

Financial statements

Iceland International Limited

For the 52 week period ended 24 March 2017



Company No 03520993

Company information

Company number

03520993

Registered office

Second Avenue
Deeside Industrial Park
Deeside
Flintshire
CH5 2NW

Directors

T S Dhaliwal
M C Walker

Secretary

D A Vaughan

Bankers

RBS Bank PLC
NatWest City Office
11 Spring Gardens
Manchester
M2 1FB

Auditor

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Royal Liver Building
Liverpool
L3 1PS

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Report of the directors

The directors present their report together with the audited financial statements for the 52 week period ended 24 March 2017.

Principal activity

The principal activity of the company is that of importers of supplies for fellow subsidiaries and the exporters of frozen food and groceries for resale.

Results and dividends

The results for the period are set out on page 9.

The profit for the period amounted to £2,437,000 (25 March 2016: £12,417,000 loss) after taxation. The directors have not recommended the payment of a dividend in the period (25 March 2016: £Nil).

Directors

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

T S Dhaliwal
M C Walker

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Strategic report and the Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 "The 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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

APPROVED BY AND SIGNED ON BEHALF OF THE BOARD OF DIRECTORS



T S Dhaliwal
Director
2 June 2017

Strategic report

Business Review

The Iceland business in the Republic of Ireland, acquired from a former franchisee in November 2013, continued to trade successfully. Two new stores were opened during the year and further sites are being sought for the current year. Iceland also continues to operate company-owned stores in the Czech Republic with two new stores opening this year. We continue to export Iceland brand products around the world, including to our network of franchise stores.

Results

The company recorded an adjusted EBITDA (excluding exceptional items) of £2,459,000 (25 March 2016: £2,087,000).

Turnover, the main KPI for the business, was £53,708,000 (25 March 2016: £46,129,000).

The company's key non-financial KPIs relate to staff satisfaction and engagement, both of which are measured regularly.

Outlook

Looking forward, the directors intend to expand the base business as well exploring new territories.

Principal risks and uncertainties

The company uses various financial instruments including inter-company loans, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company policy throughout the year has been to ensure that cash balances are maintained and ensure that a sufficient return is earned on these.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, management monitor levels of debt with customers.

Strategic report

APPROVED BY AND SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'T. S. Dhaliwal', with a stylized flourish underneath.

T S Dhaliwal
Director
2 June 2017



Independent auditor's report to the members of Iceland International Limited

We have audited the financial statements of Iceland International Limited for the 52 week period ended 24 March 2017 which comprise the statements of income and retained earnings, the balance sheet and the related notes. 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'.

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 and 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 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 24 March 2017 and of its profit for the period then ended;
- 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.



Independent auditor's report to the members of Iceland International Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

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.

Grant Thornton UK LLP

Fiona Baldwin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
2 June 2017

Statement of income and retained earnings

	Note	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
Turnover	5	53,708	46,129
Cost of sales		(48,249)	(41,353)
Gross profit		5,459	4,776
Administrative expenses before exceptional items		(3,003)	(2,692)
Exceptional administrative expenses	8	-	(14,495)
Administrative expenses		(3,003)	(17,187)
Profit/(loss) before interest and taxation		2,456	(12,411)
Net interest payable	9	-	(6)
Profit/(loss) on ordinary activities before taxation		2,456	(12,417)
Taxation	10	(19)	-
Profit/(loss) and total comprehensive income for the financial period		2,437	(12,417)
Retained profit at the beginning of the period		15,046	27,463
Retained profit at the end of the period	16	17,483	15,046

All the activities of the company are classed as continuing operations.

Balance sheet

	Note	24 March 2017 £'000	25 March 2016 £'000
Fixed assets			
Tangible assets	11	5	8
Current assets			
Debtors	12	18,510	16,275
Creditors: amounts falling due within one year	13	(1,032)	(1,237)
Net current assets		17,478	15,038
Total assets less current liabilities		17,483	15,046
Net assets		17,483	15,046
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	17,483	15,046
Shareholders' funds		17,483	15,046

These financial statements were approved and authorised for issue by the Board of Directors on 2 June 2017 and signed on its behalf by:



T S Dhalwal
Director

Company registration no: 03520993

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the financial statements

1 Company information

Iceland International Limited, incorporated in the United Kingdom, registered office being Second Avenue, Deeside Industrial Park, Deeside, Flintshire CH5 2NW.

The principal activity of the company is that of importers of supplies for fellow subsidiaries and the exporters of frozen food and groceries for resale.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in the company's functional currency, Sterling (£).

The financial statements of Iceland International Limited are drawn up to 24 March 2017 (2016: 25 March 2016).

The individual accounts of Iceland International Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3 Significant judgments and estimates

Management consider there to be no key judgements in the application of accounting policies or key sources of estimation uncertainty.

Notes to the financial statements

4 Principal accounting policies

4.1 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight line method. The rates applicable are:

Plant and equipment	-	20% Straight line
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4.2 Debtors

Short term debtors are measured at transaction price, less any impairment and are measured subsequently at amortised cost using the effective interest method.

4.3 Creditors

Short term creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4.4 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

4.5 Turnover

Turnover represents the value of goods sold in the ordinary course of business, stated net of sales incentives and Value Added Tax.

Turnover is recognised when the risks and rewards of the transaction have been transferred which is considered to be at the point of sale within stores. Turnover regarding the warehouse storage business is the total amount of rental income receivable, this is recognised in the period to which it relates.

4.6 Cost of sales

Cost of sales represents all costs incurred up to the point of sale including the operating expenses of the trading outlets.

Notes to the financial statements

4.7 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.8 Foreign currencies

The company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

Transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit and loss in the period which they arise.

Notes to the financial statements

4.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in Profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has transferred its rights to receive cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

4.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the financial statements

5 Turnover

Turnover, analysed geographically between markets, was as follows:

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
UK	21,060	16,723
Europe	30,101	27,683
Others	2,547	1,723
	53,708	46,129

The turnover and profit before tax are attributable to the one principal activity of the company.

6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
Depreciation charge (note 11) - owned	3	3
Operating lease charges – motor vehicles	5	8

Auditor remuneration during the current and prior period was borne by another group company.

7 Directors and employees

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

	52 weeks ended 24 March 2017	52 weeks ended 25 March 2016
Average number of employees	8	10

Notes to the financial statements

7 Directors and employees (continued)

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
Wages and salaries	316	379
Social security costs	29	36
	<u>345</u>	<u>415</u>

No director of the company received any remuneration for services to the company during the current or prior period.

8 Exceptional administrative expenses

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
Intercompany loan write off	-	(14,503)
Restructuring costs	-	8
	<u>-</u>	<u>(14,495)</u>

The inter-company loan write off related to amounts no longer due to other group companies.

The restructuring costs related to liabilities that arose in the group as a result of international expansion.

9 Net interest payable

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
Intra-group interest payable	<u>-</u>	<u>(6)</u>

Notes to the financial statements

10 Taxation

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
UK Corporation Tax		
Total current tax	-	-
Deferred tax		
Adjustments in respect of previous periods	19	(2)
Effect of changes in tax rates	-	2
Total deferred tax	19	-
Tax on results on ordinary activities	19	-

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

	52 weeks ended 24 March 2017 £'000	52 weeks ended 25 March 2016 £'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	2,456	(12,417)
Current tax at 20% (2016: 20%)	491	(2,483)
Effects of:		
Group relief received not paid for	(491)	(417)
Expenses not deductible for tax purposes	-	2,900
Adjustments from previous periods	19	(2)
Goodwill amortisation not deductible for tax purposes	-	2
Tax on results on ordinary activities	19	-

There is no unprovided deferred tax at the year end.

A deferred tax asset of £520 (2016: £19,000) has been recognised within other debtors. The Finance Act 2016 was enacted in the current year which implemented a reduction in the corporation tax rate from 20% to 17% with effect from 1 April 2020.

Notes to the financial statements

11 Tangible fixed assets

	Plant and equipment £'000
Cost	
At beginning and end of period	16
Depreciation	
At beginning of period	8
Charge for the period	3
At end of period	11
Net book value	
At end of period	5
At beginning of period	8

12 Debtors

	24 March 2017 £'000	25 March 2016 £'000
Trade debtors	2,859	3,973
Amounts due from group undertakings	15,631	12,281
Prepayments	17	-
Other debtors	3	21
	<u>18,510</u>	<u>16,275</u>

A deferred tax asset of £520 (2016: £19,000) has been recognised within other debtors.

13 Creditors: amounts falling due within one year

	24 March 2017 £'000	25 March 2016 £'000
Trade creditors	183	109
Accruals	720	999
Amounts owed to group undertakings	129	129
	<u>1,032</u>	<u>1,237</u>

Notes to the financial statements

14 Deferred tax asset

	Deferred tax £'000
At 25 March 2016	19
Charge for the year	(19)
At 24 March 2017	-

The provision for deferred taxation is made up as follows:

	24 March 2017 £'000	25 March 2016 £'000
Short term timing differences	-	19
	-	19

A deferred tax asset amounting to £520 (2016: £19,000) in respect of timing differences has been recognised on the basis that it is likely that there will be sufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

15 Share capital

	24 March 2017 £	25 March 2016 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 1 ordinary share of £1 each	1	1

16 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

17 Leasing commitments

The company's future minimum operating lease payments are as follows:

	Motor vehicles	
	24 March 2017 £'000	25 March 2016 £'000
Within one year	10	7
Between one and five years	9	6
	19	13

Notes to the financial statements

18 Transactions with related parties

The company is a wholly owned subsidiary of Iceland Midco Limited. 100% of the company's voting rights are controlled within the group by Iceland Topco Limited, therefore the company has not disclosed transactions or balances with entities which form part of the group.

19 Capital commitments

The company had no capital commitments at 24 March 2017 or 25 March 2016.

20 Contingent liabilities

The company had no contingent liabilities at 24 March 2017 or 25 March 2016.

21 Ultimate parent undertaking and parent undertaking

The immediate parent undertaking of this company is Iceland Midco Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling related party of the company is Iceland Topco Limited, a company incorporated in England and Wales.

The smallest and largest group in which these financial statements are consolidated is headed by Iceland Topco Limited. The consolidated financial statements of Iceland Topco Limited are available to the public and may be obtained from Companies House.