'The key ingredient to the food industry' ®

BAKO Group Limited

Company Registration Number 08802727

Annual Report &Financial Statements
For the year ended 31 March 2025

COMPANY INFORMATION

Directors	D Yates (Chair) D Hindley G McGhee T Moore M Taylor I Dobbie M Tully K Hirani
Company registration number	08802727
Registered office	74 Roman Way Industrial Estate Longridge Road Preston Lancashire PR2 5BE
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston PR2 5PE
Bank	HSBC UK Bank PLC 2nd Floor, Landmark St Peters Square 1 Oxford Street Manchester M1 4PB

STRATEGIC REPORT

Highlights

Group Revenue

£234.1m

(2024: 195.5m)

Gross Profit

£44.3m

(2024: £36.8m)

Adjusted EBITDA

£18.4m

(2024: £14.3m)

Adjusted Profit Before Tax

£14.3m

(2024: £11.6m)

Shareholder Rebate

£5.5m

(2024: £4.4m)

- Acquisition of James AS Finlay Limited completed on 3 April 2024
- Year-on-year revenue growth of 19.7%
- Year-on-year adjusted profit before tax growth of 23%
- Shareholder rebate increased to £5.5m
- BRC accreditations achieved at Grade A or above for all 4 Group sites
- 100% of our electricity supplied from renewable energy sources

STRATEGIC REPORT (CONTINUED)

Group overview

BAKO Group Limited services customers throughout the United Kingdom with business units in Durham Preston and Wimbledon. The Group acquired James AS Finlay Limited on 3 April 2024, a company based in Northern Ireland facilitating the Group's expansion to the island of Ireland.

The Group's trading operations are supported by a Group head office function in Preston. The Group functions of Executive Management, Finance, Human Resources, IT and Commercial Services provide support to the business units and ensure the Group works in a coordinated approach towards its strategic goals.

The Group takes pride in being 'owned by bakers for bakers' and delivers a service and product range that are highly valued by its customers. The Group's purpose of "A business owned by bakers for bakers championing and inspiring the bakery industry for future generations" reinforces the ethos with which the Group operates. This is supported by a vision "To be the leading bakery ingredients wholesale distributer for our customers and suppliers".

The Group specialises in the wholesale supply of bakery ingredients and finished goods, operating a multi temperature vehicle fleet to provide a one-stop shop for bakery and food service products.

BAKO
'The key ingredient to the food industry'®

FINLAY'S FOOD
QUALITY INGREDIENTS FOR THE FOOD INDUSTRY

STRATEGIC REPORT (continued)

Executive Management Team

Michael Tully: Group Chief Executive Officer
Michael has worked in the food and drink industry for over 30 years and more specifically in the bakery ingredients sector since 2004, firstly as General Manager at BFP Wholesale and then as Chief Executive Officer at Bako Northern and Scotland. He was appointed Group Chief Executive Officer in October 2017. In his time at BAKO, he has led the restructure of the Group's cost base, acquired James AS Finlay Limited and built an Executive Management Team which will deliver growth for many years to come.

Kirti Hirani: Group Chief Financial Officer
Kirti is a Fellow of the Institute of Chartered Accountants of England and Wales and started his career as an auditor before going on to various roles in finance. He joined the Group in May 2017 and was appointed Chief Financial Officer in October 2017. Kirti was a key part of the restructure of the Group's cost base, acquisition of James AS Finlay Limited and has driven improvements in controls, processes, reporting and digitisation. Kirti also acts as the Company Secretary for the Group and oversees the Group's IT department.

Fehmeeda Saddique: Group Human Resources Director
Fehmeeda joined the business in August 2020 bringing with her over 10 years' experience in HR and Payroll. She previously worked at EG Group as Head of HR & Payroll supporting the growth in the business and overseeing a workforce of 14,000 colleagues. Since joining the business, Fehmeeda has successfully implemented a digital communication and rewards platform and a HR system to engage colleagues across the business and now also oversees the Quality and Health and Safety functions.

David Armstrong: Group Commerical Director
David joined BAKO in July 2020 having previously been at BAKO UK in 2009. David has worked in Commercial roles for over 30 years in the food and drink sector and has operated at Board level for the last 20 years leading teams though significant periods of organisational change whilst remaining focused on delivery of results. David's remit covers the Buying, Marketing and Technical teams.

Ian York: Managing Director BAKO Preston
Ian joined the business in June 2020 bringing with him over 25 years first-hand experience of sales, marketing, & operations in the food industry. Operating at board-level in manufacturing, wholesale and retail companies such as Premier Foods, Cambridge Commodities, Poundstretcher, Symingtons and The Tofoo Company, Ian is firmly focused on customer growth and profit.

Mark Baldwin: Managing Director BAKO Wimbledon
Mark joined BAKO in 2019 and was appointed Managing Director in July 2022. Mark has over 40 years' experience in the Bakery Ingredients market. This included being General Manager of BFP's central London depot (Hornsey) and Sevenoaks. He also had a short spell working for Kent Foods out of their Basildon operation.

Paul Long: Managing Director BAKO Durham and Finlay's
Paul has developed his career in the baking industry with roles at UCB and Rank Hovis McDougall, where he was appointed Commercial Manager of Fleming Howden. Paul joined BAKO as Managing Director for BAKO Durham in September 2018, bringing with him over 20 years of experience in the industry. Paul has continued to increase the return generated from this division and grown the market share in England and Scotland. In April 2024 Paul took on the added responsibility of Managing Director of Finlay's.

STRATEGIC REPORT (CONTINUED)

Review of the business

Group performance

Results on all key performance indicators have been encouraging over the last twelve months with year on year growth achieved in revenue, gross margin, volume and profitability.

On 3 April 2024, the Group completed the acquisition of James AS Finlay (Holdings) Limited along with its wholly owned trading subsidiary, James AS Finlay Limited (Finlay's). Finlay's is a bakery wholesale business based in Northern Ireland, giving the BAKO Group access to a new geographical market. Finlay's also manufacture sugar strands, jams and fruit fillings.

The acquisition of Finlay's has delivered results in line with expectations and we are encouraged by the early results from the distribution of BAKO Select products to customers on the island of Ireland. Similarly, products manufactured by Finlay's have seen increased distribution across Great Britain.

Revenues for the year ended 31 March 2025 grew by 19.7% to £234.1m (2024: £195.5m) continuing the Group's impressive growth since the COVID-19 pandemic. Finlay's contributed £26.9m of revenue to the year on year growth. Like for like year on year revenue growth was therefore 6%.

Adjusted Profit before taxation was £14.3m (2024: £11.6m), achieving five continuous years of record profits. Profit before tax has been adjusted to exclude costs incurred in relation to the acquisition of James AS Finlay Limited of £0.2m (2024: £0.5m), a share-based payment charge of £0.4m (2024: £0.2m) and a shareholder rebate of £5.5m (2024: £4.4m).

As a result, the Board have approved distributions to shareholders of £5.5m (2024: £4.4m). The shareholder distribution reflects the growth in profitability of the Group and returns a significant share of profits to our shareholders, who by virtue of our Articles, are all customers of BAKO.

The Group recorded adjusted Earnings Before Interest, Tax and Depreciation (EBITDA) of £18.4m (2024: £14.3m) which is attributed to the growth in revenue and addition of Finlay's. The EBITDA for the year was adjusted for the same costs as adjusted Profit Before Taxation.

Cash generated from operating activities was £10.4m (2024: £10.2m) of which £9.6m (2024: £1.2m) was consumed in investing activities including £9.7m on the acquisition of Finlay's. £3.5m (2024: £3.4m) was consumed by financing activities.

The Group's cash and cash equivalents as at 31 March 2025 reduced by £3.1m to £8.3m (2024: £11.4m) as initial consideration for the Finlay's acquisition was partially offset by cash flow from operations.

As at 31 March 2025 the Group's net assets were £27.2m (2024: £20.2m).

Environment

In April 2024, solar panels were commissioned at the Durham site. This follows the installation of solar panels at the Preston site in 2023. Over the last three years the Group's entire HGV fleet has been replaced delivering reductions in emissions and fuel consumption.

The Group has engaged Greenly, to calculate the Group's carbon footprint and provide solutions to reduce or offset the footprint. Results of this exercise are anticipated during the second half of 2025.

Shareholders

As at 31 March 2025 the group had 671 Ordinary shareholders each owning 40 £1 Ordinary shares.

Eligible bakers and confectioners are invited to become shareholders at a cost of £40 for 40 £1 Ordinary shares. Becoming a shareholder allows the customer to participate in the shareholder rebate scheme whereby they receive a proportion of any annual shareholder rebate based on their purchases relative to total shareholder purchases.

A shareholder rebate of £5.5m is proposed as a final rebate for the year ended 31 March 2025 (2024: £4.4m), making this the highest shareholder rebate ever paid by BAKO. This demonstrates our commitment to grow the shareholder rebate in line with the growth of our profit

STRATEGIC REPORT (CONTINUED)

Future Developments
Following the acquisition of Finlay's, the Board and Executive Management Team will be reviewing their five year strategy during 2025. Focus will remain on the wholesale of bakery ingredients to the bakery and other food manufacturing markets.

Focus for the next year will be on continuing the integration of Finlay's into the BAKO Group and the realisation of acquisition synergies.

The Group's Preston depot completed the implementation of the groupwide Enterprise Resource Planning (ERP) system in May 2024 concluding the roll out of this system across the BAKO sites. Focus will now move to implementing the same at Finlay's whilst harmonising groupwide processes and utilising more fully the functions of a modern ERP system to drive efficiencies and growth.

A feasibility study will be undertaken into the installation of solar panels at the Finlay's site and efforts will continue to optimise route planning with the aim of reducing distance travelled as a ratio of revenue by the delivery fleet.

The Group has nominated a National Charity, Dementia UK, as well as local charities for each depot. Charitable activities will be encouraged to raise funds for our nominated charities.

The Group continues to measure its efficiencies against challenging targets and BRC approved quality systems, so providing the best possible service to our customers. All four divisions hold the BRC accreditation at Grade A or above.

The Group maintains a significant presence at industry events by sponsoring key categories at events held by the Craft Bakers Association, Scottish Bakers Association, Alliance for Bakery Students and Trainees and the Baking Industry Awards along with other affiliated organisations.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

We recognise that effective risk management is fundamental to helping the Group to achieve its strategic objectives. The principal risks facing the Group are:

Strategic

Food price inflation slowed in the year but inflationary pressures remain in the form of employer national insurance increases and wage inflation. These will continue to make it a challenging environment for most of our customers. The Group aims to implement price increases in a timely manner and has a diversified customer base which includes retail and manufacturing businesses, providing some mitigation against changes in consumer purchasing habits. Deflation presents an equally important risk as long-term contracts the Group enters into for commodities could lead to uncompetitive prices. To mitigate this risk the Group enters into short term commodity contracts with no contract exceeding twelve months.

Operational

The retention of the Group's Transport Operators License is fundamental to continuing operations and to ensure the Group remains compliant and adopts best practice, an external audit is commissioned annually.

A business continuity plan and risk register have been developed and adopted for all business units to combat potential threats to the business in servicing customer requirements.

Competition

Customer retention and competitive purchasing remain key risks for the group. Focus remains on ensuring prices are at the best commercial rates, with a quality service to ensure high levels of customer retention. Focus has been placed on continually improving commercial terms negotiated with suppliers to ensure the Group's offering remains competitive.

IT

Data security and integrity of all aspects of the IT platform comes under ever increasing threats from cyber-attacks. The Group has implemented industry leading firewall and anti-virus software and continuously trains its employees on cyber security.

Food Safety

Food safety remains a priority for the Group, particularly when offering substitute products to customers. The Group adopts comprehensive HACCP systems and aims to retain a grade A or above in the BRC accreditation. The Group has a transparent substitution policy which is shared with customers.

Pricing

The selling price of products is key to the success of the business and achieving an appropriate gross margin on sales is vital. The Group mitigates this risk by passing on price increases and decreases to its customers in a timely and transparent manner and by hedging customer forward contracts with supply side forward contracts.

STRATEGIC REPORT (CONTINUED)

Energy Consumption

The table below shows the energy consumed by the Group during the financial year ended 31 March 2025 in kilowatt hours (kWh) and tonnes of carbon dioxide (tCO2e).

Utility and Scope Consumption	2025 kWh	2025 tCO_2e	2024 kWh	2024 tCO_2e
Grid supplied electricity (scope 2)	3,526,437	656.09	2,599,973	500.22
Gaseous and other fuels (scope 1)	718,399	156.84	177,271	32.43
Transportation (scope 1 & 3)	29,433,100	7,027.99	16,579,913	3,957.75
Total	**33,677,936**	**7,840.92**	**19,357,157**	**4,490.40**

Scope 1, 2 and 3 consumption and CO2e emission data has been calculated in line with the Government Emissions Factor Database 2023 version 1.1. Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets. Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations. Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by the Group. For the Group, this is related to business travel undertaken in employee-owned vehicles.

Intensity metrics

The Group's key performance indicators for measuring the intensity of consumption are tonnes of carbon dioxide (tCO2e) per million of revenue *and kilogrammes of CO2e consumed to transport a tonne of product over a distance of one kilometre (kgCO2e / TK).*

Intensity metric	2025	2024
tCO2e / £m of revenue	33.50	22.96
kgCO2e / TK	16.56	12.61

Energy efficiency improvements

BAKO are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2024/25

Fleet upgrade
22 HGVs replaced with more modern and energy efficient HGVs.

On-site Renewable Energy Generation
The solar panel installation at the Durham depot was completed June 24 and provided 20.12% of the electricity used at the site. Electricity generated at the Preston depot (solar panels installed July 23) equated to 19.05% of electricity used on site.
During the 25-26 year a feasibility study will be conducted at the Finlay's site for the installation of soar panels.

Measures prioritised for implementation in 2025/26

Continuation of HGV replacement
The Group will continue to invest in more energy efficient heavy goods vehicles (HGVs).

STRATEGIC REPORT (CONTINUED)

Reporting Methodology

Scope 1, 2 and 3 consumption and CO2e emissions data has been developed and calculated using the GHG Protocol –A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol –Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2024 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for the reporting period 01/04/2024 to 31/03/2025.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to the Group. These were calculated at the meter level on a kWh/day pro-rata basis. All estimations equated to 0.14% of reported consumption.

Intensity metrics have been calculated utilising the reportable figures for the following metrics, and tCO_2e for both individual sources and total emissions were then divided by this figure to determine the tCO_2e per metric:

- Total turnover (£m) £234.1m (2024: £195.5m)
- Tonne kilometres (millions) (TK (million)) £473,428 (2024: 356,195)

STRATEGIC REPORT (CONTINUED)

Corporate governance

The Board of Directors strive to keep pace with best practice and guidance on corporate governance. Whilst not mandatory for the Group, the Board has voluntarily adopted the Quoted Companies Alliance (QCA) Governance Code, demonstrating its commitment to improve corporate governance. The Board is made up of four Qualifying Directors (eligible by virtue of being a customer and a shareholder), two Executive Directors and two Independent Non-Executive Directors. The Chairperson is expected to commit 36 days per annum to BAKO and all Qualifying Directors are required to commit to 24 days per annum. The Board fulfils a supervisory function overseeing the Executive Management Team who run the day-to-day business. The Group encourages the Executive Management Team to keep their skills and knowledge up to date by carrying out annual appraisals and identifying training requirements.

The Board of Directors remains committed to ensuring strong and sustainable leadership to support the business. As part of its commitment to effective succession planning, the Committee reviewed the Group's management structure, evaluating the skills and experience of the senior leadership team in relation to both current operations and the evolving business strategy. This review was undertaken alongside the Board's skills matrix exercise and collectively identified the need to formalise regular reviews of key positions, implement development plans for internal candidates and consider external expertise where appropriate. By investing in succession planning, we aim to minimise disruption, preserve institutional knowledge, and ensure strategic continuity, giving shareholders confidence in the Group's future direction and resilience.

Following a review of the updated QCA Governance Code, the Board will undertake an annual evaluation, a process which requires each board member to participate in a formal evaluation, feedback from which is used to improve the board and board sub-committees. The evaluation process ensures that the board's composition, dynamic, operations and structure are effective for the Group and its business environment. The latest evaluation was completed in 2025.

Board of Directors

Michael Tully, Group CEO and Kirti Hirani, Group CFO are supported on the Board by the Chair, Qualifying Directors and Independent Non-Executive Directors.

David Yates, Chairperson & Qualifying Director

David Yates has owned and operated Luke Evans Bakery, a 218 year old wholesale bakery in Derbyshire, for 34 years. David became a BAKO Shareholder soon after he joined the bakery, recognising the importance of reliable and affordable ingredients. Realising the importance of BAKO's success to his own business, David was a regular attendee at AGM's for many years, before joining the board in January 2018. David successfully applied for the position of Chairperson in May 2021, based on his strategy of ensuring BAKO is here to support the baking Industry, and the BAKO shareholders.

Duncan Hindley, Qualifying Director

Duncan Hindley is a 4th generation baker. He spent time in the Royal Navy before attending bakery college in Birmingham, after which he worked for Sainsbury's, Greenhalgh's and joined Hindley's in 1990. Following a period of growth in manufacturing, wholesale and retail operations, Duncan led strategic changes to focus on farmers' markets, food festivals, bread making courses and a reduction in retail shops creating a sustainable bakery business. Hindley's celebrated 130 years in April 2023. Duncan has been a shareholder of BAKO since 1993 and is delighted to be on the board of an organisation proud to support the baking industry.

Gordon McGhee, Qualifying Director

Gordon McGhee is the Managing Director of the McGhee Group which comprises of multiple bakery manufacturing and distribution sites across Central Scotland. This 4th generation family business is a household name across Scotland. Gordon has steered the organisation through a host of expansions and acquisitions over the past 30 years and his astute focus and attention to detail have ensured The McGhee Group remains one of the most profitable independent bakery businesses in the country. MBA qualified, Gordon was delighted to join the BAKO board in June 2021.

STRATEGIC REPORT (CONTINUED)

Tom Moore, Qualifying Director
Tom Moore is a 5th generation family baker from Henllan Bakery in Denbigh, North Wales. Tom has dedicated his life to the baking industry from studying baking at college to being involved with the family bakery from a young age. As Production Director within the business, Tom has managed to secure listings in most major supermarkets across Wales by consistently producing fresh, quality products. Tom is honoured to have joined the BAKO board in July 2023 having been a BAKO shareholder since 1995.

Martyn Taylor, Independent Non-Executive Director
Martyn is a former senior bank manager and prior to his retirement he led a risk management team across the North of England, supporting businesses facing financial challenges. Prior to that he headed a UK national team of specialist relationship managers, who funded and supported customers with mergers, acquisition and buy-outs. He also graduated from senior management development programmes at Harvard Business School and the Wharton University of Pennsylvania. Martyn is also a Non-Executive Director and Chair at an NHS Trust.

Ian Dobbie, Independent Non-Executive Director
Ian is a Chartered Chemist who has spent his entire career in the food business, mainly in the bakery and prepared chilled foods product sectors. His career started with RHM and he then went onto work for the likes of Northern Foods and Allied Bakeries before joining Délifrance as Managing Director of the UK business and later becoming the first non-French CEO for the Délifrance Group. He now runs his own consultancy business focusing on transformational change and he most recently led the successful sale of the Wrights Food Group to PAI Partners Private Equity / The Complete Food Group. Ian joined the BAKO board in January 2023 and is also a Non-Executive Director with Deli-Lites (Ireland) Limited.

The Directors convene the following committees in order to formalise the governance of the Group:

Audit committee – Chair: Martyn Taylor
The role of the Audit Committee is to review the significant financial reporting issues and judgements made in connection with the Group's financial statements and reports, and to review the scope and effectiveness of the Group's internal controls, including financial, operational and compliance controls established by management to identify, assess, manage and monitor key risks.

The committee appoints the internal and external auditors and reviews the scope and findings of their reports. The Group uses a risk-based approach to areas of focus for internal audit; the annual scope is agreed in advance by the Audit Committee and the Executive Management Team, with due consideration of changing circumstances during the year. Internal audits were conducted during the year in the areas of health and fire safety, transport, policies and shareholder recruitment.

Following an audit tender process for the independent audit of the Annual Report and Financial Statements, RSM UK Audit LLP were re-appointed as the Group's auditor for the financial year ended 31 March 2025. The Audit Committee reviews the independence of RSM UK Audit LLP on an ongoing basis and have concluded that RSM UK Audit LLP has maintained its independence. The safeguards in place to prevent RSM UK Audit LLP's independence being compromised by engaging in non-audit work are considered prior to engaging them for such work on a case-by-case basis.

Risk committee – Chair: Duncan Hindley
The Risk Committee is responsible for overseeing the risk management framework for the Group. The Risk Committee maintains risk registers for the Group and is responsible for managing the risks to which the Group is exposed. Committee members can raise new risks at each Risk Committee meeting or earlier if of an urgent nature. The Risk Committee will then score the risk and assess how effective any mitigations can be to reduce the risk score to an acceptable level. Business Continuity Plans were also reviewed and updated during the year.

STRATEGIC REPORT (CONTINUED)

The committee has implemented a risk appetite statement covering the business areas of brand and reputation, food safety, financial, IT, legal compliance, health and safety and corporate social responsibility. The risk appetite statement sets out the acceptable level of risk the Group is prepared to take in each of these areas.

Remuneration committee – Chair: Martyn Taylor

The role of the Remuneration Committee is to assist the Board to fulfil its responsibility to shareholders to ensure the remuneration policy and practice of the Group reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

The committee is responsible for making recommendations to the Board in respect of the remuneration policy for the Chairman, Qualifying Directors and the Executive Management Team. The committee also has an oversight of the remuneration arrangements for the direct reports to executives. The Group utilises a Willis Tower Watson salary guide to provide a remuneration benchmark for all roles across the Group.

The aim of the remuneration policy is to help attract and retain people. Incentive measures include short term cash incentives for achieving targets set out in a balanced scorecard and long term incentives by way of growth shares issued to certain members of the Executive Management Team. The objective of the incentive scheme is to align the interest of employees with the shareholders by increasing sustainable profitability and thereby the shareholder rebate.

Nominations committee

The committee is convened as and when there is a need to recruit on the Board or Executive Management Team. It is responsible for reviewing the succession plan for Directors and Executive Managers, and for making recommendations on the composition of the Board and Executive Management Team. The Board ensures there is a formal, rigorous and transparent procedure for the appointment of new Directors.

STRATEGIC REPORT (CONTINUED)

Non-Executive Directors

The Board regularly reviews the independence of its Non-Executive Directors to determine whether there are any circumstances that might affect their independence. For the year under review the Board concluded that its Non-Executive Directors were independent in character and judgement.

Members of Committees

The members of the Committees were as follows:

		Eligible	Attendance
Audit	M Taylor - Chair	4	4
Committee	D Hindley	4	4
(4 meetings)	I Dobbie	4	4
Risk	D Hindley – Chair	3	3
Committee	M Taylor	3	3
(3 meetings)	I Dobbie	3	3
Remuneration	M Taylor - Chair	7	7
Committee	G McGhee	7	7
	T Moore	7	7
(7 meetings)			

The Board of Directors met on eleven occasions during the year, attendance of the Directors at these meetings is set out below.

Numbers of meetings attended:	Eligible	Attendance
D Yates	11	11
D Hindley	11	11
G McGhee	11	9
T Moore	11	11
M Taylor	11	10
I Dobbie	11	11
M Tully	11	11
K Hirani	11	11

STRATEGIC REPORT (CONTINUED)

Section 172 statement

As a Board we have always been committed to The Group's purpose of "A business owned by bakers for bakers championing and inspiring the bakery industry for future generations" is at the heart of any decisions made. Our business can only grow, and our shareholders can only prosper if we understand and respect the views of our customers, colleagues, suppliers and the communities in which we operate.

Our customers

Customers are always front of mind when taking decisions. Customers have the opportunity to raise issues with each of the touch points they have with the Group namely, Field Sales Representatives, Telesales Representatives and Delivery Staff, all of whom can report feedback to the Group's Executive Management Team. Any information that needs Board level attention is included in the Group Chief Executive's monthly report to the Board.

Our colleagues

Communication with colleagues is via 'My BAKO' which is an online platform that can be accessed by all colleagues and is used by senior management to post business updates. The platform also gives our colleagues access to mental and physical well-being support and access to discounts from major retailers. Every person employed by the Group has an annual appraisal and anyone leaving the Group has an exit interview, both of which provide an opportunity for colleagues to discuss their views. Health and safety of our colleagues is of paramount importance and the Group continues to invest in training, incident reporting and an annual external audit of health and safety.

Our suppliers

The Group's commercial team are the principal contact with our suppliers, and we are committed to building strong trading relationships with our partners. This is done through regular meetings with dedicated points of contact where all supply matters are discussed. We operate to a set of quality and ethical standards and, as a minimum, expect our suppliers to work to our terms of trade. Senior management from our top suppliers are invited to attend meetings with the Group's Executive Management Team.

Our shareholders

The Group's shareholders are also customers of the Group by virtue of the eligibility to become a shareholder as set out in the Articles of Association. Shareholder engagement is therefore frequent as part of their trading relationship with the Group. Shareholders also have the opportunity to engage with Executive Directors at industry events and the Annual General Meeting. The Board measures the success of its shareholder engagement by the consistent support received for all resolutions proposed by the Company in Annual General Meetings over the past three years.

Our communities and society

Contact with local communities is made by Group colleagues living in the locality of the depots. The Group has implemented a Corporate Social Responsibility strategy, a key part of which is to support Dementia UK as its nominated National charity and each depot has nominated a local charity to support. The Group recognises its impact on the environment and actively seeks to minimise its carbon footprint.

On behalf of the Board

D Yates
Director
5th August 2025

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 March 2025.

Principal activities

The principal activity of the Group continued to be that of the purchase and resale of food and ancillary products and services to the bakery industry. The Company continues to act as the holding company for the Group's trading companies.

Directors

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

D Yates
D Hindley
G McGhee
T Moore
M Taylor
I Dobbie
M Tully
K Hirani

Results and dividends

The profit after taxation for the year amounted to £5.9 million (2024: £5.0 million). The results for the year are set out on page 22. No ordinary dividends were paid. Historically, the Company has paid rebates to shareholders based on their spend with the Group relative to total shareholder spend to reward shareholder loyalty. The final rebate proposed for the year ended 31 March 2025 is £5.5 million (2024: £4.4 million).

Acquisition of own shares

During the year, the Company repurchased 2,040 (2024: 2,920) Ordinary shares at a nominal value of £1 each and nil (2024: 5) B Ordinary shares.

Financial instruments

Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The Group is exposed to interest rate risk on floating rate deposits, bank overdrafts and loans. The Group manages the risk by minimising borrowing.

Foreign currency risk

The Group's principal foreign currency exposures arise from purchasing commodities denominated in Euros. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in Sterling. This hedging activity involves the use of foreign exchange forward contracts. The Group does not use hedge accounting.

DIRECTORS' REPORT (CONTINUED)

Credit risk

Investments of surplus cash, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary. The Group insures a majority of its trade debtors using credit insurance, thereby mitigating a majority of the risk of customer default.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Matters of strategic importance

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of a review of the business and future developments.

Supplier payment policy

It is the Group's normal practice to make payments to suppliers in line with agreed terms, provided that the supplier has performed in accordance with relevant terms and conditions. Trade payables of the Group at the year end were equivalent to 55 days of purchases (2024: 54 days).

Stakeholder engagement

The Group's engagement with customers, colleagues, suppliers and shareholders is detailed in the Section 172 statement within the Strategic Report.

Energy consumption

Information relating to the Group's energy consumption is included in the Strategic Report.

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 Directors of the Company and Group 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 and Group is aware of that information.

On behalf of the Board

D Yates
Director
5th August 2025

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under Company law to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company 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 they have been prepared in accordance with UK-adopted International Accounting Standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the BAKO Group Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO GROUP LIMITED

Opinion

We have audited the financial statements of Bako Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise the Group statement of comprehensive income, the Group statement of financial position, the Company statement of financial position, the Group statement of changes in equity, the Company statement of changes in equity, the Group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (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 of the parent Company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and parent 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 17, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO GROUP LIMITED (CONTINUED)

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent Company operate in and how the Group and parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS / UK-adopted IAS, FRS101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the Group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities. We reviewed the health and safety report prepared by a third party.

The audit engagement team identified the risk of management override of controls and fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, assessing whether judgements made in making accounting estimated are indicative of potential bias. We utilised data analytics tools to test the completeness

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKO GROUP LIMITED (CONTINUED)

of revenue recognised and performed substantive testing over transactions recognised around the year end date.

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.

Ian Taylor

Ian Taylor (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE
5th August 2025

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Revenue	2	234,071	195,548
Cost of sales		(189,749)	(158,720)
Gross profit		**44,322**	**36,828**
Administrative expenses		(35,186)	(29,596)
Non – underlying costs	3	(167)	(454)
Operating Profit		**8,969**	**6,778**
Investment income		33	44
Finance costs	9	(761)	(291)
Profit before taxation		**8,241**	**6,531**
Income tax	10	(2,347)	(1,540)
Profit and total comprehensive income for the year		**5,894**	**4,991**

GROUP STATEMENT OF FINANCIAL POSITION

As a 31 March 2025

	Note	2025 £'000	2024 £'000
Assets			
Goodwill	11	7,325	6,089
Intangible assets	11	4,765	1,739
Property, plant and equipment	12	21,697	15,748
Deferred tax asset	16	-	31
Total non-current assets		**33,787**	**23,607**
Inventories	17	14,113	10,461
Trade and other receivables	18	28,274	21,930
Corporation tax receivable	18	1,727	1,462
Cash and cash equivalents		8,334	11,435
Total current assets		**52,448**	**45,288**
Total assets		**86,235**	**68,895**
Liabilities			
Trade and other payables	19	(37,488)	(30,439)
Current tax liabilities	19	(1,731)	(1,914)
Loans and other borrowings	20	(422)	(365)
Lease liabilities	21	(2,315)	(1,878)
Total current liabilities		**(41,956)**	**(34,596)**
Net current assets		**10,492**	**10,692**
Loans and other borrowings	20	(4,201)	(4,635)
Long-term provisions	22	(509)	(699)
Lease liabilities	21	(8,039)	(6,417)
Deferred tax liability	16	(4,374)	(2,322)
Total non-current liabilities		**(17,123)**	**(14,073)**
Total liabilities		**(59,079)**	**(48,669)**
Net assets		**27,156**	**20,226**
Equity			
Share capital	24	32	32
Share premium	26	681	-
Revaluation reserve	26	725	725
Merger reserve	26	50	50
Share-based payment reserve	26	604	249
Capital redemption reserve	26	17	15
Retained earnings	26	25,047	19,155
Equity attributable to owners of the Group		**27,156**	**20,226**

These Financial Statements were approved by the Board of Directors and authorised for issue on 5th August 2025 and signed on its behalf by:

D Yates
Director
Company registered number: 08802727

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 £'000	2024 £'000
Assets			
Investments	14	27,758	19,957
Intangible assets	11	1,817	1,741
Property, plant and equipment	12	32	44
Investment properties	13	3,289	3,383
Total non-current assets		**32,896**	**25,125**
Trade and other receivables	18	4,049	247
Corporation tax receivable	18	1,726	1,462
Cash and cash equivalents		70	5,034
Total current assets		**5,845**	**6,743**
Total assets		**38,741**	**31,868**
Liabilities			
Trade and other payables	19	(9,263)	(10,405)
Loans and other borrowings	20	(422)	(365)
Lease liabilities	21	(14)	(13)
Total current liabilities		**(9,699)**	**(10,783)**
Net current liabilities		**(3,854)**	**(4,040)**
Loans and other borrowings	20	(4,201)	(4,635)
Deferred tax liability	16	(722)	(696)
Lease liabilities	21	(11)	(28)
Total non-current liabilities		**(4,934)**	**(5,359)**
Total liabilities		**(14,633)**	**(16,142)**
Net assets		**24,108**	**15,726**
Equity			
Share capital	24	32	32
Share premium	26	681	-
Share-based payment reserve	26	604	249
Capital redemption reserve	26	17	15
Retained earnings	26	22,774	15,430
Equity attributable to owners of the Company		**24,108**	**15,726**

The Company's profit for the year was £7,346,000 (2024: £6,668,000).

These Financial Statements were approved by the Board of Directors and authorised for issue on 5th August 2025 and signed on its behalf by:

D Yates
Director
Company registered number: 08802727

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Note	Share capital £'000	Share Premium £'000	Revaluation Reserve £'000	Merger reserve £'000	Share- based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2023		**33**	**-**	**725**	**50**	**1,861**	**12**	**17,995**	**20,676**
Profit for the year		-	-	-	-	-	-	4,991	**4,991**
Credit to equity for equity settled share-based payments		-	-	-	-	195	-	-	**195**
Issue of shares	24	2	-	-	-	-	-	-	**2**
Reduction in share capital	24	(3)	-	-	-	-	3	(3)	**(3)**
Redemption of shares	24	-	-	-	-	(1,807)	-	(3,828)	**(5,635)**
As at 31 March 2024		**32**	**-**	**725**	**50**	**249**	**15**	**19,155**	**20,226**
Profit for the year		-	-	-	-	-	-	5,894	**5,894**
Credit to equity for equity settled share-based payments		-	-	-	-	355	-	-	**355**
Issue of shares	24	2	681	-	-	-	-	-	**683**
Reduction in share capital	24	(2)	-	-	-	-	2	(2)	**(2)**
As at 31 March 2025		**32**	**681**	**725**	**50**	**604**	**17**	**25,047**	**27,156**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Note	Share capital £'000	Share premium £'000	Share- based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
As at 1 April 2023		**33**	**-**	**1,861**	**12**	**12,593**	**14,499**
Profit for the year		-	-	-	-	6,668	**6,668**
Credit to equity for equity settled share-based payments		-	-	195	-	-	**195**
Issue of shares	24	2	-	-	-	-	**2**
Reduction in share capital	24	(3)	-	-	3	(3)	**(3)**
Redemption of shares		-	-	(1,807)	-	(3,828)	**(5,635)**
As at 31 March 2024		**32**	**-**	**249**	**15**	**15,430**	**15,726**
Profit for the year		-	-	-	-	7,346	**7,346**
Credit to equity for equity settled share-based payments		-	-	355	-	-	**355**
Issue of shares	24	2	681	-	-	-	**683**
Reduction in share capital	24	(2)	-	-	2	(2)	**(2)**
As at 31 March 2025		**32**	**681**	**604**	**17**	**22,774**	**24,108**

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Net cash flow from operating activities		
Profit for the year after tax	5,894	4,991
Adjustments for:		
Net finance costs	716	247
Income tax expense	2,347	1,540
Depreciation and impairment of property, plant and equipment	2,860	2,461
Amortisation and impairment of intangible assets	484	115
(Profit) on disposal of property, plant and equipment	(22)	(36)
Share-based payments	355	195
(Decrease) / Increase provisions	(190)	207
Working capital adjustments		
(Decrease) / Increase in inventories	(1,102)	727
Increase in trade and other receivables	(1,297)	(1,838)
Increase in trade and other payables	2,776	2,072
Income taxes paid	(2,380)	(531)
Net cash from operations	10,441	10,150
Cash flows used in investing activities		
Purchase of intangible assets	(222)	(533)
Purchase of property, plant and equipment	228	(792)
Proceeds from disposal of property, plant and equipment	80	54
Investment Income	33	44
Business combinations, net of cash acquired	(9,677)	-
Net cash used in investing activities	(9,558)	(1,227)
Cash flows used in financing activities		
Purchase of own shares for cancellation	(2)	(5,638)
Issue of new shares	685	2
Repayment of lease liabilities	(3,529)	(2,469)
Issue of bank loans	-	5,000
Repayments of borrowings	(377)	-
Interest paid	(761)	(291)
Net cash used in finance activities	(3,984)	(3,396)
Net (Decrease) / Increase in cash and cash equivalents	(3,101)	5,527
Cash and cash equivalents brought forward	11,435	5,908
Cash and cash equivalents carried forward	8,334	11,435

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. Accounting policies

Company information

BAKO Group Limited ('the Company') is a private limited Company domiciled and incorporated in England and Wales. The registered office is 74 Roman Way Industrial Estate, Longridge Road, Preston, Lancashire, PR2 5BE.

The Group consists of BAKO Group Limited and all of its subsidiaries.

Basis of Preparation

The consolidated Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the Companies Act 2006. The consolidated Group Financial Statements and Company Financial Statements are presented in Sterling, generally rounded to the nearest thousand. The Financial Statements are prepared on the historical cost basis, modified to include the revaluation of freehold properties and investment properties.

The individual Company Financial Statements have been prepared under the Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS in its individual financial statements:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a Statement of Cash Flows and related notes;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- comparative period reconciliations for the number of shares outstanding; and
- related party disclosures for transactions with the parent or wholly owned members of the Group.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement or a statement of comprehensive income for the Company alone.

Significant new accounting policies

No new accounting standards with an impact on the Group or Company have been adopted in the year.

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 March 2025. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations:

- IFRS 18 – Presentation and disclosure in financial statements
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

Basis of consolidation

The consolidated Financial Statements incorporate the assets, liabilities, income and expenses of the Company and entities controlled by the Company (its subsidiaries) made up to the Company’s accounting reference date. Control is achieved when the Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

The results of subsidiaries acquired during the period are included in the consolidated income statement from the date that the Company gains control and accounted for using the acquisition method of accounting. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intra Group assets and liabilities, equity, income, expenses and cash flows, relating to transactions between the members of the Group, are eliminated on consolidation. All Financial Statements are drawn up to 31 March 2025.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Going concern basis

The financial statements have been prepared on a going concern basis. The Group has net current assets of £10,492,000 (2024: £10,692,000) and net assets of £27,156,000 (2024: £20,226,000). The Directors have prepared projections based on the outturn for the financial year and the budget for the next financial year and expect the Group and Company to remain within agreed facilities and fulfil all other liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The Group remains profitable and cash generative throughout the forecast period. The Group has an invoice financing facility in place and a £5m term loan but is not reliant on these for funding working capital. The Group manages cash flow through sweeping cash from the profitable subsidiaries and using this to support the central overheads. As such, the Directors consider it appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

Revenue recognition and rebates

Revenue represents the value of sales made to customers after deduction of discounts, sales taxes and a provision for returns. Discounts include sales rebates, price discounts, customer incentives, certain promotional activities and similar items. Revenue does not include sales between Group companies.

Revenue is recognised when performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer.

Revenue from the sale of goods is generally recognised on dispatch or delivery to customers, dependent on shipping terms. Discounts and returns are provided for as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account contractual and legal obligations, historical trends and past experience.

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 deemed to have an indefinite useful life.

Goodwill is allocated to the cash generating units expected to benefit from the acquisition. Cash generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the goodwill and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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 for which the estimates of future cash flows have not been adjusted. Impairment losses are recognised immediately in profit or loss.

The value in use is assessed over a period of 10 years using the assumptions of a growth rate of 2% per annum and a discount rate equivalent to the group's weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised under administrative expenses in the profit and loss account so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Software	25% straight line
Customer relationships	10% straight line

Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, or at a revalued amount. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Freehold building	2% straight line
Plant and machinery	7% - 25% straight line
Motor vehicles	15% - 25% straight line

Freehold land is not depreciated.

Gains or losses arising on the revaluation of property, plant and equipment are recognised in the revaluation reserve. Annual transfers between the revaluation reserve and profit or loss are made to reflect the excess depreciation that has been charged in the profit and loss account which relates to the revalued asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Investment property

The Company's investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Rent receivable is recognised on a straight-line basis over the period of the lease. The investment property is leased to fellow group undertakings and is therefore treated as freehold property in the group balance sheet.

Impairment of intangible and tangible fixed assets

At each reporting end date, the Group reviews the carrying amounts of its intangible and tangible 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).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Investments in subsidiaries are carried at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished manufactured goods include labour and attributable overheads. At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell, and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

Income tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

Current income tax

Current tax is based upon taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted or substantively enacted by the dates of the Statement of Financial Position.

Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the liability method. Deferred tax liabilities and assets are not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Pension costs

The Group operates a defined contribution pension scheme for employees. The annual contributions payable are charged to profit or loss.

Share-based compensation

Equity-settled, share-based payments are measured at fair value at the date of grant by reference to the fair value of the instrument granted using the Black Scholes model. They are expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in profit or loss, with a corresponding adjustment to equity reserves.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

Trade and other receivables

Trade and other receivables, and amounts owed by Group undertakings, are classified as loans and receivables and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) less provisions for impairment.

Provisions for impairment of trade receivables are recognised for expected lifetime credit losses using the simplified approach. Impairment reviews of other receivables use the general approach whereby twelve month expected losses are provided for and lifetime credit losses are only recognised where there has been a significant increase in credit risk.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. This method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

Leases

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

Borrowings

Bank loans and invoice discounting facilities are classified as other liabilities. They are initially recorded at fair value, which represents the fair value of the consideration received, net of any direct transaction costs associated with the relevant borrowings. Borrowings are subsequently stated at amortised cost and finance charges are charged to profit or loss over the term of the instrument using an effective rate of interest. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Critical accounting estimates and judgements

The preparation of these Financial Statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported results. Actual results could differ from these estimates. Information about such judgements and estimations is contained in individual accounting policies.

Accounting estimates

The key sources of estimation uncertainty, that could cause an adjustment to be required to the carrying amount of an asset or liability within the next accounting period, are outlined below:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill has been allocated. The value in use calculation requires the estimation of future cash flows expected to arise and a suitable discount rate in order to calculate present value. A change in these estimates would lead to a change in any impairment charged to the profit or loss for the year.

Dilapidations provision

Determining the value of the dilapidations provision requires an estimation of the value of repairs to be carried out at a future point in time on termination of a property lease. A change in the provision would result in a change in the amount charged to the profit and loss in the year.

Share-based payments

Calculating the value of the share-based payment charges has required management to make a number of estimations regarding the future value of the shares issued. Any difference between these estimations and the final value of the shares at redemption would lead to a charge or credit against retained earnings in the year in which the shares are redeemed.

Calculation of right of use assets and lease liabilities

Determining the value of right of use assets and lease liabilities under IFRS 16 requires an estimation of the incremental cost of capital to be applied to cash flows under the terms of the lease, where the interest rate implicit in the lease cannot be readily determined. A change in these estimates would lead to a change in the values recognised in respect of right of use assets and lease liabilities and would result in a change to values charged to profit and loss in respect of these items in the year.

Accounting judgements

In the course of preparing these financial statements, other than judgements involving estimates and assumptions as above, no judgements have been made in the process of applying the Group’s accounting policies that would have a material impact on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

2. Revenue

The Group's revenue is derived from a single source, being the sale of food and ancillary products and services. All revenue is derived from customers in the United Kingdom.

3. Non-underlying costs

	2025 £'000	2024 £'000
Legal and professional fees	167	454

Non underlying costs relate to the legal and professional fees and other associated costs in respect of the business combination detailed in note 15.

4. Operating profit

	2025 £'000	2024 £'000
This is stated after charging/(crediting):		
Exchange gains	(52)	(180)
Shareholder rebate included as an expense	5,490	4,400
Share-based payments	355	195
Depreciation of owned property, plant and equipment	1,777	969
Depreciation of right of use assets	1,083	1,492
Profit on disposal of property, plant and equipment	(27)	(36)
Amortisation and impairment of intangible assets	484	115

5. Auditor's remuneration

	2025 £'000	2024 £'000
Fees payable to the Company's auditor and associates		
Audit of the financial statements of the Group and Company	11	9
Audit of the financial statements of the subsidiaries	80	66
Total audit fees	**91**	**75**
- Other non-audit related services	21	95

6. Employee numbers and costs

The average monthly number of people (including Directors) employed by the Group was:

	Group		Company	
	2025 Number	2024 Number	2025 Number	2024 Number
Selling	75	65	4	4
Distribution	95	92	-	-
Warehousing	133	103	-	-
Office and management	68	55	45	40
Total	**371**	**315**	**49**	**44**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

6. Employee numbers and costs (continued)

The aggregate remuneration of all employees, including Directors, comprises:

		Group		Company
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Wages and salaries	15,095	12,245	3,004	2,516
Social security costs	1,628	1,342	352	285
Other pension costs	855	664	204	189
Share-based payments	355	195	355	195
Total	**17,933**	**14,446**	**3,915**	**3,185**

7. Directors' remuneration

	2025	2024
	£'000	£'000
Remuneration for qualifying services	1,105	774
Company pension contributions to defined contribution schemes	87	56
Amounts receivable under long term incentive schemes	-	4,830
Share based payments	257	77
Total	**1,449**	**5,737**

The number of Directors for whom retirements benefits are accruing under defined contribution schemes amounted to 2 (2024: 2).

Total remuneration paid to the highest paid Director was as follows:

	2025	2024
	£'000	£'000
Remuneration for qualifying services	328	312
Company pension contributions to defined contribution schemes	35	31
Amounts receivable under long term incentive schemes	-	3,220
Share based payments	136	52
Total	**499**	**3,615**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

8. Share-based payment charges

	2025 £'000	2024 £'000
Share-based payment expense	355	195

The Group operates an equity-settled share-based payment scheme for certain employees who are considered key to the operations of the Group. These employees are issued B Ordinary or C Ordinary shares by the Company at a price equal to the nominal value of the shares for B Ordinary shares and market value for C Ordinary shares. The conditions under which the shares are redeemable and their value at redemption are set out in the Company's Articles of Association. A share-based payment charge amounting to £355,000 was recognised in profit and loss during the year (2024: £195,000), with a corresponding credit to equity.

The Group is unable to directly measure the fair value of employee services received. Instead, the fair value of the B Ordinary and C Ordinary shares granted during the prior year was determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the scheme operated by the Group.

9. Interest payable and similar expenses

	2025 £'000	2024 £'000
Interest of financial liabilities measured at amortised cost:		
Interest on bank overdrafts	-	160
Interest on loans	336	5
Interest on lease liabilities	425	126
Total	**761**	**291**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

10. Taxation

	2025 £'000	2024 £'000
Current tax		
Current period – UK corporation tax	1,492	903
Adjustments in respect of prior periods	19	37
Total current tax	**1,511**	**940**
Deferred tax		
Origination and reversal of temporary differences	786	931
Adjustments in respect of prior periods	50	(331)
Total deferred tax	**836**	**600**
Total tax charge	**2,347**	**1,540**

Factors affecting the tax charge
Tax is assessed for the period at a rate different to the UK corporation tax rate for the reasons below:

	2025 £'000	2024 £'000
Profit before tax	8,241	6,531
Tax charge at 25% (2024: 25%)	2,060	1,632
Adjustments relating to underlying items:		
Adjustment to tax charge in respect of prior periods	69	(294)
Effects of expenses not deductible for tax purposes	340	202
Release of deferred tax on business combinations	(122)	-
Total tax expense	**2,347**	**1,540**

Corporation tax is calculated at 25% (2024: 25%) of the profit for the year. The Finance Act 2021 which was substantively enacted on 24 May 2021 created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023. Deferred tax balances at the year-end have been measured at 25 (2024: 25%) which is the rate that the deferred tax liabilities are expected to crystalise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

11. Intangible assets

Group **Cost**	Goodwill £'000	Software £'000	Customer relationships £'000	Total £'000
As at 1 April 2023	8,516	3,476	-	11,992
Additions	-	533	-	533
Transfers	-	(463)	-	(463)
As at 1 April 2024	**8,516**	**3,546**	**-**	**12,062**
Additions	-	222	-	222
Additions – business combinations	1,236	-	3,276	4,512
Transfers	-	347	-	347
Disposals	-	(1,545)	-	(1,545)
As at 31 March 2025	**9,752**	**2,570**	**3,276**	**15,598**
Accumulated amortisation and impairment				
As at 1 April 2023	2,427	2,155	-	4,582
Charge for the year	-	115	-	115
Disposals	-	(463)	-	(463)
As at 1 April 2024	**2,427**	**1,807**	**-**	**4,234**
Charge for the year	-	156	328	484
Transfers		335		335
Disposals	-	(1,545)	-	(1,545)
As at 31 March 2025	**2,427**	**753**	**328**	**3,508**
Carrying amount				
As at 31 March 2025	**7,325**	**1,817**	**2,948**	**12,090**
As at 31 March 2024	6,089	1,739	-	7,828
As at 1 April 2023	6,089	1,321	-	7,410

The Group tests goodwill for impairment annually or where there is an indication that goodwill might be impaired. The recoverable amount of all cash generating units has been determined on a value-in-use basis. Value-in-use calculations for each cash generating unit are based on projected pre-tax discounted cash flows, discounted at pre-tax rates reflecting a weighted average cost of capital of 12.4%.

Key assumptions contained in the value-in-use calculations include the future revenues, margins achieved, and the discount rates applied. Value-in-use calculations are prepared using management's approved forecasts covering a 5-year period and a terminal value for the period thereafter. Forecasts indicate management's expectation of the future performance of the cash generating units for the year ended 31 March 2026 and a growth rate of 2% per annum for the years thereafter. The forecasts are based on the current performance of each cash generating unit in the year adjusted for management's knowledge of the market environment and future business plans.

Goodwill associated with the acquisition of the Sandco 1187 Ltd group in August 2015 has a cost bought forward of £6,769,000 and accumulated amortisation brought forward of £871,000. The carrying amount of the goodwill associated with this acquisition is £5,898,000 (2024: £5,898,000).

Goodwill associated with the acquisition of Bako South Eastern Limited in May 2014 has a cost of £1,347,000 and accumulated amortisation brought forward of £1,156,000 (2024 £1,156,000). The carrying amount of the goodwill is £191,000 (2024: £191,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

11. Intangible assets (continued)

Customer relationships associated with the acquisition of James AS Finlay Holdings Limited and James AS Finlay Limited on 3 April 2024 has a cost of £3,276,000 and amortisation charge for the year of £328,000. The carrying amounts of the customer relationships is £2,948,000.

Goodwill associated with the acquisition James AS Finlay Holdings Limited and James AS Finlay Limited on 3 April 2024 has a cost of £1,236,000 and accumulated amortisation brought forward of £nil.

Purchased goodwill has a cost of £400,000 and accumulated amortisation brought forward of £400,000. The carrying amount of the goodwill is £nil (2024: £nil).

No impairment has been recognised in respect of the carrying value of goodwill in the year, as the recoverable amount of goodwill exceeds the carrying value for each of the cash generating units.

The transfers during the year relate to the reclassifications of items of computer software from tangible assets. These are not material to correct in previous years.

Company

Cost	**Software £'000**	**Total £'000**
As at 1 April 2023	1,410	1,410
Additions	533	533
As at 1 April 2024	1,943	1,943
Additions	222	222
As at 31 March 2025	**2,165**	**2,165**
Accumulated amortisation and impairment		
As at 1 April 2023	91	91
Charge for the year	111	111
As at 1 April 2024	202	202
Charge for the year	146	146
As at 31 March 2025	**348**	**348**
Carrying amount		
As at 31 March 2025	**1,817**	**1,817**
As at 31 March 2024	1,741	1,741
As at 1 April 2023	1,319	1,319

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

12. Property, plant and equipment

Group	Land and buildings	Plant and machinery	Motor vehicles	Total
Cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**
As at 1 April 2023	**10,525**	**3,927**	**8,820**	**23,272**
Additions	204	309	3,777	4,290
Disposals	-	(469)	(2,259)	(2,728)
As at 31 March 2024	**10,729**	**3,767**	**10,338**	**24,834**
Additions	10	458	4,825	5,293
Additions – business combinations	1,950	1,497	139	3,586
Disposals	-	(984)	(3,766)	(4,750)
Transfer	-	(347)	-	(347)
As at 31 March 2025	**12,689**	**4,391**	**11,536**	**28,616**
Depreciation and impairment				
As at 1 April 2023	**2,157**	**2,243**	**4,935**	**9,335**
Charge for the year	631	341	1,490	2,462
Disposals	-	(467)	(2,244)	(2,711)
As at 31 March 2024	**2,788**	**2,117**	**4,181**	**9,086**
Charge for the year	665	553	1,642	2,860
Disposals	-	(969)	(3,723)	(4,692)
Transfers		(335)		(335)
As at 31 March 2025	**3,453**	**1,366**	**2,100**	**6,919**
Carrying Amount:				
As at 31 March 2025	**9,236**	**3,025**	**9,436**	**21,697**
As at 31 March 2024	7,941	1,650	6,157	15,748
As at 1 April 2023	8,368	1,684	3,885	13,937

At 31 March 2025, had revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £2,677,000 (2024: £2,739,000). The historical cost was £3,938,000 (2024: £3,938,000) and accumulated depreciation of £1,261,000 (2024: £1,199,000).

The transfers during the year relate to the reclassifications of items of computer software as intangible assets. These are not material to correct in previous years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

12. Property, plant and equipment (continued)

Company	**Plant and machinery**	**Total**
Cost or valuation	**£'000**	**£'000**
As at 1 April 2023	**82**	**82**
Additions	**2**	**2**
As at 31 March 2024	**84**	**84**
Additions	5	5
As at 31 March 2025	**89**	**89**
Depreciation and impairment		
As at 1 April 2023	**24**	**24**
Charge for the year	**16**	**16**
As at 31 March 2024	**40**	**40**
Charge for the year	17	17
As at 31 March 2025	**57**	**57**
Carrying Amount:		
As at 31 March 2025	**32**	**32**
As at 31 March 2024	44	44
As at 1 April 2023	58	58

The net carrying value of tangible fixed assets include the following right of use assets:

		Group		**Company**
	2025	**2024**	**2025**	**2024**
	£'000	**£'000**	**£'000**	**£'000**
Land and buildings	2,839	3,332	-	-
Plant and machinery	36	65	27	42
Motor vehicles	246	697	-	-
	3,121	**4,094**	**27**	**42**

The net book value of the right of use assets comprised:

	£'000
Net book value at 31 March 2023	**5,427**
Cost movement in year	(2,125)
Depreciation movement in year	792
Net book value at 31 March 2024	**4,094**
Cost movement in year	(3,456)
Depreciation movement in year	2,483
Net book value at 31 March 2025	**3,121**

	2025	**2024**
Depreciation charge in respect of:	**£'000**	**£'000**
Right of use assets	1,083	1,492

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

13. Investment property

Company

Cost	**£'000**
As at 1 April 2023 and 31 March 2024	**3,622**
As at 31 March 2025	**3,622**

Depreciation and impairment	
As at 1 April 2023	145
Charge for the year	94
As at 31 March 2024	**239**
Charge for the year	94
As at 31 March 2025	**333**

Carrying Amount:	
As at 31 March 2025	**3,289**
As at 31 March 2024	3,383

14. Investments

Company

	2025 £'000	**2024 £'000**
Investment in subsidiaries	**27,758**	**19,957**

Company

Cost or valuation	**£'000**
As at 1 April 2023	**19,957**
As at 31 March 2024	**19,957**
Additions	**7,801**
As at 31 March 2025	**27,758**

Carrying Amount:	
As at 31 March 2025	**27,758**
As at 31 March 2024	**19,957**

Additions in the year of £7,801,000 relate to cash transferred to an escrow account on behalf of Bako Bidco Ltd on 3rd April 2024. The cash held in the escrow account is held as security for redemption of preference shares issued by Bako Bidco Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

14. Investments (continued)

Details of the Company's subsidiaries at 31 March 2025 are as follows:

		% of Ordinary shares held	
Entity	**Nature of business**	**Direct**	**Indirect**
BAKO Limited	Wholesaler of bakery products	100	
BAKO Bidco Limited	Holding Company	100	
BAKO South Eastern Limited	Dormant	100	
Bakers (Area 1) Limited	Dormant		100
Sandco 1187 Limited	Dormant	100	
BAKO Northern (Holdings) Limited	Dormant		100
BAKO Scotland Limited	Dormant		100
BAKO North Western Limited	Dormant	100	
Anglian Bakery and Catering Suppliers Limited	Dormant	100	
James AS Finlay (Holdings) Limited	Holding Company		100
James AS Finlay Limited	Wholesaler of bakery products		100

BAKO Limited, BAKO Bidco Limited, BAKO South Eastern Limited, Bakers (Area 1) Limited, Sandco 1187 Limited, BAKO Northern (Holdings) Limited, BAKO Scotland Limited, Bako North Western Limited and Anglian Bakery & Catering Supplies Limited are company's registered in England and Wales whose registered address is 74 Roman Way Industrial Estate, Longridge Road, Preston, PR2 5BE.

James AS Finlay (Holdings) Limited and James AS Finlay Limited are company's registered in Northern Ireland whose registered address is 29a Maghaberry Road, Moira, Craigavon, Armagh, Northern Ireland, BT67 0JG.

BAKO South Eastern Limited, Bakers (Area 1) Limited, Sandco 1187 Limited, BAKO Northern (Holdings) Limited, BAKO Scotland Limited, BAKO North Western Limited and Anglian Bakery and Catering Suppliers Limited, all of which are dormant companies, are exempt from audit in accordance with s480 Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

15. Business Combinations

On 3 April 2024 the group acquired 100% of the ordinary share capital of James A.S. Finlay (Holdings) Limited along with its wholly owned trading subsidiary, James AS Finlay Limited for consideration of £11,698,000.

Assets

	Book value	Adjustments	Fair value
	£'000	**£'000**	**£'000**
Goodwill	-	1,236	1,236
Intangible assets – Customer relationships	-	3,276	3,276
Tangible assets	1,918	1,668	3,586
Investments	5	(5)	-
Total non-current assets	**1,923**	**6,175**	**8,098**
Stock (net of provision)	2,550	-	2,550
Debtors: amounts falling due within one year	5,049	-	5,049
Cash at bank in and hand	992	-	992
Total assets	**10,514**	**6,175**	**16,689**
Liabilities			
Trade and other payables	(3,238)	-	(3,238)
Deferred tax	(28)	(1,236)	(1,264)
Corporation tax	(421)		(421)
Hire Purchase agreements	(68)		(68)
Total liabilities	**(3,755)**	**(1,236)**	**(4,991)**
Total identifiable net assets	**6,759**	**4,939**	**11,698**
Total consideration			**11,698**

The consideration was satisfied by:

Cash	**10,669**
Deferred consideration	**1,029**

Net cash outflow arising on business combinations

Cash consideration	**10,669**
Cash and cash equivalents acquired	**(992)**
	9,677

Included within cash consideration is £7,801,000 of cash held in Escrow. This will be released on the redemption of the preference shares in Bako Bidco Limited.

TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

16. Deferred tax

The following are the deferred tax liabilities and assets of the Group and Company.

Group	**Liabilities**		**Assets**	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Short term timing differences	(1,022)	84	-	31
Accelerated capital allowances	(3,352)	(2,406)	-	-
	(4,374)	(2,322)	-	31

Company	**Liabilities**		**Assets**	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Accelerated capital allowances	(722)	(696)	-	-
	(722)	(696)	-	-

Deferred tax assets of £48,000 (2024: £48,000) relating to tax losses carried forward at 31 March 2025 were not recognised because the Directors did not expect that those losses would be utilised against future trading profits.

The Directors expect that deferred tax assets and liabilities will be realised in more than twelve months.

17. Inventories

		Group		**Company**
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Raw materials and consumables	1,319	52	-	-
Finished goods and goods for resale	12,794	10,409	-	-
Total	**14,113**	**10,461**	**-**	**-**

During the year provision of £175,000 (2024: £115,000) was made against the inventory.

18. Trade and other receivables

		Group		**Company**
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Trade receivables	23,447	18,905	-	-
Less: Provision for trade receivables	448	277	-	-
Trade receivables - net	22,999	18,628		
Corporation tax receivable	1,727	1,462	1,726	1,462
Amounts due from Group undertakings	-	-	3,036	-
Other receivables	900	340	702	39
Prepayments and accrued income	4,375	2,962	311	208
Total	**30,001**	**23,392**	**5,775**	**1,709**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

Ageing of past due but not impaired receivables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Less than 1 month	3,698	1,768	-	-
1–2 months	762	82	-	-
2–3 months	411	57	-	-
Over 3 months	134	77	-	-
	5,005	1,984	-	-

The Group applies the IFRS 9 simplified approach when measuring the trade receivable expected credit losses. The approach uses a lifetime expected loss allowance. To measure the expected credit losses trade receivables have been measured on the days past due.
The expected loss rates were initially based on adoption on the historical credit losses experienced over the last five years and are updated where expectations of credit losses change. Trade receivables are written off when there is no reasonable expectation of recovery.
Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses recognised in relation to trade receivables were £448,000 at 31 March 2025 (2024: £277,000). Trade receivables which are deemed to be irrecoverable are written off.

Movement in the expected credit loss provision

	£'000
Expected credit loss provision at 1 April 2024	277
Additional provisions recognised	287
Amounts written off	(116)
Expected credit loss provision at 31 March 2025	**448**

Amounts due from group undertakings are subject to an assessment of expected lifetime credit losses under IFRS 9 but unlike under the simplified approach used for trade receivables, amounts owed by group undertakings are assessed using lifetime expected impairment losses. There is not considered to be an issue with the recoverability of these balances. Amounts due from group undertakings are interest free and repayable on demand.

19. Trade and other payables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade payables	28,448	23,697	67	229
Amounts due to Group undertakings	-	-	3,101	5,278
Corporation tax payable	1,731	1,914	-	-
Other tax and social security	358	413	-	-
Other payables	1,232	192	11	10
Accruals and deferred income	7,450	6,137	6,084	4,888
Total	**39,219**	**32,353**	**9,263**	**10,405**

Amounts due to group undertakings are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

20. Borrowings

		Group		Company
	2025	2024	2025	2024
Falling due in less than one year	£'000	£'000	£'000	£'000
Bank loans	422	365	422	365
Total current borrowings	422	365	422	365

		Group		Company
	2025	2024	2025	2024
Falling due in more than one year	£'000	£'000	£'000	£'000
Bank loans	4,201	4,635	4,201	4,635
Total non-current borrowings	4,201	4,635	4,201	4,635
Total current and non-current borrowings	**4,623**	**5,000**	**4,623**	**5,000**

The loan notes contain a fixed charge secured against the property to which they relate. The loan was drawn on 26 March 2024 for a five year term and interest is charged at 1.6% above base rate.

21. Lease liabilities

		Group		Company
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Analysis of lease payments falling due:				
Current: Repayable in less than one year	2,759	2,194	14	14
Non-current:				
Repayable in 1-5 years	8,671	6,565	11	28
Repayable in more than 5 years	-	399	-	-
Total undiscounted lease payments	**11,430**	**9,158**	**25**	**42**
Future finance charges	(1,076)	(863)	-	(1)
Total lease liabilities	**10,354**	**8,295**	**25**	**41**

22. Provisions

		Group
	2025	2024
	£'000	£'000
Non-current dilapidations	509	699
	509	**699**

Movements on provisions in the year:

	Non-current dilapidations £'000
At 1 April 2024	699
Additional provisions in the year	13
Provisions utilised during the year	(203)
At 31 March 2025	**509**

The Group continues to recognise a provision in respect of future dilapidation costs for its Wimbledon site. An additional £13,000 was provided during the year to ensure an adequate level of provision is held against probable costs at the end of the lease. £203,000 was utilised during the year in respect of building repairs that would otherwise have been undertaken at the end of the lease. The carrying amount of the provision at 31 March 2025 is £509,000 (2024: £699,000). It is expected that £65,000 will be utilised within 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

23. Financial instruments

Financial assets

The Group held the following financial assets at amortised cost:

		Group
	2025	**2024**
	£'000	**£'000**
Cash and cash equivalents	8,334	11,435
Trade receivables	23,001	18,628
	31,335	**30,063**

Impairment of financial assets

The Group's financial assets subject to the Expected Credit Loss model ('ECL') are trade receivables. The Group maintains a high coverage of credit insurance on its trade receivables and has a history of a low level of losses thereon. Under the credit insurance policy, insured limits are applied for on a customer account level and each customer receivable balance is compared against the limit in place. Where the customer balance exceeds or is forecast to exceed the insured limit, the Group's process for monitoring uninsured accounts is applied. Impairment losses recognised in relation to trade receivables were £448,000 at 31 March 2025 (2024: £277,000) with provisions increased to include the Finlays trade receivables. Impairment is recognised for receivables which are deemed to be irrecoverable are written off. Therefore, in measuring ECL, the Group has taken account of its low historic loss experience, together with its high level of credit insurance and reviewed the receivables on an item-by item basis. This carrying amount is therefore deemed to be an approximation of fair value.

Financial Liabilities

The Group held the following financial liabilities, classified as other financial liabilities at amortised cost:

		Group
	2025	**2024**
	£'000	**£'000**
Trade payables	28,448	23,697
Loans and overdrafts	4,623	5,000
Other payables	1,232	192
	34,303	**28,889**

The carrying amount of financial liabilities is deemed to be an approximation of fair value. The Group's activities expose it to certain financial risks: market risk, credit risk, liquidity risk and interest rate risk. The overall risk management programme focuses upon the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key members of staff.

a) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

b) Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's receivables balances. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity and cash and cash equivalents based upon expected cash flow.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

d) Interest rate risk

Interest rate risk is the risk that borrowing costs may increase or interest earned on bank deposits may fall as the group is exposed to borrowings and deposits linked to the Bank of England base rate of interest. The Group manages this risk by minimising borrowings.

24. Share capital

	2025 £'000	2024 £'000
Ordinary share capital, issued and fully paid		
26,840 (2024: 27,400) Ordinary shares of £1 each	27	27
465 (2024: 465) A Ordinary shares of £10 each	5	5
20 (2024: 15) B Ordinary shares of £1 each	-	-
37 (2024: nil) C Ordinary shares of £1 each	-	-
	32	**32**

The Company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. During the year the Company issued 1,480 Ordinary shares to new shareholders at par value and during the year repurchased and cancelled 2,040 Ordinary shares for par value.

The Company's A Ordinary shares do not carry any voting or income rights, but have priority rights to capital on a sale or winding up of the business.

The Company's B Ordinary shares do not carry any voting or income rights, but have priority rights to capital on a sale or winding up of the business.

The Company's C Ordinary shares do not carry any voting rights or income rights, but have priority rights to capital on a sale or winding up of the business.

On 1 April 2024, the Company issued 5 B Ordinary Shares at a nominal value of £1 each and 37 C Ordinary Shares at a market value of £18,420 each. The nominal value of the B Ordinary Shares of £35 was settled on issue and the market value of the C Ordinary shares remains as unpaid. Share premium of £681,000 was recognised in respect of this. Both the B and C Ordinary shares form part of a long-term executive investment scheme, further details of which can be found in the Company's Articles of Association.

25. Retirement benefit schemes

	2025 £'000	2024 £'000
Charge to profit or loss in respect of defined contribution schemes	855	664

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

26. Reserves

Share premium reserve
Non-distributable reserve that represents the excess amount paid for shares above their nominal value.

Revaluation reserve
The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in the profit or loss.

Capital redemption reserve
The nominal value of the shares repurchased and still held at the end of the reporting period.

Merger reserve
On 14 May 2014 Ordinary shares of £1 each were issued in respect of 100% of the Ordinary shares in BAKO Limited. This was accounted for by the merger method of accounting under Statutory Instrument 2008 No 410 Schedule 6(10) and falls to be treated as a group reconstruction under Section 611 of the Companies Act 2006. The fair value of the shares issued at 14 May 2014 was £50,100 which is held as a merger reserve in the consolidated statement of financial position.

Share-based payment reserve
The share-based payment reserve represents the aggregate charge to profit and loss relating to issued B ordinary and C ordinary shares that have not yet been redeemed.

Retained earnings
Cumulative profit and loss net of distributions to shareholders.

27. Related party transactions

Remuneration of Key Personnel
Remuneration of key management personnel, considered to be the Directors and other senior management of the Group, is as follows:

	2025 £'000	2024 £'000
Aggregate compensation	2,251	7,851

The aggregate compensation for the current year includes £355,000 in respect of share-based payment charges (2024: £195,000).

Transactions with related parties
During the year the Group made sales of goods to businesses owned by the Directors of Bako Group Limited. These were made under normal trading terms. The value of sales for the year ended 31 March 2025 was £2,728,000 (2024: £2,496,000) and the balance owed to the Group at 31 March 2025 was £298,000 (2024: £231,000).

During the year the Group made purchases of goods to businesses owned by the Directors of Bako Group Limited. These were made under normal trading terms. The value of purchases for the year ended 31 March 2025 was £287,000 (2024: £262,000) and the balance owed to the Group at 31 March 2025 was £26,000 (2024: £26,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2025

28. Changes in liabilities arising from financing activities

Group	1 April 2024 £'000	Net cash flows £'000	Acquisition of new leases £'000	31 March 2025 £'000
Loans and other borrowings	5,000	(377)	-	4,623
Lease liabilities	8,295	(3,529)	5,588	10,354
Total financing liabilities	**13,295**	**(3,906)**	**5,588**	**14,977**

29. Controlling party

The Company is owned by its shareholders, none of whom hold a majority shareholding. As a result, the Directors are of the opinion that there is no ultimate controlling party.