

Gands (U.K.)

(an unlimited company with share capital)

Report and Financial Statements

for the 52 weeks ended 30 December 2017

Registered Number: 02786695

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Gands (U.K.)

Report and Financial Statements for the 52 weeks ended 30 December 2017

Contents

	Page
Directors and advisors	1
Strategic report	2
Directors' report	4
Independent auditors' report.....	5
Consolidated statement of comprehensive income.....	6
Consolidated statement of financial position.....	7
Company statement of financial position	8
Consolidated statement of changes in equity.....	9
Company statement of changes in equity	10
Consolidated statement of cash flows.....	11
Accounting policies	12
Notes to the financial statements	18

Gands (U.K.)

Directors and advisors

Directors

S Lavin

D McDonald

Joint Secretaries

M H Back

S De Meulenaere

Registered office

c/o OSI Food Solutions UK Limited

Lunenburg Way

Scunthorpe

North Lincolnshire

United Kingdom

DN15 8LP

Independent auditors

RSM UK Audit LLP

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Bankers

Bank of America, N.A.

2 King Edward Street

London

EC1A 1HQ

Gands (U.K.)

Strategic report for the 52 weeks ended 30 December 2017

Review of business

The Company's principal activity is the holding of investments. The principal activity of the Group is the manufacture and sale of food products.

The result for the period was affected by the decrease in value of listed investments of £168,000 (2016: increase £10,058,000), which was recognised through the Statement of Comprehensive Income as a Fair Value Gain/(Loss).

Key performance indicators

The Group's key performance indicators are as follows:

	2017 £'000	2016 £'000
Turnover	270,393	140,221
Operating profit - excluding amortisation of goodwill	6,300	2,827
% of sales	2.3%	2.0%
Pre-tax profit - excluding amortisation and gains/losses on investments	5,124	3,192
% of sales	1.9%	2.3%

Group turnover for the continuing operations in the period ended 30 December 2017 increased by 93% to £270.4m, compared with £140.2m in the previous period. The Creative Foods Europe (formerly Flagship Europe) group contributed £106m (83%) of the turnover increase, during its first full year in the Gands (U.K.) group. The Group faced challenging trading conditions but has remained focused, continuing to build on its core strengths as a provider of high quality food products.

The Group made a loss after taxation for the financial period of £3,052,000 (2016: profit £12,518,000). The directors do not recommend the payment of a dividend (2016: £nil).

The external commercial environment continues to put pressure on our prices and margins, but we believe that our continued investment in production facilities will enable us to grow turnover and profitability and the Group is in a strong position at the period end. It is anticipated that volumes sold in 2018 will be in line with 2017.

The key financial indicators, used by management to monitor performance in the various businesses and to assess risks, are sales volumes, the margins achieved on those sales (by product) and the level of cash generated from operations.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Risks are formally reviewed by the Boards of the principal operating subsidiaries and appropriate processes put in place to monitor and mitigate them.

Gands (U.K.)

Strategic report for the 52 weeks ended 30 December 2017 (continued)

Principal risks and uncertainties (continued)

The Group's financial position is affected by the carrying value of the listed investment held by the Group. The carrying value is impacted by both the volatility of the equity markets in addition to foreign currency exchange rates. The Group's exposure to the volatility of the equity markets is highlighted by the movement in the share price of the listed investment held by the Group, being R\$7.32 (Brazilian Real) at 30 December 2017 against R\$6.61 at 31 December 2016. The share price as at 3 August 2018 was R\$8.23. The carrying value of the listed investment as at 3 August 2018 was £30,671,000 (30 December 2017: £29,380,000).

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

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is reassessed annually.

Liquidity risk

The Group retains sufficient cash to ensure it has sufficient available funds for operations and has access to funding from its ultimate parent undertaking if required.

Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and intercompany loans receivable which attract interest at floating rates. Interest bearing liabilities include floating rate intercompany loans. The Group does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Foreign exchange currency rate risk

The Group has a policy to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows and putting in place where appropriate forward currency exchange rate contracts.

Market price risk

The Group is exposed to risk in respect of equity investments in listed entities. The value of the investments held is affected by the performance of the international equity markets and the carrying value may be adversely affected by material declines in these markets. Furthermore, the ability to liquidate market positions will be affected by restrictions on disposing of shares held, in addition to weak equity markets.

The directors will revisit the appropriateness of the above policies should the Group's operations change in size or nature.

By order of the Board



M H Back

Secretary

9 August 2018

Gands (U.K.)

Directors' report for the 52 weeks ended 30 December 2017

The directors present their annual report and the audited consolidated financial statements of the Group for the 52 week period ended 30 December 2017. The prior period is the 52 week period ended 31 December 2016.

Directors

The following directors held office during the period and up to the date of signing the financial statements:

S Lavin

D McDonald

Employee involvement

The Group maintains its commitment to involving its employees in the Group's activities. This is achieved by monthly staff briefings covering the Company's financial and commercial performance. To encourage employee involvement a focused training programme is in place underpinned by the Group's participation in the 'Investors in People' scheme.

Employment of disabled persons

The Group is committed to the concept of equal employment opportunities for all and fair consideration is given to disabled persons, whether registered or not, for all job vacancies for which they are suitable applicants. Where possible, employees who become disabled in the Group's employment will be offered alternative employment and appropriate retraining.

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report.

Statement of directors' responsibilities

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 period. Under that law the directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure of information to auditors

So far as each of the directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board



M H Back

Secretary

9 August 2018

Gands (U.K.)

Independent auditors' report to the members of Gands (U.K.)

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 December 2017 and of the group's loss for the period from 1 January 2017 to 30 December 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Mark Harwood FCA (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4 4AB

10 August 2018

Gands (U.K.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 30 DECEMBER 2017

	Note	52 WEEKS TO 30 DECEMBER 2017 £'000	52 WEEKS TO 31 December 2016 £'000
TURNOVER	1	270,393	140,221
Cost of sales		(240,536)	(133,427)
GROSS PROFIT		29,857	6,794
Distribution costs		(6,385)	(1,577)
Administrative expenses		(24,730)	(2,572)
OPERATING (LOSS)/PROFIT		(1,258)	2,645
Fair value (losses)/gains on investments		(168)	10,058
Fair value losses on forward exchange contracts		-	(1,297)
Interest receivable and similar income	2	1	2,183
Interest payable and similar charges	3	(1,177)	(339)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(2,602)	13,250
Tax on (loss)/profit on ordinary activities	6	(450)	(732)
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		(3,052)	12,518

The results above relate to continuing operations.

Comprehensive income for the financial period is all attributable to the owners of the parent company.

Gands (U.K.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 DECEMBER 2017

	Note	30 DECEMBER 2017 £'000	31 DECEMBER 2016 £'000
FIXED ASSETS			
Tangible assets	8	16,483	17,675
Intangible assets	9	67,834	74,850
Investments	10	29,380	29,548
		113,697	122,073
CURRENT ASSETS			
Stocks	11	15,093	13,447
Debtors due within one year	12	19,786	15,739
Cash at bank and in hand		3,709	11,122
		38,588	40,308
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(26,548)	(26,321)
NET CURRENT ASSETS		12,040	13,987
TOTAL ASSETS LESS CURRENT LIABILITIES		125,737	136,060
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(48,730)	(55,349)
PROVISIONS	16	(5,431)	(6,083)
NET ASSETS		71,576	74,628
CAPITAL AND RESERVES			
Called up share capital	17	41,817	41,817
Share premium account		7,094	7,094
Profit and loss account		22,665	25,717
TOTAL EQUITY		71,576	74,628

The financial statements on pages 6 to 31 were approved by the board of directors and authorised for issue on 9 August 2018 and were signed on its behalf by:



D McDonald
Director

Registered Number: 02786695

Gands (U.K.)

COMPANY STATEMENT OF FINANCIAL POSITION AT 30 DECEMBER 2017

	Note	30 DECEMBER 2017 £'000	31 DECEMBER 2016 £'000
FIXED ASSETS			
Tangible assets	8	16	25
Investments	10	105,171	104,877
		105,187	104,902
CURRENT ASSETS			
Debtors due after more than one year	12	29,161	30,911
Debtors due within one year	12	233	309
Cash at bank and in hand		528	5,163
		29,922	36,383
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(1,677)	(3,558)
NET CURRENT ASSETS		28,245	32,825
TOTAL ASSETS LESS CURRENT LIABILITIES		133,432	137,727
Creditors: amounts falling due after more than one year	14	(76,132)	(81,164)
NET ASSETS		57,300	56,563
CAPITAL AND RESERVES			
Called up share capital	17	41,817	41,817
Share premium account		7,094	7,094
Profit and loss account		8,389	7,652
TOTAL EQUITY		57,300	56,563

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares group accounts. The Company's profit and total comprehensive income for the period was £737,000 (2016: £1,645,000 profit).

The financial statements on pages 6 to 31 were approved by the board of directors and authorised for issue on 9 August 2018 and were signed on its behalf by:



D McDonald
Director

Registered Number: 02786695

Gands (U.K.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 30 DECEMBER 2017

	SHARE CAPITAL	SHARE PREMIUM	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
Balance at 2 January 2016	41,817	7,094	13,190	62,101
Profit and total comprehensive income for the period	-	-	12,518	12,518
Exchange adjustment on consolidation	-	-	9	9
Balance at 31 December 2016	41,817	7,094	25,717	74,628
Loss and total comprehensive income for the period	-	-	(3,052)	(3,052)
Balance at 30 December 2017	41,817	7,094	22,665	71,576

Gands (U.K.)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 30 DECEMBER 2017

	SHARE CAPITAL	SHARE PREMIUM	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
Balance at 2 January 2016	41,817	7,094	5,998	54,909
Profit for the period	-	-	1,654	1,654
Balance at 31 December 2016	41,817	7,094	7,652	56,563
Profit for the period	-	-	737	737
Balance at 30 December 2017	41,817	7,094	8,389	57,300

Gands (U.K.)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 52 WEEKS ENDED 30 DECEMBER 2017

	Note	52 WEEKS TO 30 DECEMBER 2017 £'000	52 WEEKS TO 31 DECEMBER 2016 £'000
OPERATING ACTIVITIES			
Cash generated from operations	18	4,317	6,145
Interest paid	3	(1,177)	(339)
Income taxes paid		(1,668)	(514)
NET CASH FROM OPERATING ACTIVITIES		1,472	5,292
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	8	(1,373)	(1,415)
Proceeds of disposal of tangible fixed assets		-	47
Purchase of investments		(541)	(61,305)
Repayment of external debt at acquired subsidiary		-	(29,768)
Repayment of loans granted to fellow subsidiary			35,444
Interest received	2	1	863
NET CASH USED IN INVESTING ACTIVITIES		(1,913)	(56,134)
FINANCING ACTIVITIES			
(Bank loan repaid)/new bank loan		(6,000)	50,000
Repayments of obligations under finance leases		(972)	(877)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(6,972)	49,123
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,413)	(1,719)
Cash from acquisitions		-	1,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		11,122	10,931
CASH AND CASH EQUIVALENTS AT END OF PERIOD		3,709	11,122
Relating to:-			
Bank balances included in cash at bank/in hand		3,709	11,122

Gands (U.K.)

Accounting policies for the 52 weeks ended 30 December 2017

General information

Gands (U.K.) ("the Group") is an unlimited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP.

The nature of the Group's operations is given in the Strategic Report on page 2.

Principal accounting policies

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

In accordance with FRS 102, the Company has taken advantage of the exemption from the following disclosure requirement:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures

The financial statements of the Company are consolidated within these consolidated Gands (UK) financial statements.

Going concern

The Directors, after reviewing the Group's budgets, investment plans and financing arrangements, consider that the Group has, at the date of this report sufficient financing available for the estimated requirements for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of Gands (U.K) and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Some subsidiaries have prepared their financial statements for the year ended 31st December 2017 but there is no impact on the Group's results.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Sale of food products

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of food products are recognised when goods are delivered and legal title has passed and the Group has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location.

Gands (U.K.)

Accounting policies for the 52 weeks ended 30 December (continued)

Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Foreign currency

Transactions denominated in currencies other than the functional currency (foreign currency) are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rate of exchange prevailing at the reporting date. All exchange differences arising are taken to profit or loss.

Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the continued use of the asset. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued, when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset 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 periods. A reversal of an impairment loss is recognised in the income statement.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Gands (U.K.)

Accounting policies for the 52 weeks ended 30 December (continued)

Financial instruments (continued)

Financial liabilities and equity

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

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

Leased assets

The Group as Lessee – Finance Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership (“finance leases”). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

The Group as Lessee – Operating Leases

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Tangible fixed assets

Tangible fixed assets are measured at cost or deemed cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write down the cost or valuation of tangible fixed assets to their estimated residual values on a straight-line basis over the period of their expected useful economic lives, as follows:

Freehold land	Nil
Freehold buildings	Over 33 years
Additions to freehold buildings	Over the remaining depreciation period of the main building
Plant and machinery	Between 3 to 10 years
Assets held under finance leases	Over 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Major spare parts that are expected to be used in more than one period, or that can only be used for one asset, are capitalised as tangible fixed assets. All other spare parts are classified as stocks.

Gands (U.K.)

Accounting policies for the 52 weeks ended 30 December (continued)

Tangible fixed assets (continued)

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Capitalisation of finance costs

Finance costs incurred in the construction of freehold buildings are capitalised and are being written off over the expected useful economic life of the building. All other finance costs, not incurred in the construction of fixed assets, are written off to profit or loss in the period in which they are incurred.

Intangible assets

Goodwill

Consolidation goodwill, being the amount paid in connection with the acquisition of Creative Foods Europe Ltd (formerly Flagship Europe Limited) in December 2016 is being amortised evenly over 10 years.

Other Intangible assets

Intangible assets were measured at fair value at the date of acquisition.

Amortisation is charged to write off the cost of the intangible assets less their revalued value over their estimated useful lives on a straight line basis. The annual rates applicable are:

- Trade names - 10% on cost
- Customers relationships - 10% on cost

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Investments

Fixed asset investments comprise listed equity shares and shares in subsidiary undertakings. Shares in subsidiary undertakings are shown at cost less provision for impairment. Listed equity shares are those shares which are traded on a recognised stock exchange and are quoted in an active market where quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Listed equity shares are included in the balance sheet at market value. This policy is in accordance with the alternative accounting rules. A diminution in value is recognised in profit or loss to the extent that it is not covered by previous revaluation surpluses. To the extent they reverse previously recognised revaluation losses, revaluation gains are recognised in profit or loss. All other changes in value arising on the revaluation of listed fixed asset investments are recognised in the revaluation reserve and in profit or loss when less than cost.

Gands (U.K.)

Accounting policies for the 52 weeks ended 30 December (continued)

Investments (continued)

Realised gains/losses on disposal of investments are taken to profit or loss, being the difference between the disposal proceeds and the carrying value of the investments. Any revaluation/impairment previously recognised in the revaluation reserve is transferred to profit or loss reserve on the date of disposal.

Capital grants

Capital grants relating to tangible fixed assets are treated as deferred income and released to profit or loss over the anticipated useful lives of the relevant assets.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition:

Raw meat and packaging	Purchase cost on a first-in, first-out basis.
Inventory for resale	Average costing method
Engineering spare parts	Purchase cost on an average basis.
Finished products	Cost of direct materials and labour, plus attributable overheads, based on a weekly level of activity.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Pension costs

Contributions to defined contribution pension schemes are charged to profit or loss as they become payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from profit on ordinary activities because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Gands (U.K.)

Accounting policies for the 52 weeks ended 30 December (continued)

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 discussed below.

Depreciation method, rates and useful life of fixed assets

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement by the directors to ensure that assets match the future economic benefits embodied in them.

Acquisition intangibles

The Group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017

1 Turnover

There is only one class of business which is the manufacture and sale of food products.

An analysis of turnover by destination is given below:

	2017 £'000	2016 £'000
United Kingdom	266,380	139,709
Rest of EU	4,013	512
	270,393	140,221

2 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest receivable	1	32
Interest receivable from group companies	-	831
Foreign exchange gains	-	1,320
	1	2,183

3 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable on bank loans and overdrafts wholly repayable within five years	965	102
Interest payable on finance leases	61	99
Interest payable to group companies	142	138
Foreign exchange losses	9	-
	1,177	339

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

4 (Loss)/profit on ordinary activities before taxation

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting) :		
Depreciation and other amounts written off tangible fixed assets:		
- Owned fixed assets	2,134	1,169
- Leased assets	431	431
Amortisation of goodwill/intangibles	7,557	182
Stock - amounts expensed to cost of sales	220,116	124,288
Government grants released	(11)	(21)
Profit on disposal of tangible fixed assets	-	-
Operating lease rentals		
- Land and Buildings	589	19
- Other	576	181
Auditors' remuneration:		
- Audit services - audit	27	9
- Audit services - the audit of subsidiary undertakings	73	37
- Non-audit services - accountancy	28	-

5 Directors' emoluments and employee information

Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2016: £nil).

Employee information

The average monthly number of persons (including executive directors) employed by the Group during the period was:

By activity:	2017 Number	2016 Number
Administration	126	25
Manufacturing/production	414	154
	540	179
Staff costs (for the above persons):		
	2017 £'000	2016 £'000
Wages and salaries	16,515	4,520
Social security costs	1,556	453
Other pension costs (note 21)	209	146
	18,280	5,119
Compensation of key management personnel		
	2017 £'000	2016 £'000
	638	475

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

6 Tax on (loss)/profit on ordinary activities

Analysis of tax charge in the period

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax - current period	1,173	514
UK corporation tax - prior period	(71)	-
Total current tax	1,102	514
Deferred tax:		
Origination and reversal of timing differences	(105)	8
Fair value adjustments	(677)	-
Restatement for reduction in the corporation tax rate to 17%	17	68
Prior period adjustment	(33)	-
Utilisation of losses brought forward	146	142
Total deferred tax (note 16)	(652)	218
Tax on (loss)/profit on ordinary activities	450	732

Factors affecting the tax charge in the period

The tax assessed for the period is higher (2016: lower) than the standard rate of corporation tax in the UK, 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before taxation	(2,602)	13,250
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(500)	2,650
Effects of:		
Expenses not deductible for tax purposes	1,074	12
Income not taxable for tax purposes	(7)	(2,016)
Re-measurement of deferred tax	(15)	86
Prior period adjustment	(102)	-
Total tax charge for the period	450	732

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

6 Tax on profit/(loss) on ordinary activities (continued)

Factors affecting future tax charges

The standard rate of Corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 19.25%. The standard UK Corporation Tax rate will reduce from 19% to 17% from 1 April 2020. The deferred tax balances in the financial statements have been calculated using a rate of 17% as this was the rate enacted in law at the balance sheet date for the period in which the deferred tax balance is forecast to be utilised. The changes are not anticipated to have a material impact on the Group's financial statements in future periods.

7 Profit of parent company

The profit and total comprehensive income for the financial period in the financial statements of Gands (U.K.) was £737,000 (2016 profit: £1,654,000). The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement for the parent company.

8 Tangible fixed assets

Group

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2017	7,519	22,142	29,661
Additions	18	1,355	1,373
Disposals	-	(13)	(13)
At 30 December 2017	7,537	23,484	31,021
Accumulated Depreciation			
At 1 January 2017	1,919	10,067	11,986
Charge for the period	236	2,329	2,565
Disposals	-	(13)	(13)
At 30 December 2017	2,155	12,383	14,538
Net book amount			
At 30 December 2017	5,382	11,101	16,483
At 31 December 2016	5,600	12,075	17,675

Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £336,000 (2016: £336,000). Depreciation relating to capitalised interest amounted to £10,000 (2016: £10,000).

Assets held under finance leases

Included within the net book value is £2,478,000 (2016: £3,217,000) relating to plant and machinery held under finance lease agreements.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

8 Tangible fixed assets (continued)

Company

	Plant and machinery £'000
Cost	
At 31 December 2016	38
At 30 December 2017	38
Accumulated Depreciation	
At 1 January 2017	13
Charge for the period	9
At 30 December 2017	22
Net book amount	
At 30 December 2017	16
At 31 December 2016	25

9 Intangible assets

Group

	Goodwill £'000	Customer Relationships £'000	Trade Names £'000	Total £'000
Cost				
At 31 December 2016	36,628	27,619	10,785	75,032
Additions	541	-	-	541
At 30 December 2017	37,169	27,619	10,785	75,573
Amortisation				
At 1 January 2017	146	26	10	182
Charge for the period	3,717	2,762	1,078	7,557
At 30 December 2017	3,863	2,788	1,088	7,739
Net Book value				
At 30 December 2017	33,306	24,831	9,697	67,834
At 31 December 2016	36,482	27,593	10,775	74,850

Amortisation has been charged to administrative expenses in the Statement of Comprehensive Income.

The remaining amortisation period is eight years and 354 days.

Additions relate to an adjustment to the value of the assets acquired due to tax due on the Creative Foods Europe Limited acquisition and a further tax refund within Calder Foods (Manufacturing) Limited.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

10 Fixed asset investments

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Shares held in listed entity	29,380	29,548	-	-
Shares in group undertakings	-	-	105,171	104,877
	29,380	29,548	105,171	104,877

Reconciliation of movement in the period:

	Shares held in listed entity £'000	Shares in group undertakings £'000
Valuation/cost		
At 1 January 2017	29,548	104,877
Acquisitions	-	294
Fair value loss	(168)	-
At 30 December 2017	29,380	105,171

Group

No deferred tax is provided on timing differences arising from the revaluation of fixed asset investments, unless by the balance sheet date, a binding commitment to sell the assets has been entered into.

Shares held in listed entity represent the Group's investment in Marfrig Alimentos S/A, a company registered in Brazil whose shares are listed on the São Paulo Stock Exchange. Shares held in a listed entity are valued at market value in accordance with the alternative accounting rules. The market value of listed equity securities is based on the bid price in an active market.

If revalued investments were stated on the historical cost basis, the amounts would be:

	2017	2016
	£'000	£'000
Shares held in listed entity	52,223	52,223

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

10 Fixed assets investments (continued)

During the period the Company held, directly or indirectly, more than 20% of the share capital of the following:

Subsidiary undertakings	Registered Number	Principal activity:	% of share capital held
OSI Food Solutions UK Holdings Limited ¹	02489193	Holding company	100%
Creative Foods Europe Limited ⁷	08493072	Holding company	100%
Atlantic Foods Group Limited ⁴	06092692	Holding company	100%
Atlantic Foods Limited ⁵	05335933	Manufacture and sale of food products	100%
Oasis Foods Limited ⁵	02775761	Manufacture and sale of food products	100%
Proper Pies Limited ⁴	05756183	Manufacture and sale of food products	100%
Oliver James Foods Limited ⁴	07648764	Manufacture and sale of food products	100%
Calder Foods Property Limited ⁴	03264171	Holding and investment company	100%
Calder Foods (Manufacturing) Limited ⁶	04638841	Manufacture and sale of food products	100%
OSI Food Solutions UK Limited ²	01372104	Manufacture and sale of food products	100%
OSI International Holdings Limited ¹	03189885	Holding company	100%
Kitchen Range Holdings Limited ¹	06621725	Holding company	100%

All the above companies are registered in England

¹Held directly by Gands (U.K.) - Registered Office Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP

²Held indirectly through ownership in OSI Food Solutions UK Holdings Limited - Registered Office: Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP

³ Held indirectly through ownership in OSI International Holdings Limited - Registered Office Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP

⁴ Held indirectly through ownership in Creative Foods Europe Limited (formerly Flagship Europe Ltd) – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

⁵ Held indirectly through ownership in Atlantic Foods Group Limited – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

⁶ Held indirectly through ownership in Calder Foods Property Limited – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

⁷Held directly by Gands (U.K.) – Registered Office 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

The results of all of the above subsidiary undertakings have been included in the consolidated financial statements.

The directors consider that the carrying value of the investments is supported by the value of the underlying net assets.

All of the above subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts under section 479A of the Companies Act 2006. Gands (UK) has provided a guarantee in respect of liabilities arising in those subsidiaries for the 52 week period ended 30 December 2017.

Non-trading holding and dormant subsidiary companies have been excluded from this table.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

11 Stocks

Group	2017 £'000	2016 £'000
Raw materials and consumables	4,259	3,138
Finished goods and goods for resale	10,834	10,309
	15,093	13,447

Company

The Company does not hold stock.

12 Debtors

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	28,518	30,268
Deferred tax asset (note 16)	-	-	643	643
	-	-	29,161	30,911
Amounts falling due within one year:				
Trade debtors	18,026	13,815	-	-
Amounts owed by group undertakings	40	51	63	230
Corporation tax	-	-	170	79
Other debtors	585	789	-	-
Prepayments and accrued income	1,135	1,084	-	-
	19,786	15,739	233	309
Total debtors	19,786	15,739	29,394	31,220

Amounts owed by group undertakings due after more than one year comprises a loan of £28,518,000 (2016: £30,268,000) due from Creative Foods Europe Ltd (formerly Flagship Europe Ltd) repayable on 31 December 2018, which bears interest at variable rates based on LIBOR.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	19,632	17,961	-	-
Amounts owed to group undertakings	2,350	1,415	1,575	1,458
Other taxation and social security	362	409	6	6
Obligations under finance leases (note 15)	708	972	-	-
Corporation tax	432	998	-	-
Other creditors	55	2,022	-	2,022
Accruals and deferred income	3,009	2,544	96	72
	26,548	26,321	1,677	3,558

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans	44,000	50,000	44,000	50,000
Amounts owed to group undertakings (note 15)	4,555	4,421	32,132	31,164
Obligations under finance leases (note 15)	-	708	-	-
Accruals and deferred income	175	220	-	-
	48,730	55,349	76,132	81,164

Amounts owed to group undertakings are unsecured loans, carrying interest at rates linked to Libor and are due for repayment between January 2023 and January 2024. Amounts owed to leasing companies represent a finance lease repayable over five year period and carries interest at 4.4%.

Group

Total accruals and deferred income include an amount of £192,000 (2016: £230,000) in relation to capital grants. The movement in capital grants in the period is as follows:

	Capital grants £'000
At 1 January 2017	203
Credited to profit in the period	(11)
At 30 December 2017	192

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

15 Loans and other borrowings

Maturity of debt

	Group		Company	
Amounts falling due:	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<i>Finance Leases:</i>				
Within one year	708	972	-	-
Between one and two years	-	708	-	-
<i>Bank loans:</i>				
Between two and five years	44,000	50,000	44,000	50,000
<i>Amounts due to group undertakings:</i>				
Between one and two years	-	-	27,577	26,743
After five years	4,555	4,421	4,555	4,421
	49,263	56,101	76,132	81,164

Contingent liability

In November 2015 the OSI Group LLC renewed global loan facilities with various international banks. Total borrowings under these facilities as at 30 December 2017 were £769,000,000 (31 December 2016: £805,000,000). All borrowings are secured by fixed and floating charges over the majority of assets and undertakings of companies within the Group. These charges are supported by unlimited cross guarantees and by fixed charges and pledges over the shares held by the Company and certain of its subsidiaries. In addition, the Company and certain of its subsidiaries have entered into cross guarantees in respect of borrowings of other companies in the OSI Group LLC group. The directors do not expect any material loss to the Group or Company to arise in respect of the guarantees.

16 Provisions

Group	Deferred taxation £'000
At 1 January 2017	6,083
Charged to the statement of comprehensive income (note 6)	(652)
At 30 December 2017	5,431

Deferred tax liabilities/(assets) as at period end comprise the following:

Group	Recognised	
	2017 £'000	2016 £'000
Accelerated capital allowances	589	606
Fair value/revaluation gains	6,165	6,948
Other timing differences	(9)	-
Tax losses carried forward	(1,314)	(1,471)
	5,431	6,083

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

16 Provisions (continued)

Company

	Recognised	
	2017	2016
	£'000	£'000
Tax losses carried forward	(643)	(643)

The Group and Company have recognised the deferred tax element of the tax losses carried forward (which are eligible for utilisation against future non-trade earnings), as the likelihood of future taxable profits can now be predicted with reasonable certainty.

A capital loss of £57,700,000 was crystallized in 2013 resulting from the deferred consideration from the disposal to Marfrig Alimentos S/A of the Group's former shareholdings in Moy Park Limited and Kitchen Range Foods Limited. The deferred tax asset of £9,809,000 (2016: £9,809,000) has not been recognised in these financial statements as there is no likelihood that a capital gain will be realised in the foreseeable future.

A capital loss of £22,843,000 (2016: £23,675,000) would arise if the shares in Marfrig Alimentos S/A were disposed of at their balance sheet value. The deferred tax asset of £3,883,000 (2016: £4,025,000) has not been recognised in these financial statements as there is no likelihood that a capital gain will be realised in the foreseeable future.

17 Share capital and reserves

	2017	2016
	£'000	£'000
Share capital - Company and Group		
Allotted, called up and fully paid		
30,919,754 ordinary shares of £1 each	30,920	30,920
10,897,268 "A" ordinary shares of £1 each	10,897	10,897
	41,817	41,817

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Reserves

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

Retained earnings

Cumulative profit and loss net of distributions to owners.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

18 Reconciliation of (loss)/profit after tax to net cash generated from operations

	2017 £'000	2016 £'000
(Loss)/profit after tax	(3,052)	12,518
Depreciation of tangible fixed assets	2,565	1,607
Amortisation of goodwill/intangible assets	7,557	182
Change in fair value of investments (note 10)	168	(10,058)
Deferred government grants released	(38)	(31)
Foreign exchange loss	9	9
Interest receivable	(1)	(863)
Interest payable	1,168	339
Taxation	450	732
Operating cash flows before movements in working capital	8,826	4,435
(Increase)/decrease in stocks	(1,646)	631
(Increase)/decrease in trade and other debtors	(4,047)	1,509
Increase/(decrease) in trade and other creditors	1,184	(430)
Cash generated from operations	4,317	6,145

Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	3,709	11,122
Net funds at period end	3,709	11,122

19 Capital and other commitments

Group	2017 £'000	2016 £'000
Contracts placed for future plant and machinery capital expenditure not provided in the financial statements	364	67

The Company had no capital commitments (2016: £nil).

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

20 Financial commitments

The Group as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings 2017 £'000	Other operating leases 2017 £'000	Land & buildings 2016 £'000	Other operating leases 2016 £'000
Expiring:				
Within one year	566	757	597	719
Between one and five years	731	815	1,266	806
In more than five years	99	43	127	-
	1,396	1,615	1,990	1,525

The Company had no operating lease commitments (2016: £nil).

21 Pension arrangements

Companies within the Group operate a number of defined contribution and money purchase pension arrangements. The assets of these arrangements are held separately from those of the Group and are invested with insurance companies.

The Group charge for the period was £209,000 (2016: £146,000). Included within prepayments is an amount of £25,000 (2016: £nil) relating to pension contributions receivable at the period-end. In addition, the Group also bears the cost of life cover in respect of all qualifying employees.

The Company charge for the period was £21,000 (2016: £21,000). At the period end, the amount of contributions prepaid or outstanding in accruals was £25,000 (2016: £nil).

22 Related party transactions

The Company has taken advantage of the exemptions under FRS 102 section 33 not to disclosure transactions entered into between fellow wholly owned subsidiaries of OSI Group LLC.

The Company had the following transactions in the ordinary course of business, unless otherwise stated, with other entities related by virtue of their membership of the same group of companies:

52 weeks ended 30 December 2017	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	20,574	3	1,736
52 weeks ended 31 December 2016	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	21,146	8	1,165

Pickstock Telford Ltd is a joint venture company of OSI Group LLC in which a 50% shareholding is held.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

23 Ultimate parent undertaking

The immediate parent undertaking is Leges Corporation, a company incorporated in the United States of America, by virtue of its shareholding in the Company. The directors regard OSI Group LLC, a company incorporated in the United States of America, as the ultimate controlling party, by virtue of its shareholding in the immediate parent undertaking. OSI Group LLC is the parent undertaking of the smallest and largest group of which the Company is a member and for which group financial statements are prepared. The financial statements of OSI Group LLC are not publicly available.

24 Financial instruments

The carrying amounts of the Group's financial instruments at the balance sheet date were:

	2017 £'000	2016 £'000
Financial assets:		
<i>Debt instruments measured at amortised cost</i>		
Trade debtors	18,026	13,815
Amounts owed by group undertakings	40	51
Other debtors	585	789
	18,651	14,655
Financial liabilities:		
<i>Measured at amortised cost</i>		
Trade creditors	19,632	17,961
Amounts owed to group undertakings	6,905	5,836
Accrued liabilities	2,992	2,515
Other creditors	55	2,022
Finance lease obligations	708	1,680
Bank Loans	44,000	50,000
	74,292	80,014

The carrying amounts of the Company's financial instruments at the balance sheet date were:

	2017 £'000	2016 £'000
Financial assets:		
<i>Debt instruments measured at amortised cost</i>		
Amounts owed by group undertakings	28,581	30,498
	28,581	30,498
Financial liabilities:		
<i>Measured at amortised cost</i>		
Accrued liabilities	96	72
Amounts owed to group undertakings	33,707	32,622
Other creditors	-	2,022
Bank loans	44,000	50,000
	77,803	84,716