

GB Ingredients Limited

**Annual report and financial
statements**

**Registered number 0269810
For the year ended 31 January 2017**

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Strategic report

Principal activities

The Company's principal activity during the year continued to be the production and distribution of yeast.

Business review

The directors are reporting a 5% increase in turnover on the previous period to £25.2 million. The operating profit has slightly increased in the year.

2017/17 outlook

UK bread consumption is expected to remain static thus restricting any growth in the domestic markets. Sales activities remain focused on developing new business overseas and we expect to see continued growth in exports for 2017.

The Directors anticipate another challenging year ahead due to the current market conditions and input costs.

Principal risks and uncertainties

In the UK the company is reliant on a small number of customers for contracts which are subject to periodic competitive tender.

Research and development

The Company has a continuing commitment to research and development. These activities are targeted to improve existing processes and to identify and exploit new product opportunities. The Company remains committed to identifying and developing, through an ongoing research and development programme, alternative products that will form a platform for the future long term sustainable growth of the Company.

By order of the board



M Perling
Director

15 June 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2017.

Results and dividends

The results for the period are shown in the profit and loss account on page 6. The directors do not propose a final ordinary dividend in respect of the current financial year (2016: £Nil).

Directors

The directors who held office during the year were as follows:

R M Chell
J Chagnon
A Chagnon
G Steenkamp
F LeBlanc
M Perling

Charitable contributions

Contributions totalling £100 (2016: £630) were made during the year to local charities and community projects.

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Perling
Director

Dock Road
Felixstowe
Suffolk
IP11 3QW

15 June 2017

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of GB Ingredients Limited

We have audited the financial statements of GB Ingredients Limited for the year ended 31 January 2017 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of GB Ingredients Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of **KPMG LLP**, Statutory Auditor
Chartered Accountants

27 Jun 2017

Profit and loss account and Other Comprehensive Income
for the year ended 31 January 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	25,191	23,999
Operating costs	3	(24,289)	(23,896)
		<hr/>	<hr/>
Operating profit	7	902	103
Interest payable and similar charges	6	(117)	(117)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		785	(14)
Taxation on profit on ordinary activities	8	30	178
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		815	164
		<hr/>	<hr/>

The above results arose from continuing activities.

There are no recognised gains or losses other than the profit for the current and the previous periods.

There is no material difference between the company's results as reported and on a historic cost basis

The notes on pages 10 to 18 form an integral part of these financial statements.

Balance sheet
at 31 January 2017

	<i>Note</i>	2017 £000	2016 £000	2016 £000	£000
Fixed assets					
Tangible fixed assets	9		7,122		6,647
Current assets					
Stocks	10	2,387		2,694	
Debtors	11	4,783		4,106	
Cash at bank and in hand		-		-	
		<u>7,170</u>		<u>6,800</u>	
Creditors: Amounts falling due within one year	12	<u>(5,501)</u>		<u>(5,471)</u>	
Net current assets			<u>1,669</u>		<u>1,329</u>
Total assets less current liabilities			<u>8,791</u>		<u>7,976</u>
Creditors: Amounts falling due after more than one year	13		<u>(5,000)</u>		<u>(5,000)</u>
Net assets			<u>3,791</u>		<u>2,976</u>
Capital and reserves					
Called up share capital	15		199		199
Share premium account			1,600		1,600
Profit and loss account			1,992		1,177
Total shareholder's funds			<u>3,791</u>		<u>2,976</u>

The notes on pages 10 to 18 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15 June 2017 and were signed on its behalf by:



M Perling
Director

Registered number: 0269810

Cash flow statement
for the year ended 31 January 2017

	<i>Note</i>	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		815	164
Adjustments for:			
Depreciation, amortisation and impairment	9	857	724
Interest payable and similar charges	6	117	117
Taxation	8	(30)	(178)
		<hr/>	<hr/>
Increase in trade and other debtors		1,759	827
Decrease/(increase) in stocks		(677)	(626)
(Decrease)/increase in trade and other creditors		307	(371)
		<hr/>	<hr/>
		1,233	232
Interest paid			
Tax paid		30	178
		<hr/>	<hr/>
Net cash from operating activities		1,263	410
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of tangible fixed assets	9	(1,332)	(1,924)
		<hr/>	<hr/>
Net cash from investing activities		(1,332)	(1,924)
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid	6	(117)	(117)
		<hr/>	<hr/>
Net cash from financing activities		(117)	(117)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(186)	(1,631)
Cash and cash equivalents at 1 January		(2,864)	(1,233)
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		(3,050)	(2,864)
		<hr/>	<hr/>

The notes on pages 10 to 18 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 January 2017

	Share capital £000	Share Premium £000	Profit and loss account £000	Total £000
At 1 February 2015	199	1,600	1,013	2,812
Profit for the year	-	-	164	164
At 31 January 2016	199	1,600	1,177	2,976
At 1 February 2016	199	1,600	1,177	2,976
Profit for the year	-	-	815	815
At 31 January 2017	199	1,600	1,992	3,791

The notes on pages 10 to 18 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

GB Ingredients Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Lallemand Inc includes the Company in its consolidated financial statements. The consolidated financial statements of Lallemand Inc are prepared in accordance with Canadian GAAP Reporting Standards.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company's business activities, with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate as Lallemand UK Limited, the immediate parent company has confirmed it will continue to provide financial support to the company if needed. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1.4 Basic financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 40 years or over the lease term if this is less
- plant and equipment 3 to 15 years
- fixtures and fittings 3 to 15 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.7 Employee benefits

The company makes contributions to a defined contribution pension plan for certain employees.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.9 Turnover

Turnover represents amounts invoiced to customers, net of value added tax and trade discounts, for products and services supplied.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Notes (continued)

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges includes interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover represents amounts invoiced to customers, net of value added tax and trade discounts, for products and services supplied. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

During the period, 62.7% of sales were made to customers based in the UK, with the remaining 37.3% made overseas, compared to 59.9% and 40.1% respectively in the prior period.

Notes (continued)

3 Operating costs

	2017 £000	2016 £000
Change in stocks of finished goods and goods for resale	82	(40)
Raw materials and consumables	11,721	11,884
Staff costs (note 4)	3,003	3,113
Depreciation	857	724
Other operating charges	8,626	8,215
Operating costs	<u>24,289</u>	<u>23,896</u>

4 Staff numbers and costs

The average number of persons employed by the company during the year was as follows:

	Number of employees	
	2017	2016
Production, selling and administration	<u>58</u>	<u>59</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	2,514	2,614
Social security costs	287	298
Other pension costs	202	201
	<u>3,003</u>	<u>3,113</u>

5 Remuneration of directors

	2017 £000	2016 £000
Aggregate emoluments	236	301
Company pension contributions to money purchase pension scheme	12	27
	<u>248</u>	<u>328</u>

The details of the highest paid director are as follows:

	2017 £000	2016 £000
Aggregate emoluments	134	163
Company pension contributions to money purchase pension scheme	12	15
	<u>146</u>	<u>178</u>

Retirement benefits are accruing to one director (2016: two) under a money purchase scheme. All directors other than two were remunerated by Lallemand group companies during the current and prior years, and the share of emoluments attributed to their duties and responsibilities as directors of the company are minimal.

Notes (continued)

6 Net interest payable and similar charges

	2017 £000	2016 £000
Group interest payable	117	117
Third party interest payable	-	-
	<u>117</u>	<u>117</u>

7 Notes to the profit and loss account

	2017 £000	2016 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	857	724
Operating lease payments:		
Land and buildings	6	12
Plant and machinery	357	518
Hire of plant and equipment	47	32
Net profit on foreign currency transactions	(152)	(82)
	<u></u>	<u></u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	27	27
Amounts receivable by the auditor and their associates in respect of:		
Other services relating to taxation	5	5
	<u>5</u>	<u>5</u>

8 Taxation

Analysis of charge in year

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Group relief payable/(receivable)	-	(156)
Adjustments in respect of previous periods	(30)	(22)
	<u>(30)</u>	<u>(178)</u>
Total current tax	(30)	(178)
	<u></u>	<u></u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Total deferred tax (note 14)	-	-
	<u>-</u>	<u>-</u>
Total Tax	<u>(30)</u>	<u>(178)</u>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The tax credit for the year is lower (2016: lower) than the rate of corporation tax in the UK of 20% (2016: 20.16%). The differences are explained below:

	2017 £000	2016 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	785	(14)
	<hr/>	<hr/>
Current tax at 20.00% (2016: 20.16%)	157	(3)
<i>Effects of:</i>		
Fixed asset differences	4	5
Expenses not deductible for tax purposes	1	1
Capital allowances for the period in excess of depreciation	(162)	(164)
Other timing differences	-	5
Adjustments in respect of previous periods	(30)	(22)
	<hr/>	<hr/>
Total tax credit	(30)	(178)
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly

9 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Total £000
<i>Cost</i>			
At beginning of year	2,896	27,031	29,927
Additions	-	1,332	1,332
	<hr/>	<hr/>	<hr/>
At end of year	2,896	28,363	31,259
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	2,786	20,494	23,280
Charge for the year	20	837	857
	<hr/>	<hr/>	<hr/>
At end of year	2,806	21,331	24,137
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 January 2017	90	7,032	7,122
	<hr/>	<hr/>	<hr/>
At 31 January 2016	110	6,537	6,647
	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets (continued)

The net book value of land and buildings can be analysed as follows:

	2017 £000	2016 £000
Long leasehold properties	90	110

10 Stock

	2017 £000	2016 £000
Raw materials and consumables	1,615	1,840
Finished goods and goods for resale	772	854
	<u>2,387</u>	<u>2,694</u>

The difference between the purchase price or production cost of stocks and their replacement costs is not material.

11 Debtors

	2017 £000	2016 £000
Trade debtors	3,919	3,094
Amounts owed by group undertakings	51	635
Prepayments and accrued income	150	146
Other debtors	663	231
	<u>4,783</u>	<u>4,106</u>

12 Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Bank overdraft	3,050	2,864
Trade creditors	692	899
Amounts owed to group undertakings	127	104
Other taxation and social security	8	12
Other creditors	84	56
Accruals and deferred income	1,540	1,536
	<u>5,501</u>	<u>5,471</u>

13 Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Loans from group undertakings	5,000	5,000

There are five loans in place, totalling £5,000,000 from Lallemand UK Limited. The loans are not secured and will not be recalled before 31 January 2018. Interest is accrued at a rate of 2.34%

Notes (continued)

14 Provisions for liabilities and charges

Deferred tax

Deferred tax assets not recognised in the financial statements are as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(254)	(206)
Other timing differences	20	24
Corporation tax losses	338	456
	<hr/> 104	<hr/> 274

The directors continue not to recognise a deferred tax asset on the basis of the ongoing uncertainty surrounding the current trading environment and the impact that this may have on the future profits of the company.

15 Financial commitments

Operating leases

As at 31 January 2017, the company had future minimum operating lease payments as follows:

	Land and buildings		Other	
	2017 £000	2016 £000	2017 £000	2016 £000
Within one year	3	3	163	37
Within two to five years	11	11	395	98
After five years	118	121	-	-
	<hr/> 132	<hr/> 135	<hr/> 558	<hr/> 135

Capital commitments

There are capital commitments at the year end of £Nil (2016: £Nil).

16 Related parties

In accordance with FRS 102, the company is exempt from disclosing transactions where it and the other parties are wholly-owned subsidiaries of Lallemand Incorporated.

The company identifies the UK based directors as the Key Management, and the compensation to these individuals was £248,000 (2016: £328,000).

17 Pension costs

The company makes contributions to personal defined contribution pension schemes in respect of certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company to the fund and amounted to £202,000 during the period (2016: £201,000). There was a balance payable to the schemes as at 31 January 2017 of £Nil (2016: £Nil).

Notes (continued)

18 Analysis of cash flows

	2017 £000	£000	2016 £000	£000
Returns on investment and servicing of finance				
Interest paid	(117)		(117)	
	<u> </u>	(117)	<u> </u>	(117)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(1,332)		(1,924)	
	<u> </u>	(1,332)	<u> </u>	(1,924)
Financing				
Repayment of borrowings	-		-	
	<u> </u>	-	<u> </u>	-
		<u> </u>		<u> </u>
		At beginning of year £000	Cash flow	At end of year
Overdrafts		(2,864)	(186)	(3,050)
Total		<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>

19 Significant Judgements and Estimates

Preparation of the financial statements requires management to make judgements and estimates. There are no significant judgements and estimates within these statements that require disclosure.

20 Ultimate parent company

The company is a wholly-owned subsidiary undertaking of Lallemand Incorporated, a company incorporated in Canada, which the directors regard as the ultimate holding company and controlling party. Lallemand Incorporated is the smallest and largest group to consolidate these financial statements.