Senoble UK Holdings Limited

Annual report and consolidated financial statements

Registered number 03726718

31 December 2016

Contents

Strategic report

Sales turnover

Turnover decreased from £64.9 million in 2015 to £62.5 million in 2016 which amounted to a 3.7% decrease.

The decrease in sales on the bakery site (-0.4%) was the result of the delisting of SKUs, which was partially compensated by new listings. The decrease in sales on the dessert site (-1.1%) was the result of a product range delisting from one customer, partially compensated by the launch of new products among our existing customer portfolio.

Our trade sales decreased by 24.4% as a result of an unprofitable market, this was mainly linked to the Euro/GBP exchange rate drop.

Gross profit

Gross profit decreased from £19.0 million in 2015 to £14.7 million in 2016, this is mainly due increases in raw material prices (cream) and the national living wage impact. Some changes in our product mixed between automated vs manual lines also drives down our gross profit.

Operating profit

The operating loss before impairment charges for the period amounted to £2.2 million, a reduction of £4.6 million from the previous year due to the decrease in gross profit. The operating loss for the period amounted to £13.9 million, in comparison to £2.4 million profit in the previous year coming from the gross profit decrease and the impairment recognized in the year.

Outlook for 2017

We are looking at decreasing volumes on our dessert factory due to an important forecasted delisting in October while increasing volume on our bakery site following the gain of new markets.

The delisting on our dessert site will be mitigated by the signing of a new business starting in November.

Raw material and packaging costs for both factories will continue to increase which will result in a further adverse effect on margins. We will also be effected by Living wage impact on our labour costs.

Management's comments in relation to going concern can be seen in note 1.

Principal risks and uncertainties

Our major markets continue to remain stable, and the vast majority of the UK multiple retail trade is stable with positive cash flow and credit ratings.

Butter and cream prices remains absolutely unusual and it's almost impossible to predict spot prices.

The risks facing the business are those inherent in any FMCG food business in the UK: accidental or deliberate contamination of products; accidental or deliberate incidents at one or more facilities which restrict the ability to supply customers; increases in costs which are not easily recoverable from the market; competitive tenders and reverse auctions by retailers resulting in loss of high selling SKU's.

The diversity of the business in its customers, sectors and facilities base should ensure that these risks are minimised.

By order of the board

A Becard
Director

4 Berrington Road
Sydenham Industrial Estate
Leamington Spa
Warwickshire
CV31 1NB

26 October 2017

Directors' report

The directors present their report and the audited financial statements for the period ending 31 December 2016.

Principal activities

The principal activity of the company is the manufacture and sale of cream cakes, meringues, steam puddings, sundaes, trifles, cheesecakes and other pot desserts.

Fixed assets

The movements in fixed assets are summarized in notes 10 and 11 of the financial statements.

Directors

The directors who served during the period were as follows:-

Senoble International

A Becard	(appointed 11 April 2016)
G Avrain	(appointed 11 April 2016, resigned 6 June 2017)
D Lewis	(appointed 12 April 2016)

Employee involvement

The company takes seriously its responsibilities to employees and, as a policy, provides employees with information on matters of concern to them. It is also the policy of the company to consult, where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Employment of disabled persons

The policy of the company is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out the duties required of them.

Charitable donations

During the year the company made charitable donations amounting to £355 *(2015: £195)*.

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 re-appointed and KPMG LLP will therefore continue in office.

By order of the board

A Becard
Director

4 Berrington Road
Sydenham Industrial Estate
Leamington Spa
Warwickshire
CV31 1NB

26 October 2017

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

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Senoble UK Holdings Limited

We have audited the financial statements of Senoble UK Holdings Limited for the year ended 31 December 2016 set out on pages 6 to 28. 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 *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 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 group's and of the parent company's affairs as at 31 December 2016 and of the group's loss 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 of the financial statements concerning the group and parent company's ability to continue as a going concern. The group incurred a net loss of £14,982,000 during the year ended 31 December 2016 and, at that date, the group had net current liabilities of £19,524,000 and net liabilities of £9,650,000. The group is reliant on the funding provided to it by its parent company and has received a letter of support from its parent company; as with such letters of support there remains a doubt whether this can be enforced in the event such a need arises. In addition, as stated in note 1 the parent is actively seeking a buyer for the group and it is possible that it will be sold in the near future, if this were to happen there is an inherent uncertainty over the buyer's ability and willingness to maintain the business on a going concern basis. This along with the other matters explained in the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Independent auditor's report to the members of Senoble UK Holdings Limited
(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report, 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.

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 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.

Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

26 October 2017

Consolidated profit and loss account

for year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	*2*	**62,489**	64,921
Cost of sales		**(47,748)**	(45,957)
Gross profit		**14,741**	18,964
Distribution costs		**(4,323)**	(4,246)
Administrative expenses before impairment		**(13,416)**	(13,160)
Impairment of tangible fixed assets		**(11,701)**	-
Impairment of goodwill		**(1,785)**	-
Total administrative expenses		**(26,902)**	(13,160)
Other operating income	*3*	**-**	50
Group operating (loss)/profit		**(16,484)**	1,608
Interest receivable and similar income	*7*	**-**	16
Interest payable and similar expenses	*8*	**(668)**	(685)
(Loss)/profit before taxation		**(17,152)**	939
Tax on profit/(loss)	*9*	**2,170**	(935)
(Loss)/profit after taxation		**(14,982)**	4

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 12 to 28 form an integral part of these financial statements.

Consolidated balance sheet
at 31 December 2016

	Note	**2016** **£000**	**£000**	2015 £000	£000
Fixed assets					
Goodwill	*10*		-		2,604
Tangible assets	*11*		**9,889**		22,690
			9,889		25,294
Current assets					
Stocks	*13*	**3,081**		2,825	
Debtors (including £4,222,000 *(2015: £2,052,000)*) due after more than one year	*14*	**15,376**		11,306	
Cash at bank and in hand	*15*	**341**		1,834	
		18,798		15,965	
Creditors: amounts falling due within one year	*16*	**(38,322)**		(35,882)	
Net current liabilities			**(19,524)**		(19,917)
Total assets less current liabilities			**(9,635)**		5,377
Creditors: amounts falling due after more than one year	*17*	**(15)**		(25)	-
Provisions for liabilities					
Other provisions	*20*	**-**		(20)	
			(15)		(45)
Net (liabilities)/assets			**(9,650)**		5,332
Capital and reserves					
Called up share capital	*21*		**22,135**		22,135
Share premium account			**13,458**		13,958
Capital redemption reserve			**6**		6
Profit and loss account			**(45,249)**		(30,267)
Shareholders'(deficit)/funds			**(9,650)**		5,332

The notes on pages 12 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 October 2017 and were signed on its behalf by:

A Becard
Director

Company registered number: 3726718

Company balance sheet
at 31 December 2016

	Note	2016 £000	£000	2015 £000	£000
Fixed assets					
Investments	*12*		**9,889**		40,042
Current assets					
Debtors	*14*	**13,102**		14,659	
		13,102		14,659	
Creditors: amounts falling due within one year	*16*	**(22,761)**		(23,853)	
Net current liabilities			**(9,659)**		(9,194)
Net assets			**230**		30,848
Capital and reserves					
Called up share capital	*21*		**22,135**		22,135
Share premium account			**13,458**		13,458
Capital redemption reserve			**6**		6
Profit and loss account			**(35,369)**		(4,751)
Shareholders' funds			**230**		30,848

The notes on pages 12 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 October 2017 and were signed on its behalf by:

A Becard
Director

Company registered number: 3726718

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital Redemption reserve £000	Profit and loss account £000	Total shareholder's equity £000
Balance at 1 January 2015	22,135	13,458	6	(30,271)	5,328
Total comprehensive income for the period					
Profit or loss	-	-	-	4	4
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2015	22,135	13,458	6	(30,267)	5,332
Balance at 1 January 2016	22,135	13,458	6	(30,267)	5,332
Total comprehensive income for the period					
Profit or loss	-	-	-	(14,982)	(14,982)
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2016	**22,135**	**13,458**	**6**	**(45,249)**	**(9,650)**

Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital Redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	**22,135**	**13,458**	**6**	**(4,065)**	**31,534**
Total comprehensive income for the period					
Profit or loss	-	-	-	(686)	(686)
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2015	22,135	13,458	6	(4,751)	(30,848)
Balance at 1 January 2016	22,135	13,458	6	(4,751)	30,848
Total comprehensive income for the period					
Profit or loss	-	-	-	(30,618)	(30,618)
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2016	**22,135**	**13,458**	**6**	**(35,369)**	**230**

Consolidated cash flow statement

for year ended 31 December

	Note	2016	2015
		£000	£000
Cash flows from operating activities			
(Loss)/profit for the year		**(14,982)**	4
Adjustments for:			
Depreciation, amortisation and impairment	*10,11*	**16,499**	3,152
Interest receivable and similar income		**-**	(16)
Interest payable and similar charges		**668**	685
Taxation		**(2,170)**	935
		15	4,760
(Increase) in trade and other debtors		**(1,900)**	(2,888)
(Increase) in stocks		**(256)**	(69)
Increase in trade and other creditors		**3,566**	551
(Decrease) in provisions and employee benefits		**(20)**	(966)
		1,405	1,388
Interest paid		**(214)**	7
Tax paid		**(31)**	-
Net cash from operating activities		**1,160**	1,395
Cash flows from investing activities			
Interest received		**-**	-
Acquisition of tangible fixed assets		**(1,094)**	(283)
Net cash from investing activities		**(1,094)**	(283)
Cash flows from financing activities			
Interest paid		**-**	-
Repayment of borrowings		**(1,550)**	(1,662)
Capital element of hire purchase agreements		**(9)**	34
Net cash from financing activities		**(1,559)**	(1,628)
Net (decrease in cash and cash equivalents		**(1,493)**	(516)
Cash and cash equivalents at 1 January		**1,834**	2,350
Cash and cash equivalents at 31 December		**341**	1,834

Notes
(forming part of the financial statements)

1 Accounting policies

Senoble UK Holdings Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK.

These Group and parent company 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"*) as issued in August 2015. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 December 2015 have not been restated.
- Lease incentives – for leases commenced before 1 December 2015 the Group and Company continued to account for lease incentives under previous UK GAAP.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2. Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £19,524,000 and net liabilities of £9,650,000, which the directors believe to be appropriate for the following reasons.

The ongoing support from the parent company, Senso SAS, is assumed for the foreseeable future or until the group is sold. The company is dependent for its working capital on funds provided to it by Senso SAS, the company's parent. Senso SAS has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to provide further financial support to Senoble UK Holdings Limited and Senoble UK Limited to enable it to continue to trade. 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.

In addition, the company has developed a turnaround plan to return the business to a profit making position by the end of FY19, however there are a number of significant assumptions which the plan is based on. These assumptions include:

- the successful implementation of efficiencies resulting in cost savings;
- a reduction in the market price of cream; and
- continuing growth in volume

Sensitivities have been applied to the above assumptions and the group's sensitised cash flow forecasts show that the group may still need to rely on the support described above in order to have sufficient cash to meet is liabilities in the foreseeable future.

Since the balance sheet date, the Senbole Group has been actively searching for a buyer for the business. Subject to a sale being completed, the Senoble Group has indicated that they will continue to provide support for the foreseeable future or until the group is sold or another solution is identified.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

In addition, if a sale of the group was to be completed there is no information available regarding the new owner's intention with respect to the Senoble UK group and whether the buyer has the ability or willingness to allow the group to continue to operate as the cash flow projections indicate.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the above matters give rise to a material uncertainty which may cast significant doubt on the group and parent company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, are carried at cost less impairment.

1.3. Foreign currency

Transactions in foreign currencies are translated to the Group companies' 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade debtors. 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 the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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.

1.6. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

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 separately from buildings.

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

Notes *(continued)*

1 Accounting policies *(continued)*

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.

1.7 Tangible fixed assets (continued)

The estimated useful lives are as follows:

Freehold buildings	30 years
Short leasehold property	Year of the lease
Plant and machinery	10-15 years
Motor vehicles	3-5 years
Fixtures and fittings	10 years
Computer equipment	3-5 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.

1.7. Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

1.8. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out 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.

1.9. Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10. Employee benefits

Defined contribution plans and other long term employee benefits

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.

1.11. Provisions

A provision is recognised in the balance sheet when the entity 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. A provision for dilapidations is recognised when an obligation exists to repair property at the end of a lease.

1.12. Turnover

Turnover comprises amounts invoiced to external customers, relating to the manufacture and sale of high quality flour confectionery, hot and cold eating desserts and other food products, exclusive of value added tax.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13. 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.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, 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 accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14. 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. Deferred tax balances are not discounted.

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

Notes *(continued)*

2 Turnover

	2016 £000	2015 £000
UK	**62,269**	62,733
Rest of Europe	**220**	2,188
	62,489	64,921

Turnover relates to the manufacture and sale of high quality flour confectionery, hot and cold eating desserts and other food products.

3 Other operating income

	2016 £000	2015 £000
Sales commission	**-**	50
	-	50

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £000	2015 £000
Impairment loss on goodwill	**1,785**	-
Impairment loss on tangible fixed assets	**11,701**	-
Auditor's remuneration:		
Audit of these financial statements	**40**	13
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**29**	29
Audit-related assurance services	**-**	2
Taxation compliance services	**26**	8

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Production and administration	**723**	654

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**19,151**	17;708
Social security costs	**1,109**	1,028
Contributions to defined contribution plans	**320**	313
	20,580	19,049

6 Directors' remuneration

	2016	2015
	£000	£000
Directors' remuneration	**265**	147
Company contributions to money purchase pension plans	**21**	20

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £101,700 *(2015: £147,324)*, and company pension contributions of £Nil *(2015: £20,083)* were made to a money purchase scheme on his behalf.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	1

7 Interest receivable and similar income

	2016	2015
	£000	£000
Exchange differences	-	14
Early settlement discounts	-	2
	-	16

Notes *(continued)*

8 Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts	6	8
On all other loans	455	676
Other financing costs	207	1
	668	685

Of the above amount £455,000 *(2015:£676,000)* was payable to group undertakings.

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	£000	2015 £000	£000
Current tax				
Current tax on income for the period		-		-
Total current tax				
Deferred tax (see note 19)				
Origination and reversal of timing differences	(2,091)		910	
Change in tax rate	33		186	
Adjustments in respect of prior periods	(112)		(161)	
Total deferred tax		(2,170)		935
Total tax charge/ (credit)		(2,170)		935

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit/(loss) for the year	(14,982)	4
Total tax expense/ (income)	(2,170)	935
Profit/ (loss) excluding taxation	(17,152)	939
Tax using the UK corporation tax rate of 20% *(2015: 20.25%)*	(3,430)	190
Ineligible deprecation	353	208
Non-deductible expenses	519	412
Deferred tax not recognised	33	-
Effect of change in tax rate	467	131
Utilisation of tax losses	-	155
Prior year adjustment	(112)	(161)
Total tax expense/ (income) included in profit or loss	(2,170)	935

Notes *(continued)*

9 Taxation *(continued)*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) were 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 2016. The deferred tax asset at 31 December 2016 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

10 Goodwill

Group

	£000
Cost	
At beginning of year	16,383
Additions	-
At end of year	16,383
Amortisation and impairment	
At beginning of year	13,779
Amortisation for the year	819
Impairment charge	1,785
At end of year	16,383
Net book value	
At 31 December 2016	-
At 1 January 2016	2,604

Impairment losses

An impairment loss has been recognised in the year in the profit and loss through administrative expenses.

The impairment loss has arisen as the group has become loss-making in the year due to increases in the cost of raw materials and challenges in the market.

Management developed a plan for the business, which demonstrated that it did not support the value of the assets held, resulting in an impairment trigger, which has given rise to the above impairment.

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2016	2015
	£000	£000
Administrative expenses	**2,604**	819

Notes *(continued)*

11 Tangible fixed assets

Group

	Freehold buildings	Short leasehold property	Plant, machinery and motor vehicles	Fixtures and fittings and computer equipment	Payments on account and assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At beginning of year	8,125	3,491	38,395	4,178	164	54,353
Additions	-	-	42	42	1,010	1,094
Transfers	-	64	104	22	(190)	-
At end of year	8,125	3,555	38,541	4,242	984	55,447
Depreciation and impairment						
At beginning of year	1,327	1,947	24,302	4,087	-	31,663
Depreciation charge for the year	271	116	1,774	33	-	2,194
Impairment losses	-	-	11,701	-	-	11,701
At end of year	1,598	2,063	37,777	4,120	-	45,558
Net book value						
At 31 December 2016	**6,527**	**1,492**	**764**	**122**	**984**	**9,889**
At 1 January 2016	6,798	1,544	14,093	91	164	22,690

Impairment losses

An impairment loss has been recognised in the year in the profit and loss through administrative expenses.

The impairment loss has arisen as the group has become loss-making in the year due to increases in the cost of raw materials and challenges in the market.

Management developed a plan for the business, which demonstrated that it did not support the value of the assets held, resulting in an impairment trigger, which has given rise to the above impairment.

Leased plant and machinery

At year end the net carrying amount of plant, machinery and motor vehicles leased under a finance lease was £47,196 *(2015: £51,313)*. The leased equipment secures lease obligations (see note 18).

Tangible fixed assets under construction

The amount of borrowing costs capitalised during the period was £Nil *(2015: £Nil)*.

Included in the cost of tangible fixed assets is £Nil (2015: £Nil) in respect of capitalised finance costs.

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Land and buildings

The net book value of land and buildings comprises:

	2016 £000	2015 £000
Freehold	**6,527**	6,798
Short leasehold	**1,492**	1,544
	8,019	8,342

12 Fixed asset investments

Company

	Shares in group undertakings £000
Cost	
At beginning of year	40,042
Additions	-
At end of year	40,042
Provisions	
At beginning of year	-
Provided in year	30,153
At end of year	30,153
Net book value	
At 31 December 2016	**9,889**
At 31 December 2015	40,042

Impairment losses

A provisoin has been recognised in the year in the profit and loss through administrative expenses.

The provision has arisen as the group has become loss-making in the year due to increases in the cost of raw materials and challenges in the market.

Management developed a plan for the business, which demonstrated that it did not support the value of the assets held, resulting in an impairment trigger, which has given rise to the above provision.

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows:

Company	Principal activities	Class and percentage of shares held	Country of incorporation and *registration and operation*
Senoble UK Limited	Manufacture and sale of high quality confectionery and food products	100%	England and Wales

All shares are ordinary £1 shares. The subsidiary's is the same as that of the company.

Notes *(continued)*

13 Stocks

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Raw materials and consumables	**2,685**	2,373	**-**	-
Work in progress	**168**	171	**-**	-
Finished goods	**316**	281	**-**	-
	3,081	2,825	**-**	-

The write-down of stocks to net realisable value amounted to £Nil *(2015: £Nil)*.

14 Debtors

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Trade debtors	**9,950**	7,381	**-**	-
Amounts owed by group undertakings	**640**	827	**13,102**	14,659
Other debtors	**344**	797	**-**	-
Deferred tax assets (note 19)	**4,222**	2,052	**-**	-
Prepayments and accrued income	**220**	249	**-**	-
	15,376	11,306	**13,102**	14,659
Due within one year	**11,154**	9,254	**13,102**	14,659
Due after more than one year	**4,222**	2,052	**-**	-
	15,376	11,306	**13,102**	14,659

15 Cash and cash equivalents/ bank overdrafts

	2016	2015
	£000	£000
Cash at bank and in hand	**341**	1,834

Notes *(continued)*

16 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Trade creditors	**7,380**	5,038	**-**	-
Amounts owed to group undertakings	**23,845**	24,570	**22,741**	23,836
Taxation and social security	**301**	300	**-**	-
Accruals and deferred income	**6,786**	5,965	**20**	17
Obligations under finance leases and hire purchase contracts	**10**	9	**-**	-
	38,322	35,882	**22,761**	23,853

The amounts owed to group undertakings in the Company are a loan repayable on demand which accrues interest at 2.25% per annum, payable annually.

17 Creditors: amounts falling after more than one year

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Obligations under finance leases and hire purchase contracts	**15**	25	**-**	-
	15	25	**-**	-

18 Other interest-bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £000	Minimum lease payments 2015 £000
Less than one year	**10**	9
Between one and five years	**15**	25
More than five years	**-**	-
	25	34

Notes *(continued)*

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**(2,599)**	(572)	-	-	**(2,599)**	(572)
Unused tax losses	**(1,614)**	(1,471)	-	-	**(1,614)**	(1,471)
Other timing differences	**(9)**	(9)	-	-	**(9)**	(9)
Net tax (assets) / liabilities	**(4,222)**	(2,052)	-	-	**(4,222)**	(2,052)

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £5.5 million *(2015: £5.2million).*

20 Provisions

Group

	Property provision £000
At beginning of year	20
Provisions made during the year	-
Provisions used during the year	(14)
Provisions reversed during the year	(6)
At end of year	-

The provision represented management's best estimate of the unavoidable costs to the company associated with the closure of leased manufacturing sites in Leamington Spa. During the year it was identified that the provision was no longer required following settlement of the balance.

21 Capital and reserves

	2016	2015
	£000	£000
Allotted, called up and fully paid		
2,213,536,205 *(2015: 2,213,536,205)* ordinary shares of £0.01 each	**22,135**	22,135

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium reserve

The reserve records the amount above the nominal value received for shares sold.

Capital redemption reserve

The reserve records the nominal value of shares repurchased by the company.

Notes *(continued)*

22 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£000	£000
Assets measured at amortised cost	**10,934**	9,005
Liabilities measured at amortised cost	**38,011**	35,573

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Less than one year	**762**	698	-	-
Between one and five years	**2,185**	2,173	-	-
More than five years	**1,236**	1,820	-	-
	4,183	4,691	-	-

During the year £698,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2015: £699,000).*

24 Related parties

The Group has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by the Company.

As the Group and Company was a wholly owned subsidiary Senoble International at 31 December 2016, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Senoble International.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £934,000 *(2015: £749,000).*

25 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Senso SAS. The ultimate parent company and controlling party is Seninvest Limited.

The largest and smallest group in which the results of the Company and its group are consolidated is that headed by Seninvest Limited, incorporated in Belgium. The consolidated financial statements of these groups are available to the public and may be obtained from Bastion Tower, Place du Champs de Mars 5, I 050 Bruxelles, Belgium.

Notes *(continued)*

26 Accounting estimates and judgements

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:

Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As a result at the balance sheet date the group has recognised a deferred tax asset of £4.2 million.

Useful lives of property, plant and equipment

Estimated useful economic lives of property, plant and equipment are based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively.

Provision for doubtful debts

At each balance sheet date the company evaluates the collectability of trade receivables and records provisions for doubtful debts based on experience including comparisons of the relative age of accounts and consideration of actual write-off history.

Allowance for inventories written down

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Impairment of assets

In testing for impairment, the recoverable amount of tangible assets is determined by reference to the value in use of the cash generating unit to which they are attributed. In addition the Directors have made certain assumptions concerning discount rates and the future development of the business that are consistent with its corporate plan. Whilst the Directors consider their assumptions to be realistic, should actual results, including those for material price changes, be different from expectations, then it is possible that the value of tangible assets included in the balance sheet could become further impaired. The pre-tax discount rate is derived from management's weighted average cost of capital ("WACC"). In arriving at the discount rate the Directors have applied an adjustment to reflect their view of the relative risk of the Group's operations.

Going concern

See note 1 for management's comments on going concern.