently consolidates, its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 January 2014. No modifications of previous conclusions about control regarding the Group's investees were required.

The application of the above standards and interpretations has not had a material effect on the net assets, results and disclosures of the Group.

New Standards and Interpretations Endorsed but not yet Effective
The IASB and the IFRIC have also issued the following standards and interpretations with an effective date after the date of these Financial Statements:

- IAS 19 (Amendments) Defined Benefit Plans: Employee contributions – effective 1 February 2015
- Annual Improvements to IFRSs: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 24 – effective 1 February 2015

It is not anticipated that the adoption of any of these standards and interpretations will have a material impact on the Group's Financial Statements.

New Standards and Interpretations not yet Endorsed and not yet Effective
The IASB and the IFRIC have also issued the following standards and interpretations that are yet to be endorsed with an effective date after the date of these Financial Statements:

- IFRS 9 Financial Instruments – effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers – effective 1 January 2017

These standards will be adopted by the Group in future accounting periods. The Directors do not anticipate that the adoption of any of these standards and interpretations will have a material impact on the Group's Financial Statements.

Directors' Report

Background
The Group operates in the cake and bread markets which are focused on premium, celebration and well-being products. These products are supplied both under the retailers' own brands and through a number of licensed brands to which the Group has access.

A review of the activities and any likely future developments in the business of the Group is given in the Chairman's Statement, Chief Executive's Report and the Strategic Report on pages 8 to 21.

Dividend
On 20 March 2015, the Board approved an interim dividend for the six months to 27 December 2014 of 0.83p per share which was paid on 24 April 2015. The Directors have recommended a final dividend of 1.67p per share. Subject to shareholder approval at the Company's AGM on 25 November 2015, the final dividend will be paid on 10 December 2015 to all shareholders on the register at 13 November 2015.

Directors and their Interests in the Company
The Directors and brief biographies are detailed on page 6. Martin Lightbody and David Marshall resigned from the Board on 30 June 2014 and Peter Baker was appointed a Director and Non-Executive Chairman on 1 July 2014.

In accordance with the Articles of Association Mr J G Duffy and Mr P J Monk retire by rotation and being eligible offer themselves for re-election at the Company's forthcoming AGM.

The beneficial interests of the Directors in the Ordinary Shares of the Company on 27 June 2015 and 28 June 2014 are set out below:

Ordinary Shares

	27 June 2015	28 June 2014
P Baker	**46,000**	-
E J Beale	**40,000**	40,000
S A Boyd	**906,629**	555,137
J G Duffy	**2,111,762**	1,855,163
P J Monk	**291,547**	291,547

Details of Directors' share options are set out in Note 7 to the Financial Statements.

Details of the emoluments of the Directors are given in Note 7 to the Financial Statements.

There have been no changes in the interests of Directors as set out above since 27 June 2015.

Share Capital
Details of the changes in the share capital of the Company during the year are set out in Note 27 to the Financial Statements.

Substantial Interests
The following substantial interests (3 percent or more) in the Company's issued share capital have been notified to the Company as at 29 August 2015:

	Number of shares	**% of issued share capital**
Ruffer LLP	23,130,164	18.07%
Hargreave Hale	12,964,927	10.13%
London Finance & Investment Group P.L.C.	10,000,000	7.81%
Henderson Global Investors	7,025,000	5.49%
M W Lightbody	5,700,000	4.45%
Investec Asset Management	5,451,526	4.26%
Miton Asset Management Ltd	5,227,917	4.08%
Premier Asset Managers	5,212,126	4.07%
Downing LLP	3,995,224	3.12%

Research and Development
Research and development expenditure is written off in the year in which it is incurred.

Directors and Officers' Liability Insurance
The Company maintains a Directors and Officers liability insurance policy.

Financial Instruments
The Group's financial instruments comprise mortgage, asset finance facilities, a confidential invoicing facility, revolving credit facility, cash and liquid resources, and various items arising directly from its operations, such as trade creditors. The main purpose of these financial instruments is to finance the Group's acquisitions and operations. It is the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks, which have remained substantially unchanged for the year under review. The policies are summarised below:

Interest Rate Risk
The Group finances its operations by retained profits and bank borrowings. A suite of borrowing facilities totalling £50.9 million is available of which £21.2 million was drawn at the balance sheet date leaving a headroom of £29.7 million. The interest rate risk is managed through three interest rate swap transactions. The total balance of these swaps was £14.0 million at the period end date. The counterparty to these transactions is HSBC Bank Plc.

Liquidity Risk
Short-term flexibility is available through existing bank facilities and the netting off of surplus funds. Full details of the Group's financial assets and liabilities are given in Note 25.

Employee Involvement
The Group aims to improve the performance of the organisation through the development of its employees. Their involvement is encouraged by means of team working, team briefings, consultative committees and working parties.

Disabled Employees
The Group is committed to equality of employment and its policies reflect a disregard of factors such as disability in the selection and development of employees.

Political and Charitable Contributions
During the year charitable donations amounting to £4,000 (2014: £1,000) were made, primarily to local charities.

Going Concern
On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and, therefore, consider it appropriate to prepare the Financial Statements on the going concern basis. Further details are set out in the Basis of Preparation.

Auditors
In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors is to be proposed at the forthcoming AGM.

- So far as each Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that they 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.

The Directors' Report was approved by the Board of Directors on 18 September 2015 and was signed on its behalf by:

Stephen Boyd
Director

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company Financial Statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group Financial Statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the 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 each of 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;
- For the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- For the parent company Financial Statements, 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 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 its 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.

By Order of the Board

Stephen Boyd
Director

18 September 2015

Independent Auditor's Report to the Members of Finsbury Food Group Plc

We have audited the Financial Statements of Finsbury Food Group Plc for the 52 weeks ended 27 June 2015 set out on pages 39 to 80. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company Financial Statements 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 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.

Respective Responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 83, 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 of the parent company's affairs as at 27 June 2015 and of the Group's profit for the financial year then ended;
- The Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- The parent company Financial Statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- The Financial Statements 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 Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

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.

Ian Brokenshire
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor

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18 September 2015

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