Company Number: 02148529

**Delice de France Limited**

**Annual Report**

**Financial Year Ended 31 July 2017**

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## DIRECTORS AND OTHER INFORMATION

**Board of Directors**

| | |
|---|---|
| T Cacaly | (French) |
| D Murphy | (Irish) |
| S Murphy | (Irish) |

**Solicitors**

Laytons Solicitors
Carmelite
50 Victoria Embankment Blackfrairs
London
EC4Y OLS

**Secretary and Registered Office**

T Cacaly
149 Brent Road
Southall
Middlesex
UB2 5LJ
England

**Registered number:** 2148529

**Bankers**

Bank of America NA
26 Elmfield Road
Bromley
BR1 1WA
England

National Westminster Bank plc
153 Putney High Street
London
SWI5 IRX
England

**Auditors**

PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
One Spencer Dock
North Wall Quay
Dublin 1

## STRATEGIC REPORT

The directors present their strategic report on the company for the year ended 31 July 2017.

**Business review**
Delice De France uses the trading name Aryzta's Food Solutions UK (AFSUK) and is the leading provider of innovative, frozen bakery products, sourced from selected suppliers across Europe. AFSUK continues to focus on offering our Food Service and Convenience Retail customers high quality, innovative products and supporting customers through our expertise and exceptional service.

AFSUK offers its Food Service customers over 1,100 different products across speciality and continental artisan bread, patisserie, viennoiserie, savoury and dessert categories. The range features high quality, innovative products sourced from Aryzta's French division, Coup de Pates as well as our Swiss/German Bakery division Hiestand. Our retail convenience customers enjoy an extensive product range tailored to their needs and are increasingly choosing to premiumise their Hot Food to Go, Bakery, Sweat Bakery and Coffee portfolios by launching our Pierre's, Cuisine de France, Otis Spukmeyer and Seattles Best Coffee concepts.

The strong revenue growth generated by the business partnership with a new customer in FY16 AFSUK was not repeated in FY17 as this customer went into administration and ceased trading.
Despite the underlying growth being 3.1% year on year when we exclude this customer, FY17 AFSUK saw a revenue decrease of £3.7m.

**Principal risks and uncertainties**
The directors consider the principal risks and uncertainties the company faces to be:

- the risk of a sustained downturn in the economy
- the risk of customers transferring to competitors
- the risk of not retaining key employees
- the risk of significant price fluctuations in key commodity supplies
- the risk of the loss of brand reputation due to product quality
- the risk posed by a rising cost base
- the risk of changes in government legislation regarding the composition and labelling of food products

Key performance indicators that are focused on by management include:

- sales volumes
- gross margin
- overheads
- working capital balances
- capital expenditure
- days sales outstanding
- number of buying customers
- warehouse and distribution costs per case
- stock management

Each of these indicators are monitored by management against budget and against prior periods.

**By order of the board**

T Caoaly
Director
19/06/2018

## DIRECTORS' REPORT

The directors present their report on the audit of the financial statements of the company for the year ended 31 July 2017.

**Statement of directors' responsibilities**
The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102).

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2006 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**
The profit and loss account for the year ended 31 July 2017 and the balance sheet at that date are set out on pages 9 and 10. The profit on ordinary activities for the year before taxation amounted to Stg£1,527,106 (2016: Stg£10,068,072). The shareholders' funds at 31 July 2017 amounted to Stg£19,953,060 (2016: Stg£18,499,645). The total distribution of dividends for the year ended 31 July 2017 was Stg£nil (2016: Stg£nil).

**Financial risk management**
The company's operations expose it to a variety of financial risks that include the effects of foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company of these risks.

*Foreign currency risk*
The assets and liabilities of the company are denominated in sterling (£), the base currency for the company and the currency in which these financial statements are prepared. The company has minimised its exposure to foreign currency risk by entering forward currency exchange contracts.

*Credit risk*
The company is exposed to credit risk on debtors with whom the company trades. The company minimises concentrations of credit risk by providing credit to well capitalised debtors, the enforcement of strict credit terms and ensuring that the company has adequate credit insurance. The company manages risk by insuring all debt valued at greater than £2,000.

## DIRECTORS' REPORT - continued

### Financial risk management - continued

*Interest rate risk*
The majority of the company's assets and liabilities do not suffer from interest rate risk. Interest received on bank deposits is subject to interest rate risk. The directors do not believe that interest rate movements post a significant threat to the future operations of the company as the company does not have any long or short term borrowings.

*Price risk*
The company is exposed to price risk on the fluctuations in the commodity market. The company minimises this risk by engaging in fixed price agreements and by ensuring a varied supply base.

*Liquidity risk*
As at 31 July 2017, the company had current assets consisting of short term debtors, stock and cash at bank. The main liabilities of the company are creditors falling due within one year and a long term payable due to a fellow subsidiary company with no settlement date planned or anticipated in the foreseeable future. The company adopts an efficient working capital model in order to minimise liquidity risk. The company enforces strict credit terms on debtors and continually meets conditions laid down by the creditor in terms of payment. The company maintains a credit balance with its bankers.

### Post balance sheet events

There have been no significant events affecting the company since the year end which would require disclosure in the financial statements.

### Directors and secretary

The following directors and secretary served during the year and subsequent to the year end:

Directors
D Murphy
T Cacaly
S Murphy
G Hart

Secretary
T Cacaly

In accordance with the Articles of Association the directors are not required to retire by rotation.
Graham Hart resigned as Director on 7th July 2017.

### Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

### Health and safety

It is company policy to ensure the health and safety of employees by maintaining a safe place to work. This policy incorporates the requirements of legislation, including the health and safety at work act 1974 and the management of health and safety at work regulations 1999 and (Amendments) regulation 2006. The company has safety, environmental policies and certified procedures which were fully implemented throughout the year by full-time safety and environmental officers.

### Political donations and political expenditure

The company did not make any political donations during the year (2016: Stg£nil).

**DIRECTORS' REPORT - continued**

**Disclosure of information to auditors**
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**
The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

**By order of the board**

T Cagaly
Director
19/06/2018

# *Independent auditors' report to the members of Delice de France Limited*

## Report on the audit of the financial statements

### Opinion

In our opinion, Delice de France Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: The Statement of Financial position as at 31 July 2017; Profit And Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

*Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Siobhan Collier (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
19 June 2018

## PROFIT AND LOSS ACCOUNT
**Financial Year Ended 31 July 2017**

| | Notes | 2017 Stg£ | 2016 Stg£ |
|---|---|---|---|
| Turnover | 6 | 86,137,459 | 89,855,376 |
| Cost of sales | | (50,848,036) | (48,957,046) |
| **Gross profit** | | 35,289,423 | 40,898,330 |
| Administrative expenses | | (10,038,616) | (9,452,252) |
| Distribution expenses | | (23,776,992) | (23,647,345) |
| Other operating gains | 8 | - | 2,192,244 |
| **Operating profit** | | 1,473,816 | 9,990,977 |
| Interest receivable and similar income | 7 | 53,290 | 77,095 |
| **Profit on ordinary activities before taxation** | | 1,527,106 | 10,068,072 |
| Tax on profit on ordinary activities | 9 | (159,636) | 25,888 |
| **Profit for the financial year** | | 1,367,470 | 10,093,960 |

## STATEMENT OF COMPREHENSIVE INCOME
**Financial Year Ended 31 July 2017**

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| **Profit for the financial year** | 1,367,470 | 10,093,960 |
| **Other comprehensive income:** | | |
| Derivative financial instruments | (8,358) | 658,643 |
| Deferred tax recognised in other comprehensive income | 94,303 | (111,969) |
| **Other comprehensive income for the financial year, net of tax** | 85,945 | 546,674 |
| **Total comprehensive income for the financial year** | 1,453,415 | 10,640,634 |

**BALANCE SHEET**
**As at 31 July 2017**

| | Notes | 2017 Stg£ | 2016 Stg£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible fixed assets | 10 | 946,648 | 1,136,236 |
| Tangible fixed assets | 12 | 10,200,779 | 10,753,708 |
| Investment property | 11 | - | 1,050,000 |
| | | 11,147,427 | 12,939,944 |
| **Current assets** | | | |
| Inventories | 13 | 3,501,024 | 3,076,967 |
| Debtors | 14 | 16,297,737 | 12,158,714 |
| Cash at bank and in hand | | 18,285,217 | 26,882,653 |
| | | 38,083,978 | 42,118,334 |
| **Creditors:** amounts falling due within one year | 15(a) | (18,501,172) | (15,788,540) |
| **Net current assets** | | 19,582,807 | 26,329,794 |
| **Total assets less current liabilities** | | 30,730,233 | 39,269,738 |
| **Creditors** - amounts falling due after more than one year | 15(b) | (10,777,173) | (20,770,093) |
| **Net assets** | | 19,953,060 | 18,499,645 |
| **Capital and reserves** | | | |
| Called up share capital | 17 | 250,000 | 250,000 |
| Profit and loss account | | 19,703,060 | 18,249,645 |
| **Total equity** | | 19,953,060 | 18,499,645 |

**On behalf of the board**

T Cacaly
Director
19/06/2018

## STATEMENT OF CHANGES IN EQUITY
**Financial Year Ended 31 July 2017**

| | Called-up share capital presented as equity Stg£ | Profit and loss account Stg£ | Total Stg£ |
|---|---|---|---|
| **Balance at 1 August 2015** | 250,000 | 7,609,011 | 7,859,011 |
| Profit for the financial year | - | 10,093,960 | 10,093,960 |
| Other comprehensive income for the financial year | - | 546,674 | 546,674 |
| **Total comprehensive income for the financial year** | - | 10,640,634 | 10,640,634 |
| **Total transactions recognised directly in equity** | - | - | - |
| **Balance at 31 July 2016** | 250,000 | 18,249,645 | 18,499,645 |
| **Balance at 1 August 2016** | 250,000 | 18,249,645 | 18,499,645 |
| Profit for the financial year | | 1,367,470 | 1,367,470 |
| Other comprehensive income for the financial year | | 85,945 | 85,945 |
| **Total comprehensive income for the financial year** | | 1,453,415 | 1,453,415 |
| **Total transactions recognised directly in equity** | - | - | - |
| **Balance at 31 July 2017** | 250,000 | 19,703,060 | 19,953,060 |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

Delice De France Limited ('the company') uses the trading name Aryzta's Food Solutions UK (AFSUK) is the leading provider of innovative, continental, ready-to-bake specialities, sourced from selected suppliers across Europe.

Delice De France Limited is incorporated as a company limited by shares in the UK. The address of its registered office is 149 Brent Road, Southall, Middlesex, UB2 5LJ, England.

The company's immediate parent undertaking and immediate controlling party is ARYZTA UK Holdings Limited, a company incorporated in Northern Ireland, with a registered office at Unit 4a, Campsie Real Estate, McLean Road, Derry, BT47 3PF.

The company's ultimate parent undertaking and ultimate controlling party is Aryzta AG, a company incorporated in Switzerland with a registered office at Talacker 41, 8001 Zurich, Switzerland.

These financial statements are the company's separate financial statements for the financial year beginning 1 August 2016 and ending 31 July 2017.

### 2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

**(a) Basis of preparation**

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

**(b) Going concern**

The company meets its day-to-day working capital requirements through its bank and group facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

**3 Summary of significant accounting policies - continued**

**(c) Disclosure exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions to a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The company is a qualifying entity and has taken advantage of the below disclosure exemptions:

(i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.
(ii) Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
(iii) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.
(iv) Exemption from the requirement of FRS 102 paragraph 4.12(a)(iv) to disclose a reconciliation of the number of shares outstanding at the beginning and end of the period.
(iv) Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23, in respect of share-based payments provided that (i) for a subsidiary the share-based payment arrangement concerns equity instruments of another group entity; or (ii) for an ultimate parent, the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group; and in both cases provided the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

**(d) Foreign currency**

*(i) Functional and presentation currency*

The company's functional and presentation currency is the Pound Sterling, denominated by the symbol "Stg £".

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Pound Sterling using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account within 'Cost of Sales'.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

**(e) Cash and cash equivalents**
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

**(f) Share capital presented as equity**
Equity shares issued are recognised at the proceeds received and presented as share capital and share premium. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(g) Financial instruments**
The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

*(i) Financial assets*
Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### (g) Financial instruments - continued

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as financial liabilities. The dividends on these preference shares are recognised in profit or loss within 'interest payable and similar charges'.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*(iii) Derivatives*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or other comprehensive income as appropriate.

*(iv) Offsetting*

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

NOTES TO THE FINANCIAL STATEMENTS - continued

**3 Summary of significant accounting policies - continued**

**(h) Employee benefits**

The company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined benefit or defined contribution pension plans).

*(i) Short term employee benefits*

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

*(ii) Post-employment benefits*

*Defined contribution plan*

The company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

**(i) Income tax**

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred tax assets and liabilities are not discounted.

*(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

*(ii) Deferred tax*

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued

**3 Summary of significant accounting policies - continued**

**(j) Revenue recognition**

*(i) Turnover*

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*(ii) Other revenue*

The company also earns interest income. Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account.

**(k) Tangible fixed assets**

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

*(i) Land and buildings*

Land and buildings include freehold and leasehold factories, retail outlets and offices. Land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses.

*(ii) Plant and machinery*

Plant and machinery are carried at cost less accumulated depreciation and accumulated impairment losses.

*(iii) Depreciation and residual values*

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

| | |
|---|---|
| Freehold land and buildings | 2%-4% |
| Plant and machinery | 35% |
| Motor vehicles | 25% |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

*(iv) Subsequent additions and major components*

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives. Repairs, maintenance and minor inspection costs are expensed as incurred.

*(v) Assets in the course of construction*

Assets in the course of construction are carried at cost. These assets are not depreciated until they are available for use.

NOTES TO THE FINANCIAL STATEMENTS - continued

**3 Summary of significant accounting policies – continued**

**(k) Tangible fixed assets - continued**

*(vi) Derecognition*

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**(l) Leased assets**

*(i) Finance leases*

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor.

At the commencement of the finance lease term the company recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease.. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

Assets under finance leases are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

*(ii) Operating leases*

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

**(m) Impairment of non-financial assets**

At the end of each financial year date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of it's fair value less costs to sell and it's value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

**(n) Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the financial year in which the related revenue is recognised.

Cost is determined using the first-in, first-out (FIFO) method. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes raw materials, direct labour and a systematic allocation of direct costs and production overheads (based on normal operating capacity of the production facility).

At the end of each financial year, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in the profit or loss.

**(o) Provisions and contingencies**

*(i) Provisions*

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

*(ii) Contingencies*

Contingent liabilities, arising as a result of past events, are not recognised as a liability because (i) it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

**(p) Distributions to equity shareholders**

Dividends and other distributions to company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders.

**(q) Intangible fixed assets**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their estimated useful life, on a straight-line basis.

Where factors, such as technological advancement or changes in market prices, indicate that the useful life has changed, the useful life is amended prospectively to reflect the new circumstances.

Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed assets may be impaired.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

**(r) Investment property**

Investment properties are an interest in land and buildings which is held for its investment potential, being rental income or capital appreciation or both. Investment properties are initially recognised at cost.

Subsequent to initial recognition:

*(i)* Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains and losses arising from changes in the fair value are recognised in the profit or loss in the period that they arise; and

*(ii)* No depreciation is provided in respect of investment properties applying the fair value model.

### 4 Critical accounting judgements and estimation uncertainty

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(a) Useful economic lives of tangible fixed assets**

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible fixed assets.

**(b) Impairment of stocks**

The company sells products that are subject to changing consumer demands. As a result it is necessary to consider the recoverability of the carrying amount of stock at the end of each financial year. When calculating any stock impairment, the directors consider the nature and condition of the stock, current estimated selling prices, as well as applying assumptions around anticipated saleability of finished goods. See note 13 for the net carrying amount of the stocks and the impairment loss recognised in the financial year.

**(c) Impairment of debtors**

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 14 for the net carrying amount of the debtors and the impairment loss recognised in the financial year.

NOTES TO THE FINANCIAL STATEMENTS - continued

## 5 Employees and directors

The average number of persons employed by the company (including directors) during the year was as follows:

| | 2017 Number | 2016 Number |
|---|---|---|
| Warehouse/distribution | 235 | 244 |
| Sales | 121 | 119 |
| Management/administration | 26 | 26 |
| | 382 | 389 |

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| The staff costs comprise: | | |
| Wages and salaries | 12,980,688 | 13,039,339 |
| Social insurance costs | 1,135,875 | 1,109,227 |
| Other retirement benefit costs | 216,759 | 221,724 |
| | 14,333,322 | 14,370,290 |
| **Directors' emoluments** | | |
| Remuneration and other emoluments | 389,018 | 343,488 |
| Pension contributions | 16,072 | 11,532 |
| | 405,090 | 355,020 |
| **Highest paid director** | | |
| Aggregate emoluments | 234,463 | 260,188 |
| Pension contributions | 10,088 | 7,700 |
| | 244,551 | 267,888 |

## 6 Turnover

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Analysis of turnover by category: | | |
| Retail | 9,460,713 | 14,335,345 |
| Foodservice | 76,676,746 | 75,520,031 |
| | 86,137,459 | 89,855,376 |

All turnover arises in the United Kingdom, apart from £5,021,366 (2016: £978,000) to the Republic of Ireland.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 7 Interest receivable and similar income

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Bank interest | 53,290 | 77,095 |

### 8 Operating profit

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Operating profit is stated after charging: | | |
| Depreciation - owned assets | 1,963,953 | 2,057,069 |
| Amortisation of intangible assets | 189,588 | 189,588 |
| Operating lease rentals: vehicles and equipment | 2,139,657 | 2,373,190 |
| Operating lease rentals: land and buildings | 1,053,304 | 1,384,269 |
| Inventory recognised as an expense | 47,159,823 | 45,882,677 |
| Impairment of trade receivables | 144,000 | 99,943 |
| Group management charges | 2,026,420 | 2,003,101 |
| Non recurring and restructuring costs | 106,767 | 282,983 |

The other operating gains related to foreign exchange contracts entered into during the year.

**Services provided by the company's auditors**
During the year the company obtained the following service from the company's auditor:

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Fees payable to company auditor for the audit | 52,438 | 45,811 |
| Tax services | 7,614 | 8,000 |

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 9 Income tax

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| **(a) Tax expense included in profit or loss** | | |
| Current tax: | | |
| UK corporation tax on profit for the financial year | | - |
| Adjustments in respect of prior financial years | - | 87,515 |
| Current tax expense for the financial year | - | 87,515 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 117,797 | (409,221) |
| Deferred tax expense for the financial year | - | 297,187 |
| Tax on holiday adjustment | - | (1,369) |
| Prior years adjustments | 41,839 | - |
| Tax on profit on ordinary activities | 159,636 | (25,888) |
| **(b) Tax expense relating to items recognised in other comprehensive income** | | |
| Deferred tax | | |
| - Deferred tax on derivative financial instruments – Prior Year | (99,626) | - |
| - Deferred tax on derivative financial instruments – Current Year | 5,323 | 111,969 |
| Total tax expense relating to items recognised in other comprehensive income | (94,303) | 111,969 |

**(c) Reconciliation of tax expense**

Tax assessed for the financial year is lower (2016: lower) than the standard rate of corporation tax in the UK for the financial year ended 31 December 2017 of 20% (2016: 20%). The differences are explained below:

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Profit on ordinary activities before taxation | 1,527,106 | 10,068,072 |
| Profit multiplied by the standard rate of tax in the UK for the financial year ended 31 December 2017 of 20% (2016: 20%) | 305,421 | 2,013,614 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | 38,236 | 6,667 |
| Income not taxable | (16,543) | (272,230) |
| Group relief claimed | - | (1,861,454) |
| Unutilised capital allowances | (164,840) | - |
| Prior year adjustment | 41,839 | 87,515 |
| Tax on profit on ordinary activities | 159,636 | (25,888) |

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 10 Intangible fixed assets

| | Licences Stg£ | Total Stg£ |
|---|---|---|
| **Cost** | | |
| At 31 July 2016 | 3,791,764 | 3,791,764 |
| Disposals | - | - |
| At 31 July 2017 | 3,791,764 | 3,791,764 |
| **Depreciation** | | |
| At 31 July 2016 | (2,655,528) | (2,655,528) |
| Charged in the year | (189,588) | (189,588) |
| Disposals | | |
| At 31 July 2017 | (2,845,116) | (2,845,116) |
| **Net book value** | | |
| At 31 July 2017 | 946,648 | 946,648 |
| At 31 July 2016 | 1,136,236 | 1,136,236 |

Licences are being amortised on a straight-line basis over their useful lives of 20 years.

### 11 Investment property

| | Investment property Stg£ |
|---|---|
| **Net book value** | |
| At 31 July 2017 | - |
| At 31 July 2016 | 1,050,000 |

In January 2017 the company sold this property for a total consideration of £1,100,000. This resulted in a profit of £18,042 which was recognised in operating profits.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 12 Tangible fixed assets

| | Freehold land and buildings Stg£ | Leasehold land and buildings Stg£ | Plant and machinery Stg£ | Fixtures and fittings and equipment Stg£ | Motor vehicles Stg£ | Total Stg£ |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 31 July 2016 | 10,413,592 | 645,377 | 33,841,330 | 4,814,584 | 101,199 | 49,816,002 |
| Additions | - | - | 1,411,214 | 798 | - | 1,412,012 |
| At 31 July 2017 | 10,413,592 | 645,377 | 35,252,544 | 4,815,382 | 101,199 | 51,228,014 |
| **Depreciation** | | | | | | |
| At 31 July 2016 | (4,098,890) | (112,507) | (30,879,830) | (3,871,647) | (99,420) | (39,062,294) |
| Depreciation | (84,309) | (58,084) | (1,651,412) | (171,137) | - | (1,964,941) |
| At 31 July 2016 | (4,183,199) | (170,591) | (32,531,242) | (4,042,784) | (99,420) | (41,027,235) |
| **Net book value** | | | | | | |
| At 31 July 2017 | 6,230,393 | 474,786 | 2,721,302 | 772,598 | 1,779 | 10,200,779 |
| At 31 July 2016 | 6,314,702 | 532,870 | 2,961,500 | 942,937 | 1,779 | 10,753,708 |

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 13 Inventories

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Finished goods and goods for resale | 3,501,024 | 3,076,967 |

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £73,615 (2016: £120,444).

### 14 Debtors: amounts falling due within one year

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Trade debtors | 2,454,799 | 2,718,572 |
| Derivative financial instruments | 323,149 | 331,507 |
| Prepayments and accrued income | 1,530,798 | 635,706 |
| Deferred tax | 2,601,379 | 2,666,712 |
| Intercompany debtors | 9,387,612 | 5,806,217 |
| | 16,297,737 | 12,158,714 |

Amounts due from parent and group undertakings are unsecured, interest free and are repayable on demand.

**Sale of receivables**
The company manages credit risk through the use of a receivable purchase arrangement with a financial institution. Under the terms of this non-recourse agreement, the company has transferred credit risk and control and certain trade receivables amounting to £7,606,260 (2016: £7,700,488) through the ultimate parent entity Aryzta AG. Delice de France Limited has retained late payment risk, as the consideration ultimately received will vary depending on the timing of payment by the customers concerned. The company has retained the "continuing involvement" in these receivables and so an amount continues to be recognised on the balance sheet.

Trade debtors are stated after provision for impairment of £383,566 (2016: £704,892).

### 15 (a) Creditors: amounts falling due within one year

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Trade creditors | 8,989,619 | 8,321,367 |
| Derivative financial instruments | - | - |
| Accruals and deferred income | 5,955,723 | 7,004,827 |
| Other taxation and social security | 396,597 | 462,346 |
| Amounts due to other group undertakings | 3,159,233 | - |
| | 18,501,172 | 15,788,540 |

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

## NOTES TO THE FINANCIAL STATEMENTS - continued

**15 (b) Creditors:** amounts falling due after more than one year

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Amounts due to parent undertakings | 10,777,173 | 20,770,093 |

Amounts due to parent undertakings are unsecured, interest free and are repayable on demand. However the Directors of the parent have provided a written guarantee outlining their intention not to demand repayment of the amount of £10,777,173 within 12 months of the year end date of 31 July 2017.

**16 Deferred tax**

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Deferred taxation: | | |
| Opening balance | 2,666,712 | 2,665,276 |
| Movement in profit and loss (note 9) | (117,796) | 113,403 |
| Adjustment in respect of prior years (note 9) | 57,787 | - |
| Movement in other comprehensive income | (5,323) | (111,969) |
| Closing balance | 2,601,378 | 2,666,712 |

The deferred tax asset in the current year is included within debtors (see note 15).

The deferred taxation provision consists of the following amounts:

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| Tax effect of timing differences due to: | | |
| - accelerated capital allowances | 2,556,888 | 2,674,684 |
| - other timing differences | 44,490 | (7,972) |
| | 2,601,378 | 2,666,712 |

**17 Share capital and reserves**

| | 2017 Stg£ | 2016 Stg£ |
|---|---|---|
| **Authorised:** | | |
| Ordinary shares of Stg£1 each | 1,000,000 | 1,000,000 |
| **Issued and fully paid:** | | |
| Ordinary shares of Stg£1 each | 250,000 | 250,000 |

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

A description of each reserve within equity is outlined below:

**Profit and loss account**
Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years related tax credits, less dividends paid.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 18 Financial commitments

The company had the following future minimum lease payments commitments under non-cancellable operating leases for each of the following periods:

| | Plant and machinery Stg£ | Land and buildings Stg£ | Motor vehicles Stg£ | I.T. equipment Stg£ | Other Stg£ | Total Stg£ |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| *Expiring* | | | | | | |
| Within one year | 225,860 | 995,955 | 1,308,435 | 21,018 | - | 2,551,268 |
| Between two and five years | 590,872 | 2,658,015 | 2,518,818 | 20,966 | - | 5,788,671 |
| Over five years | 1,708 | 291,240 | 7,402 | - | - | 300,350 |
| Total | 818,440 | 3,945,209 | 3,834,656 | 41,984 | - | 8,640,289 |

### 19 Capital commitments

The company has no capital expenditure commitments approved by the directors that were not provided for in these financial statements at the balance sheet date of 31 July 2017 (2016: Stg£nil).

### 20 Post-employment benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to Stg£216,759 (2016: Stg£221,724). There were no contributions payable to the fund at the year end.

### 21 Post balance sheet events

There have been no significant events affecting the company since the year end which would require disclosure in the financial statements.

### 22 Related party transactions

Delice de France Limited is a wholly owned subsidiary of Aryzta AG. Transactions with Aryzta AG and with all other wholly owned subsidiary companies of the group are not disclosed as the company has taken advantage of the exemption available from disclosing such transactions.