Company Registration No. 03093155 (England and Wales)

RICHMOND CORPORATION LIMITED

AND ITS SUBSIDIARY COMPANIES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
COMPANY INFORMATION

Directors	G Weston M L Weston
Secretary	A C Batson
Company number	03093155
Registered office	One The Royal Arcade 28 Old Bond Street London W1X 4BT
Auditor	Wilkins Kennedy Audit Services Globe House, Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
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The directors present the strategic report for the year ended 30 April 2018.

Fair review of the business
As reported in the group's profit and loss account on page 8 turnover has increased by 0.6% from £18,597,264 to £18,707,384. Profit after tax has decreased from £1,797,852 to £904,613.

As shown on page 21, United Kingdom turnover has this year decreased by 7.3% from £16,128,386 to £14,945,054, but this has been mitigated by a rise in overseas turnover of 52.4% from £2,468,878 to £3,762,330.

On 29 March 2018, the trade and assets of House of Dorchester Limited, a subsidiary company, were hived up into Charbonnel et Walker Limited, the parent company of House of Dorchester Limited and also a subsidiary company of Richmond Corporation Limited.

Current trading for 2019 is in line with expectations.

Principal Risks and Uncertainties facing the Business
Management continually monitor the key risks facing the group, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the group are as follows:

- Economic downturn – the group acknowledges the importance of maintaining close relations with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

- Competitor pressure – the market in which the group operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. The group manages this risk by providing quality products and maintaining strong relationships with its key customers.

- Reliance on key suppliers – the group's purchasing activities could expose it to over reliance on certain suppliers and inflationary pricing pressures. The group manages this risk by ensuring there is enough breadth in its supplier base and by constantly seeking to find potential alternative suppliers that may be used, if necessary.

- Loss of key personnel – this would present significant operational difficulties for the group. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Key Perfomance Indicators
The KPIs used to determine the progress and performance of the group are set out below:

Turnover
As indicated above, the group's turnover increased by 0.6% compared to the previous year.

Gross profit margin
The group's gross profit margin decreased in the year under review from 54.6% to 49.8%. The Directors consider this margin to be reasonable and healthy in the current market conditions and reflects the underlying strength of the business.

Financial Position at the Reporting Date
The balance sheet shows that the group's net liabilities at the year end have decreased from £7,614,910 to £6,710,297. The group invested £307,878 in tangible fixed assets during the year and repaid £855,720 of the amount owed to the ultimate parent company, and £133,264 of the amount owed on the bank loan.

The directors have received assurances that the support given by the parent undertaking, Madera Investments Limited, by way of a loan of £9,817,378 will remain in place for at least the next twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board

G Weston
Director
5/12/2018

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities
The principal activity of the company and group continued to be that of a holding company of a group which manufactures, wholesales and retails chocolates and confectionery.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Weston
M L Weston

Results and dividends
The results for the year are set out on page 8. The group profit for the year after taxation was £904,613. Further commentary is provided in the strategic report on page 1.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments
The group's principal financial instruments comprise trade debtors, bank balances, bank and other loan facilities and trade creditors. The main purpose of these instruments is to raise funds for and to finance the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risks. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of trade debtors the risk is managed by the credit control policies which the group has in place.

The liquidity risk of bank balances is managed by transferring funds to obtain the maximum amount of interest, whilst not impacting on the financial needs of the group.

For bank and other loan facilities and trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due and that borrowings are flexible and available in the medium term.

Future developments
The group is well poised to develop its main core business and continues to address the effect of competitive pressures.

Auditor
In accordance with the company's articles, a resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

G Weston
....
G Weston
Director
5.12.2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

TO THE MEMBERS OF RICHMOND CORPORATION LIMITED

Opinion

We have audited the financial statements of Richmond Corporation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicated that the parent company is reliant on the continued support of its bankers and ultimate parent company. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3 indicate that a material uncertainty exists that may case significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marc Farmer FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

6-12-2018

Statutory Auditor

Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Turnover	3	18,707,384	18,597,264
Cost of sales		(9,399,607)	(8,450,283)
Gross profit		9,307,777	10,146,981
Distribution costs		(648,307)	(587,876)
Administrative expenses		(7,262,526)	(7,249,564)
Exceptional item	4	(252,183)	-
Operating profit	5	1,144,761	2,309,541
Interest receivable and similar income	8	266	162
Interest payable and similar expenses	9	(48,854)	(56,896)
Profit before taxation		1,096,173	2,252,807
Tax on profit	10	(191,560)	(454,955)
Profit for the financial year		904,613	1,797,852

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	2018	2017
	£	£
Profit for the year	904,613	1,797,852
Other comprehensive income	-	-
Total comprehensive income for the year	904,613	1,797,852

Total comprehensive income for the year is all attributable to the owners of the parent company.

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Goodwill	11		491,671		570,339
Tangible assets	12		2,047,340		1,946,248
			2,539,011		2,516,587
Current assets					
Stocks	16	999,127		1,013,688	
Debtors	17	1,818,228		2,707,271	
Cash at bank and in hand		914,752		1,693,581	
		3,732,107		5,414,540	
Creditors: amounts falling due within one year	18	(11,939,968)		(14,629,572)	
Net current liabilities			(8,207,861)		(9,215,032)
Total assets less current liabilities			(5,668,850)		(6,698,445)
Creditors: amounts falling due after more than one year	19		(986,468)		(868,003)
Provisions for liabilities	21		(54,979)		(48,462)
Net liabilities			(6,710,297)		(7,614,910)
Capital and reserves					
Called up share capital	22		192		192
Share premium account			999,900		999,900
Profit and loss reserves			(7,710,389)		(8,615,002)
Total equity			(6,710,297)		(7,614,910)

The financial statements were approved by the board of directors and authorised for issue on 5|12|2018 and are signed on its behalf by:

G Weston
Director

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
COMPANY BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	13		3,112,913		3,112,913
Current assets					
Cash at bank and in hand		2,664		291	
Creditors: amounts falling due within one year	18	(14,404,413)		(15,004,805)	
Net current liabilities			(14,401,749)		(15,004,514)
Total assets less current liabilities			(11,288,836)		(11,891,601)
Creditors: amounts falling due after more than one year	19		(498,245)		-
Net liabilities			(11,787,081)		(11,891,601)
Capital and reserves					
Called up share capital	22		192		192
Share premium account			999,900		999,900
Profit and loss reserves			(12,787,173)		(12,891,693)
Total equity			(11,787,081)		(11,891,601)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £104,520 (2017 - £102,651 profit).

The financial statements were approved by the board of directors and authorised for issue on 5/12/2018 and are signed on its behalf by:

G Weston
Director

Company Registration No. 03093155

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 May 2016	192	999,900	(10,412,854)	(9,412,762)
Year ended 30 April 2017:				
Profit and total comprehensive income for the year	-	-	1,797,852	1,797,852
Balance at 30 April 2017	192	999,900	(8,615,002)	(7,614,910)
Year ended 30 April 2018:				
Profit and total comprehensive income for the year	-	-	904,613	904,613
Balance at 30 April 2018	192	999,900	(7,710,389)	(6,710,297)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 May 2016	192	999,900	(12,994,344)	(11,994,252)
Year ended 30 April 2017:				
Profit and total comprehensive income for the year	-	-	102,651	102,651
Balance at 30 April 2017	192	999,900	(12,891,693)	(11,891,601)
Year ended 30 April 2018:				
Profit and total comprehensive income for the year	-	-	104,520	104,520
Balance at 30 April 2018	192	999,900	(12,787,173)	(11,787,081)

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	**27**		1,069,642		2,510,558
Interest paid			(48,854)		(56,896)
Taxes paid			(520,872)		(732,709)
Net cash inflow from operating activities			499,916		1,720,953
Investing activities					
Purchase of tangible fixed assets		(307,878)		(291,638)	
Proceeds on disposal of tangible fixed assets		17,851		-	
Interest received		266		162	
Net cash used in investing activities			(289,761)		(291,476)
Financing activities					
Repayment of borrowings		(855,720)		(1,095,113)	
Repayment of bank loans		(133,264)		(123,437)	
Net cash used in financing activities			(988,984)		(1,218,550)
Net (decrease)/increase in cash and cash equivalents			(778,829)		210,927
Cash and cash equivalents at beginning of year			1,693,581		1,482,654
Cash and cash equivalents at end of year			914,752		1,693,581

RICHMOND CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANIES
COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	**28**		873,273		1,110,115
Interest paid			(15,180)		(15,099)
Net cash inflow from operating activities			858,093		1,095,016
Net cash used in investing activities			-		-
Financing activities					
Repayment of borrowings		(855,720)		(1,095,113)	
Net cash used in financing activities			(855,720)		(1,095,113)
Net increase/(decrease) in cash and cash equivalents			2,373		(97)
Cash and cash equivalents at beginning of year			291		388
Cash and cash equivalents at end of year			2,664		291

1 Accounting policies

Company information

Richmond Corporation Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is One The Royal Arcade, 28 Old Bond Street, London, W1X 4BT.

The group consists of Richmond Corporation Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Richmond Corporation Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

The parent company is reliant on the continued support of its bankers and ultimate parent company.

The directors have received assurances that the support already given by the ultimate parent, Madera Investments Limited, of £9,817,378 (note 20) will remain in place for at least twelve months from the date of approval of these financial statements.

The directors are confident that bank facilities will remain in place and accordingly believe that it continues to be appropriate to adopt the going concern basis in preparing the financial statements, which assumes that the group will continue to meet its liabilities as they fall due for the foreseeable future and for at least twelve months from the date of approval of the accounts.

1.4 *Turnover*

Turnover represents the invoiced value of goods sold during the year, stated net of value added tax. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery. This applies to sales through our website or in stores.

1 Accounting policies **(Continued)**

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years. Goodwill is reviewed for impairment on an annual basis.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	2%-20% straight line or over the period of the lease
Plant and equipment	7.5%-33.33% straight line
Fixtures and fittings	10%-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1 Accounting policies **(Continued)**

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group applies the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments, which are classified as basic.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.15 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Going concern

As indicated in note 1.3 it is the directors' assessment that the group continues to be a going concern. Accordingly, assets and liabilities have been valued on the basis that the group will continue in business. If this presumption proved to be mistaken the carrying value of assets and liabilities would need to be reappraised to reflect the impact of cessation.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements.

Recoverability of receivables

The group establishes a provision for receivables when they are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

2 Judgements and key sources of estimation uncertainty (Continued)

Determining residual values and useful economic lives of tangible fixed assets

The group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimating value in use

Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating and a suitable discount rate in order to calculate present value.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Attributable to subsidiary undertakings	18,707,384	18,597,264

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	14,945,054	16,128,386
Rest of World	3,762,330	2,468,878
	18,707,384	18,597,264

4 Exceptional costs

	2018	2017
	£	£
Exceptional costs	252,183	-

Exceptional costs of £252,183 arose from the closure of the Tunbridge Wells factory, as well as costs of relocating from Tunbridge Wells to Dorchester.

5 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	443,431	329,933
Research and development costs	41,155	41,250
Depreciation of owned tangible fixed assets	197,173	190,833
(Profit)/loss on disposal of tangible fixed assets	(8,238)	50,368
Amortisation of intangible assets	78,668	156,210
Cost of stocks recognised as an expense	6,110,521	5,636,917
Operating lease charges	1,794,584	2,230,671

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,000	2,000
Audit of the financial statements of the company's subsidiaries	26,950	21,570
	28,950	23,570
For other services		
All other non-audit services	10,486	9,238

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2018 Number	2017 Number
Production and retail staff	193	172
Management	13	13
Administration	30	33
	236	218

7 Employees (Continued)

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	5,091,460	4,931,704
Social security costs	338,818	310,591
Pension costs	46,357	49,793
	5,476,635	5,292,088

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	266	162

9 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,333	3,727
Other interest on financial liabilities	45,631	53,169
	47,964	56,896
Other finance costs:		
Other interest	890	-
Total finance costs	48,854	56,896

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	236,022	393,926
Adjustments in respect of prior periods	(50,979)	-
Total current tax	185,043	393,926
Deferred tax		
Origination and reversal of timing differences	6,517	61,029
Total tax charge for the year	191,560	454,955

10 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	1,096,173	2,252,807
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%)	208,273	448,759
Tax effect of expenses that are not deductible in determining taxable profit	610	1,080
Adjustments in respect of prior years	(50,979)	-
Depreciation on assets not qualifying for tax allowances	14,947	15,670
Other non-reversing timing differences	21,914	(3,773)
Fixed asset timing differences	13,478	18,165
Changes to deferred tax rate	3,233	(4,497)
Utilisation of tax losses brought forward	(19,916)	(20,449)
Taxation charge for the year	191,560	454,955

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 May 2017 and 30 April 2018	958,805
Amortisation and impairment	
At 1 May 2017	388,466
Amortisation charged for the year	78,668
At 30 April 2018	467,134
Carrying amount	
At 30 April 2018	491,671
At 30 April 2017	570,339

The company had no intangible fixed assets at 30 April 2018 or 30 April 2017.

12 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 May 2017	1,763,178	1,281,607	448,765	3,493,550
Additions	131,025	137,388	39,465	307,878
Disposals	-	(168,308)	(22,189)	(190,497)
At 30 April 2018	1,894,203	1,250,687	466,041	3,610,931
Depreciation and impairment				
At 1 May 2017	459,605	913,838	173,859	1,547,302
Depreciation charged in the year	70,938	87,182	39,053	197,173
Eliminated in respect of disposals	-	(158,695)	(22,189)	(180,884)
At 30 April 2018	530,543	842,325	190,723	1,563,591
Carrying amount				
At 30 April 2018	1,363,660	408,362	275,318	2,047,340
At 30 April 2017	1,303,573	367,769	274,906	1,946,248

The company had no tangible fixed assets at 30 April 2018 or 30 April 2017.

13 Fixed asset investments

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Investments in subsidiaries	14	-	-	3,112,913	3,112,913

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 May 2017 and 30 April 2018	4,164,509
Impairment	
At 1 May 2017 and 30 April 2018	1,051,596
Carrying amount	
At 30 April 2018	3,112,913
At 30 April 2017	3,112,913

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
C. et. W Holdings Limited	England and Wales	Holding company	Ordinary	100.00	-
Charbonnel et Walker Limited	England and Wales	Premium chocolate manufacturer	Ordinary	100.00	-
Dorchester Chocolates Limited	England and Wales	Dormant	Ordinary	-	100.00
House of Dorchester Limited	England and Wales	Premium chocolate manufacturer	Ordinary	-	100.00
The Chocolate Club Limited	England and Wales	Dormant	Ordinary	-	100.00
The Wedding List Company Limited	England and Wales	Dormant	Ordinary	-	100.00

15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,395,007	2,250,183	-	-
Equity instruments measured at cost less impairment	-	-	3,112,913	3,112,913
Carrying amount of financial liabilities				
Measured at amortised cost	12,764,438	14,651,955	14,902,658	15,004,805

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	640,642	771,092	-	-
Work in progress	62,780	35,546	-	-
Finished goods and goods for resale	295,705	207,050	-	-
	999,127	1,013,688	-	-

17 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	1,191,401	2,001,758	-	-
Other debtors	203,606	248,425	-	-
Prepayments and accrued income	423,221	457,088	-	-
	1,818,228	2,707,271	-	-

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	80,516	632,245	-	498,245
Other borrowings	20	9,817,378	10,673,098	9,817,378	10,673,098
Trade creditors		1,239,840	1,411,437	-	-
Amounts due to group undertakings		-	-	4,587,035	3,833,462
Corporation tax payable		16,912	352,741	-	-
Other taxation and social security		145,086	492,879	-	-
Other creditors		148,189	175,000	-	-
Accruals and deferred income		492,047	892,172	-	-
		11,939,968	14,629,572	14,404,413	15,004,805

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	986,468	568,003	498,245	-
Other creditors		-	300,000	-	-
		986,468	868,003	498,245	-

The bank loan detailed within the company above is an interest only loan with a bullet capital repayment on maturity (31 July 2022). There is a guarantee from a third party supported by a Security Agreement over an investment portfolio held in the custody of the bank in respect of this loan.

Amounts included above which fall due after five years are as follows:

Payable by instalments	127,036	231,844	-	-

20 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	1,066,984	1,200,248	498,245	498,245
Loan from ultimate parent company	9,817,378	10,673,098	9,817,378	10,673,098
	10,884,362	11,873,346	10,315,623	11,171,343
Payable within one year	9,897,894	11,305,343	9,817,378	11,171,343
Payable after one year	986,468	568,003	498,245	-
Amounts included above which fall due after five years:				
Payable by instalments	127,036	231,844	-	-

The bank loan in the subsidiary is secured by a fixed and floating charge over all that company's assets. This loan bears interest at 4.55% and is fully repayable by 23 July 2024.

The loan from the ultimate parent company, Madera Investments Limited, is interest free, has no fixed terms of repayments and is unsecured.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	54,979	50,337
Other timing differences	-	(1,875)
	54,979	48,462

The company has no deferred tax assets or liabilities.

21 Deferred taxation **(Continued)**

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 May 2017	48,462	-
Charge to profit or loss	6,517	-
Liability at 30 April 2018	54,979	-

The deferred tax asset set out above is expected to reverse within and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

22 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
192 Ordinary shares of £1 each	192	192

23 Financial commitments, guarantees and contingent liabilities

At 30 April 2018 trading subsidiary companies had a commitment totalling £938,379 (2017: £1,503,532) to purchase bulk supplies of raw ingredients.

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	847,345	908,895	-	-
Between two and five years	3,308,200	3,159,421	-	-
In over five years	1,954,700	2,534,350	-	-
	6,110,245	6,602,666	-	-

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	89,320	199,829	-	-

26 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	151,454	218,506

27 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	904,613	1,797,852
Adjustments for:		
Taxation charged	191,560	454,955
Finance costs	48,854	56,896
Investment income	(266)	(162)
(Gain)/loss on disposal of tangible fixed assets	(8,238)	50,368
Amortisation and impairment of intangible assets	78,668	156,210
Depreciation and impairment of tangible fixed assets	197,173	190,833
Movements in working capital:		
Decrease/(increase) in stocks	14,561	(190,353)
Decrease/(increase) in debtors	889,043	(902,231)
(Decrease)/increase in creditors	(1,246,326)	896,190
Cash generated from operations	1,069,642	2,510,558

28 Cash generated from operations - company

	2018	2017
	£	£
Profit for the year after tax	104,520	102,651
Adjustments for:		
Finance costs	15,180	15,099
Movements in working capital:		
Increase in creditors	753,573	992,365
Cash generated from operations	873,273	1,110,115