Our vision is to be a leading speciality bakery group producing a broad range of high quality products targeted at growing channels and market niches and which deliver growth and differentiation for our customers whilst fulfilling the needs of end consumers.

Our focus is the UK but increasingly we are extending our reach into Europe, particularly for cake products.

Our growth strategy will be delivered by a combination of organic growth and targeted acquisitions. We will invest to consolidate and grow within existing areas, such as round cakes and artisan bread. We will also invest to expand our capabilities into new product formats and capability. This investment will accompany and facilitate the diversification of our product capability into new channels such as foodservice cake and gluten free. Further acquisitions will introduce new product, customer or channel diversification or accelerate market consolidation in our core product areas.

Our Markets
The total UK ambient cake market (including pre-packed cake and in-store bakery (ISB)) is valued at over £938 million (source: Symphony IRI, 52 w/e 19 August 2017). The annual retail bread and morning goods market has a value of £4.0 billion (source: Kantar Worldpanel 52 weeks to 16 July 2017). The UK foodservice bread and morning goods bakery sector is worth approximately £836 million per annum. The UK foodservice cake and sweet treat bakery sector is worth approximately £494 million per annum (source: UK foodservice data derived from NPD Crest w/e 30 June 2017).

Our Business
The Group consists of the UK bakery and the overseas sector businesses.

UK Bakery
UK bakery has eight factories each with its own range of products and manufacturing capabilities and employing in excess of 3,000 people across the following bakery companies:

- **Lightbody of Hamilton Ltd** is based in Hamilton and is the UK’s largest supplier of celebration cakes.
- **Memory Lane Cakes Ltd** is based in Cardiff and is the leading manufacturer of the UK retailers own label sharing cake.
- **Fletchers Group of Bakeries** has three factories located in Sheffield, Manchester and London. It produces a wide range of fresh and frozen bread and morning goods products, which are distributed to leading UK retailers and foodservice customers.
- **Johnstone’s Food Service Ltd** is based in East Kilbride and produces bite style cake products, including its renowned caramel shortcake. It supplies foodservice customers, particularly national coffee shop chains.
- **Nicholas & Harris Ltd** is based in Salisbury and produces a range of speciality bread and morning goods which are distributed to UK retailers and foodservice customers.
- **Campbells Cake Company Ltd** is based in Twechar near Glasgow and produces cold set products such as caramel shortbread and tiffin for retailers.

The Group’s bakery product range is comprehensive and includes:

- Large premium and celebration cakes.
- Small snacking cake formats such as cake slices and bites.
- Artisan, healthy lifestyle and organic breads through to rolls, muffins (sweet and savoury) and morning pastries, all of which are available fresh and frozen dependent on customer channel requirements.

Overseas
Our overseas business is a 50% subsidiary, Lightbody Stretz, based in France and run by Philippe and Valerie Stretz. The Company’s focus is primarily France and the Benelux nations, and together, we are beginning to make in-roads into Austria, Switzerland and Germany. Lightbody Stretz procures, supplies and distributes a range of products to its customers. The product range includes licensed celebration and bite style cakes manufactured in the Group’s UK bakeries. The company has also developed an expertise in gluten free bakery which it resources in both the UK and in Europe and sells under its brand “Wiso” or as own label into retailer in-store bakery.
We continually develop new lines to meet new consumer demand trends such as healthier and more convenient bakery products, and innovation is key to this. This year we invested in new cupcake production methods and another artisan bread production facility.
Brands and Licenses
The Group is proud to have a well balanced portfolio of retailer own label business and a strong and evolving licensed branded portfolio, all supported by collaborative and strategic partnerships. We also have our own cake brand, Memory Lane, and the Kara foodservice brand.

Kara
Kara is the innovative foodservice brand of the Finsbury Food Group, distributing to more than 300 wholesalers and end users such as UK pubs, hotels and restaurant chains, as well as exporting to countries including Germany, France, Denmark, Portugal, Spain and Holland. The Kara brand is 100% dedicated to foodservice. Kara began its journey in 1985 with its famous floured baps, and today the range includes new premium additions such as artisan breads, brioche buns, traybakes and large premium cakes. Kara has successfully built an ever-growing portfolio of sweet and savoury baked goods; continuing to focus on the latest consumer trends, and developing new and innovative products that enable foodservice customers to stay ahead.

The year to 1 July 2017 was one of consolidation for the foodservice business after several consecutive years of growth. Revenues marginally ahead of the prior year in a challenging foodservice market. New business was secured on the new cake ranges with the two major UK foodservice wholesalers, as well as major cafes and pub groups. Market leading Kara brioche buns continue to grow in line with demand for more premium product, traditional doughnuts continued their renaissance, and artisan bread products continued to grow in both sales and outlet penetration. There was strong growth in the top four customers, somewhat offset by reduced trading in export markets, particularly France, and also in some smaller customer business closures. The foodservice business also continued to grow its Kara branded sales, whilst still being a key supplier of own brand to core customers.

Thorntons
The Group has recently completed the renewal of its successful, long standing partnership with Thorntons which will extend this collaboration over two decades. The agreement will see the Group continue to produce and market cakes under the much loved Thorntons brand. Thorntons is still one of the fastest growing premium brands within cakes where continued success has come through strong product innovation across both celebration and snacking cakes.

Mary Berry
We are delighted to announce the partnership and launch of the new Mary Berry range in the Spring of this year. The full product range extends to loaf, sharing and celebration cakes which have all been developed in partnership with Mary Berry’s original recipes. The range brings new dynamic to the cake category by providing a branded solution that appeals to a broader age demographic.

Character Licensed Portfolio
Our character licences portfolio is a key focal point to the business which allows us to develop and produce products that meet consumer trends and occasions. We have a long standing relationship within the licensed industry which we are very proud of. Every licensed partnership is dear to our business and we take pride in being able to work together to bring popular characters to life across different cake formats. Successful licences for the Group this year have included Batman v’s Superman, Minions, Star Wars and Emoji which have been linked to big movie releases, together with well established evergreen properties such as Me to You, Peppa Pig and Paw Patrol.

The full product range extends to loaf, sharing and celebration cakes which have all been developed in partnership with Mary Berry’s original recipes.
Disney
As a long-term partner of the Disney brand, we have taken a leading role in supporting Disney’s strategy to inspire healthier choices for families and we have recently relaunched our celebration cake range with an innovative reduced sugar recipe. Our new range is the first in the UK to launch with Disney Kitchen branding and we continue to drive innovation and consumer enjoyment of the Disney brand in cake.

Mars
Mars has a wide portfolio of confectionery brands and we have worked in collaboration to develop an innovative cake range. The Galaxy and M&M cakes are built around key elements of these classic brands which provide the consumer cakes that meets most consumer occasions.

Vogel’s
Vogel’s range of ‘clean label’ breads are crammed to bursting with seeds and grains. Alfred Vogel was a pioneering Swiss nutritionist who created the first Vogel’s recipe in the 1950’s. He passionately championed natural ingredients, which is why Vogel’s loaves are baked without added sugar, emulsifiers, enzymes, or artificial preservatives or flavourings. To this day we share his commitment to tasty food and healthy living inspired by nature. The unique way we bake Vogel’s means it’s tremendously tasty toasted.

Village Bakery
The range of organic fresh rye bread brands are perfect, if you are looking to avoid wheat. We keep it simple, only using the best organic natural ingredients: The Loyal range of rossisky and seeded rye breads will have the addition of a new Village Bakery pumpernickel rye loaf, made with molasses and a blend of kibbled ryes to give a distinct sweet and sour flavour. Keeping to minimal ingredients of organic flours, water, a little sea salt with the benefit that they are all made with no added yeast, emulsifiers or enzymes.

Cranks
Cranks aspires to wholesome, simple, nutritious food. Our organic wholemeal loaf with organic stoneground flour is fermented for longer. Baked using specific baking processes that produces a loaf with great flavour through its fermentation process is made without any additives such as emulsifiers and enzymes. The popular stoneground wholemeal loaf will be joined by the new Cranks organic wholemeal seeded loaf.

Consumer Trends
Differentiation for our customers whilst fulfilling the needs of the end consumers is key to the Group’s success, it follows that innovation and product development is an essential part of the Group’s strategy. We have worked under the four broad banners to be able to focus on the macro consumer trends. The continuing challenge for the Group is to match the consumer trends with our dynamic product portfolio. The Group’s new product development team reinforces Finsbury’s expertise as a leading speciality bakery and provides increased differentiation from our competitors.

Broad Consumer Trends

<table>
<thead>
<tr>
<th>Better for You</th>
<th>On the Go</th>
<th>Indulgence</th>
<th>Artisan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing work in cake to meet sugar reduction targets and also butter (fat) mitigation, evidenced by the Group’s work on a reduced sugar Disney range of cakes. Low carb and protein rich bread products fall into this category.</td>
<td>Portability, individually wrapped and ready made on the go solutions are all areas of focus including the Group’s focus on sharing formats such as bites and tubs, in store bakery brownies and crispies and Kara brand and Johnstone’s Food Service cakes.</td>
<td>Small portions of indulgent cakery treats such as Thorntons caramel shortcake, seasonal treats such as Yule log and Costa cake and the new Mary Berry range.</td>
<td>Organic and premium niche bread products.</td>
</tr>
</tbody>
</table>
Licensed brand relationships are key to maintaining product differentiation and growing our specialist product portfolio, and we aim to extend and deepen these partnerships. This year we signed a new multi-year agreement with long-standing partner Thorntons, while entering new licence engagements with Mars, and with Mary Berry, for whom we launched a range of cakes.
Providing quality products, investing in innovation and competing on value helps to strengthen customer relations and support growth initiatives.

Principal Risks and Uncertainties
The Board recognises the need for a robust system of internal controls and risk management. The assessment of risks and the development of strategies for dealing with these risks are achieved on an ongoing basis through the way in which the Group is controlled and managed internally. A formal review of these risks is carried out by the Group on an annual basis. The review process involves the identification of risks, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact and determination of what needs to be done to manage them effectively. Risk management is integral to the ability of the Group to deliver on its strategic objectives.

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

Economic Environment
The market place remains challenging and there is an uncertain macro-economic outlook following the vote to leave the EU. Currency hedging and long-term contracts give the Group time to plan and formulate strategies to face future challenges. The Group will continue to focus on quality and value and will explore new channels, new products and new formats to gain competitive advantage. Forging strong customer relationships and aligning strategic business plans through innovation and category management helps create mutual growth opportunities.

The Impact of Brexit
Brexit brings uncertainty in the following areas:

Labour: The food industry employs many non-UK nationals, the sector in general could see a shortfall in workers. Increasing reliance on UK workers which may push up wage costs may prompt a change in business model.

Material: The weakening of the pound post Brexit has had an impact on ingredient prices.

Regulations: All current regulations on food safety, labelling or health and safety will continue to apply to UK businesses. Product standards will need to be observed by UK companies when trading with the EU. The Group will respond to the challenges that Brexit brings once negotiations are advanced.

Competitive Environment and Customer Requirements
The environment remains competitive within the bakery sector. The monitoring of key performance indicators at customer level such as service levels and customer complaints is part of the risk management process associated with this specific risk. Providing quality products, investing in innovation and competing on value helps to strengthen customer relations and support growth initiatives. The Group invests heavily in category management, new product development and marketing skills. This investment has helped create an insight into customers and consumer demands.

Product Quality
Product quality is a key strength of the Group and failure to maintain a high standard of safety and food quality would have a severe impact on service levels and customer relationships. The Group’s technical function is responsible for the implementation and maintenance of high standards for food safety striving for best practice. Quality assurance procedures are managed at site level and are reviewed continuously with improvements made as appropriate. The operating subsidiaries are subject to regular internal and independent food safety and quality control audits including those carried out by, or on behalf of, our customers. The Group maintains product recall insurance cover to mitigate the potential impact of such an occurrence.
The Group maintains a high level of areas of butter and sugar. Finally, 3) European policies particularly in the and above any exchange rate deterioration. of a number of commodities which are over recent past, has been relatively low. The cycle has seen significant increases in the price of a number of commodities which are over and above any exchange rate deterioration. Finally, 3) European policies particularly in the areas of butter and sugar.

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

The National Living Wage is driving forward the cost of labour ahead of inflation and demand related adjustments. More recently the future availability of labour has become a concern. Ongoing capital investment and improvements in operational efficiency help reduce the impacts of both labour availability and cost as well as material inflation.

Pension Fund Deficit
The Group has one defined benefit pension scheme within its Memory Lane Cakes Limited business in Cardiff. The scheme was closed to new members in 2010 to reduce the funding risk to Memory Lane Cakes. The valuation of the scheme on a technical provision basis as well as the underlying performance of the invested assets can cause large fluctuations in valuations. There is an agreed deficit recovery plan fixed until September 2023 or until a new schedule is agreed based on the next valuation which will be at 31 December 2018.

Cyber Security
The Group is exposed to random and malicious attacks from cyber criminals. The maintenance of protections software is one tool in the fight to protect our data. In addition, the Group is investing to implement common information systems across all companies with standardised protection, operating requirements and security protection. Finally, real time back-up, training and regular communication pulls the Group’s defences together.

Group Systems
The Group will, during the next financial year, complete the upgrade of its business systems across UK bakery. The ERP system is the latest version of the existing system within the Fletchers business acquired in 2014. Recognising the inherent risks to a systems upgrade, an appropriate Corporate Governance structure has been put in place, a Steering Committee comprising senior operational management from both businesses and chaired by an independent implementation specialist with KPMG engaged to independently assess and advise the Board on progress and risks to the business associated with the program. The fact that the new ERP system is the latest version of the existing system in operation within the Fletcher’s business is also a significant risk reduction factor.

Dividend
Subject to shareholder approval at the Company’s AGM on 22nd November 2017, the final dividend of 2.0 pence per share will be paid on 22 December 2017 to all shareholders on the register at 24 November 2017 and will be recognised in the financial year ending 30 June 2018.

Financial Review
Continuing Group revenue for the 52 week period to 1 July 2017 was up 0.3% to £314.3 million (2016: £313.5 million 52 weeks, £319.7 million 53 weeks). Operating profit margins were 5.5% (2016: 5.3%). Capital investment, improvement in operational efficiency and product mix are the main drivers for the improvement in margin. Administrative expenses have decreased despite inflationary pressures. This decrease is driven by continued focus on overhead control, operational improvements and efficiencies from record levels of capital investment. The prior year also included a charge of £2.8 million for the cancellation of legacy share options.

Grain D’Or Business
The Group’s Grain D’Or business was acquired as part of the Fletchers acquisition in October 2014, it is a producer of premium baked products for the UK pastry sector and based in London. The business has been historically loss making and despite the implementation of a range of initiatives to improve the business, including strict cost control and new working practices, the site remained loss making in the year to 1 July 2017. The Company now proposes to close the site. A formal consultation with representatives of the workforce commenced on 1 September 2017. The consultation is expected to conclude mid October 2017. Until this consultation period concludes uncertainty remains over the use of the assets. In light of this, a decision has been taken to impair the assets used in the business by £4.0 million in the year to 1 July 2017.
Our foodservice business provides differentiation from our bakery retail sector business by servicing wholesalers and end users – such as pubs, hotels and restaurant chains – with ranges of convenient bread and cakes products. It also has a healthy export trade. Developing our foodservice channel is part of our strategy for growth.
Strategic Report

The tables below show what the Directors consider to be the underlying performance of the Group, the adjustments eliminate the impact of significant non-recurring items and other accounting items.

### 52 Week Period ended 1 July 2017

<table>
<thead>
<tr>
<th>Operating performance £000</th>
<th>Significant non-recurring items £000</th>
<th>Defined benefit pension scheme £000</th>
<th>Fair value of interest rate swaps/foreign exchange contracts £000</th>
<th>As per Consolidated Statement of Comprehensive Income £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>314,296</td>
<td>-</td>
<td>-</td>
<td>314,296</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(216,493)</td>
<td>-</td>
<td>-</td>
<td>(216,493)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>97,803</td>
<td>-</td>
<td>-</td>
<td>97,803</td>
</tr>
<tr>
<td>Other costs excluding depreciation and amortisation</td>
<td>(72,883)</td>
<td>(4,000)</td>
<td>200</td>
<td>(71)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>24,920</td>
<td>(4,000)</td>
<td>200</td>
<td>(71)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(7,485)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Results from operating activities</td>
<td>17,435</td>
<td>(4,000)</td>
<td>200</td>
<td>(71)</td>
</tr>
<tr>
<td>Finance income</td>
<td>-</td>
<td>-</td>
<td>555</td>
<td>555</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(877)</td>
<td>(204)</td>
<td>-</td>
<td>(1,081)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>16,558</td>
<td>(4,000)</td>
<td>(4)</td>
<td>484</td>
</tr>
<tr>
<td>Share of losses of equity accounted investees after tax</td>
<td>(22)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>(3,578)</td>
<td>680</td>
<td>1</td>
<td>(62)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>12,958</td>
<td>(3,320)</td>
<td>(3)</td>
<td>422</td>
</tr>
</tbody>
</table>

### 53 Week Period ended 2 July 2016

<table>
<thead>
<tr>
<th>Operating performance £000</th>
<th>Significant non-recurring items £000</th>
<th>Defined benefit pension scheme £000</th>
<th>Fair value of interest rate swaps/foreign exchange contracts £000</th>
<th>As per Consolidated Statement of Comprehensive Income £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>319,680</td>
<td>-</td>
<td>-</td>
<td>319,680</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(217,092)</td>
<td>-</td>
<td>-</td>
<td>(217,092)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>102,588</td>
<td>-</td>
<td>-</td>
<td>102,588</td>
</tr>
<tr>
<td>Other costs excluding depreciation and amortisation</td>
<td>(77,861)</td>
<td>(4,290)</td>
<td>117</td>
<td>(134)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>24,727</td>
<td>(4,290)</td>
<td>117</td>
<td>(134)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(7,629)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Results from operating activities</td>
<td>17,098</td>
<td>(4,290)</td>
<td>117</td>
<td>(134)</td>
</tr>
<tr>
<td>Finance income</td>
<td>2</td>
<td>-</td>
<td>219</td>
<td>221</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,060)</td>
<td>(148)</td>
<td>-</td>
<td>(1,208)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>16,040</td>
<td>(4,290)</td>
<td>(31)</td>
<td>85</td>
</tr>
<tr>
<td>Share of losses of equity accounted investees after tax</td>
<td>(14)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>(3,272)</td>
<td>6</td>
<td>(20)</td>
<td>(3,286)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>12,754</td>
<td>(4,290)</td>
<td>(25)</td>
<td>65</td>
</tr>
</tbody>
</table>

Details of significant non-recurring items are detailed in Note 4.
Earnings Per Share (EPS)
EPS comparatives to the prior year can be distorted by significant non-recurring items and other items highlighted on the previous page, as well as the impact of the 53rd week for the previous financial year. The Board is focused on growing adjusted diluted EPS, which is calculated by eliminating the impact of the items highlighted on the previous page as well as amortisation of intangibles and incorporates the dilutive effect of share options. Adjusted diluted EPS is 9.5p (2016: 9.5p for the 52 week period).

<table>
<thead>
<tr>
<th></th>
<th>52 week 2017</th>
<th>52 week 2016</th>
<th>52 week 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic EPS</td>
<td>7.1p</td>
<td>5.9p</td>
<td>5.8p</td>
</tr>
<tr>
<td>Adjusted basic EPS</td>
<td>9.6p</td>
<td>9.6p</td>
<td>8.3p</td>
</tr>
<tr>
<td>Diluted basic EPS</td>
<td>6.9p</td>
<td>5.8p</td>
<td>5.6p</td>
</tr>
<tr>
<td>Adjusted* diluted** EPS</td>
<td>9.5p</td>
<td>9.5p</td>
<td>8.0p</td>
</tr>
</tbody>
</table>

* Further details can be found in Note 9.
** Diluted EPS takes basic EPS and incorporates the dilution effect of share options.

The prior year to 2 July 2016 was a 53 week period. Like for like figures have been calculated using financial data by excluding the 53rd week.

Cash Flow
There was an increase in our working capital requirement of £2.5 million (2016: £1.6 million) in the financial year, corporation tax payments made in the financial year totalled £2.7 million (2016: £1.6 million), the payments in the current and prior year took account of the research and development tax relief due to the Group and tax losses being utilised. Capital expenditure in the year amounted to £12.5 million (2016: £12.1 million).

Debt and Bank Facilities
The Group’s total net debt is £17.5 million (2016: £19.7 million) down £2.2 million from the prior year. Within this total, £11.6 million is due within one year, including cash at bank and invoice finance (2016: £10.9 million).

The Group’s debt facility is a bilateral facility with HSBC Bank Plc and Lloyds Bank Plc totalling £50.9m, the key features of the facility are as follows:
- Overdraft (£2.0m)
- Term loan (£13.4m)
- Confidential invoice discounting facility (£22.0m)
- Mortgage facility (£3.5m)
- Rolling asset finance facility (£2.0m)
- Revolving credit facility (£8.0m)

Note 18 gives details of the amounts drawn on these facilities and maturity dates.

The Group is able to offer strong asset backing to secure its borrowings. The Group owns freehold sites at Memory Lane in Cardiff, Fletchers’ site at Sheffield and Lightbody and Campbells in Scotland. In addition, the Group has a strong trade debtor book to support the invoice discounting facility, made up primarily of the UK’s major multiple retailers. This debtor book stood at £45.2 million (2016: £44.9 million) at the period end date.

The Group recognises the inherent risk from interest rate rises, to mitigate these risks the Group uses interest rate swaps. There was no interest rate swap coverage in place at the year end, (2016: coverage of £9.0 million, equivalent to 46% of total net bank debt). The Group has one forward dated interest rate swap for five years from 3 July 2017 with a coverage of £20 million (2016: £9 million), the forward dated swap has a rate of 0.455% (2016: weighted average rate 1.8%).

The effective interest rate for the Group at the year end, taking account of the interest rate swap in place with base rate at 0.25% and LIBOR at 0.42%, was 2.15% (2016: 3.0%). A £3.0 million swap fixed at 1.65% expired on 22 May 2017 and a £6.0 million swap fixed at 1.89% expired on 2 June 2017.

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

Interest cover (based on adjusted earnings before interest, tax, depreciation and amortisation – EBITDA) for the 52 weeks to 1 July 2017 was 28.4 (2016: 23.4). Net bank debt to EBITDA (based on adjusted EBITDA) for the year to 1 July 2017 was 0.7 (2016: 0.8).

Taxation
The Group taxation charge for the year was £3.0 million (2016: £3.3 million). This represents an effective rate of 21.4% on profits before significant non-recurring items (2016: 20.4%). Further details on the tax charge can be found in Note 8 to the Group’s Financial Statements.

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

During the next financial year the Group will complete the upgrade of its business systems across UK bakery.
Environmental Matters
As part of the environmental activities, site wide LED replacement programs are ongoing along with continued focus on energy usage such as oven burner efficiencies and insulated traywash facilities. Trade effluent reduction initiatives are ongoing with investment in a new effluent treatment plant completed at one of our larger bakeries.

Employee Social and Community Issues
With the successful roll out of the Groups vision and values the Group holds various family fun days as part of the employee engagement program. We have links with employment agencies and continue to participate in employability work placements that help provide work placements for individuals who find it difficult to get back to full time employment. Various charities are supported and in some instances the site’s employee forum decides on the local charity. In an attempt to promote health and wellbeing fitness and running clubs have been established at a local basis.

Technical Matters
All sites hold grade A, or the highest AA rating under the British Retail Consortium version 7 standard. As a Group, all technical functions have come together to establish a Group Technical Strategy which is a dynamic three year plan covering all aspects of people, food safety, legal compliance and the establishment of a quality culture underpinned by consistent process control. Major investment has also taken place in the form of upgrading team member facilities to a best in standard and we have continued to invest in a strong visual good manufacturing programme on site.

Health continues to be a major focus for the business. Dedicated resource continues to work on sugar and salt reduction targets as part of the Government Obesity Strategy and Public Health England recommendations. In conjunction with a major brand owner the Group were first to market providing a range of licensed products which were 18 months in development and which exceed these requirements.

The Strategic Report was approved by the Board of Directors on 15 September 2017 and was signed on its behalf by:

Stephen Boyd
Director