

Company registered no 5957557

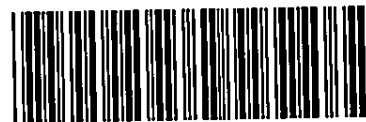
United Biscuits Holdco Limited

Report and Financial Statements

For the 52 Weeks Ended

29 December 2012

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Directors' Report

The directors present their report and the financial statements for the 52 weeks ended 29 December 2012

Directors

The directors who served during the period were

Name

Jeffrey van der Eerns

Susan Furst*

Helen McCarthy**

*Susan Furst resigned as a director on 17 April 2012

** Helen McCarthy was appointed as a director on 17 April 2012

Mark Oldham served as Company Secretary for the Financial Year Ended 29 12 2012

During the period the Company maintained liability insurance for its directors and officers

Principal activity, review of the business and future developments

The principal activity of the Company is to act as an investment holding company for the United Biscuits Group ("Group") No change in this activity is intended

Full details of the performance of the United Biscuits Topco Limited group are set out in the report and financial statements of United Biscuits Topco Limited, copies of which may be obtained from its registered address Hayes Park, Hayes End Road, Middlesex, Hayes, UB4 8EE

Refer to United Biscuits Topco Limited consolidated financial statements for the Key Performance Indicators of the Group

Principal risks and uncertainties

Full details of the principal risks and uncertainties are set out in the report and financial statements of United Biscuits Topco Limited

Financial risk management objectives

Full details of the financial risk management objectives are set out in the report and financial statements of United Biscuits Topco Limited

Results and dividends

The loss for the period is shown in the profit and loss account on page 6 The directors do not recommend a dividend for the period (2011 Nil)

Directors' Report (continued)

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he / she is obliged to take as a director in order to make himself / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board



Helen McCarthy – Director

28 March 2013

Registered Office

Hayes Park
Hayes End Road
Hayes
Middlesex UB4 8EE

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 Company and the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 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.

Independent Auditor's Report to the Members of United Biscuits Holdco Limited

We have audited the financial statements of United Biscuits Holdco Limited for the year ended 29 December 2012, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. 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).

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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 29 December 2012 and of its loss for the year 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.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of United Biscuits Holdco Limited (continued)

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Andrew Walton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

28 March 2013

Profit and Loss Account

For the 52 Weeks ended 29 December 2012

	Notes	2012 £m	2011 £m
Foreign Exchange Loss		(1.7)	(0.7)
Administrative expenses		(2.0)	(2.0)
Net interest income/(expense)	3	0.2	(0.9)
Loss on ordinary activities before taxation	4	(3.5)	(3.6)
Tax on loss on ordinary activities	5	-	-
Loss after tax and for the financial year		(3.5)	(3.6)

All amounts relate to continuing activities

Statement of Total Recognised Gains and Losses

For the 52 Weeks ended 29 December 2012

	Notes	2012 £m	2011 £m
Gain / (Loss) on derivative financial instruments	11	0.9	(1.3)
Loss after tax for the year	11	(3.5)	(3.6)
Total recognised loss for the year		(2.6)	(4.9)

Balance Sheet

As at 29 December 2012

	Notes	2012 £m	2011 £m
Current assets			
Debtors amounts falling due after one year	6	1,383.6	1,309.4
Derivative financial instruments	9	0.1	-
Current assets		1,383.7	1,309.4
Current liabilities			
Creditors amounts falling due within one year	7	(280.5)	(178.5)
Derivative financial instruments	9	(0.2)	(0.9)
Current liabilities		(280.7)	(179.4)
Total assets less current liabilities		1,103.0	1,130.0
Non-current liabilities			
Bank borrowings	8	(631.0)	(697.1)
Amounts due to parent company	8	(510.5)	(468.8)
Net liabilities		(38.5)	(35.9)
Capital and Reserves			
Called up share capital	10	-	-
Hedging reserve	11	(0.0)	(0.9)
Profit and loss account	11	(38.5)	(35.0)
Total shareholder's deficit		(38.5)	(35.9)

Approved by the Board and signed on its behalf on 28 March 2013



Helen McCarthy - Director

1 Accounting Policies

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable UK accounting standards. Group financial statements have also been produced for United Biscuits Holdco Limited as at 29 December 2012.

Going Concern

The Company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

The ultimate UK parent Company has agreed to provide sufficient funds to the company for these purposes. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Any resulting exchange differences are taken to the profit and loss account, except where hedge accounting is applied. Exchange differences on hedged items are taken directly to equity until the hedging instrument is disposed of, at which time they are recognised in the profit and loss account.

Interest income and expense

Interest income and expense is recognised as it accrues.

Borrowings

Borrowings are initially recognised at fair value, which is represented by the amount of net proceeds received including any premium on issue and after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method, that is, finance charges are allocated at a constant rate based on the carrying amount over the term of the instrument.

Taxation

Current taxation for the current and prior periods is provided at the amount expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1 Accounting Policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Derivative financial instruments and hedging

The Company uses interest rate swaps for the purpose of hedging interest rate risk

Derivative financial instruments are carried at fair value. The fair value of interest rate swaps is determined by reference to market values for similar instruments

Hedge accounting is applied where derivative financial instruments are measured to have been highly effective in offsetting the changes in cash flows of the hedged items

Changes in the fair value of derivative financial instruments that are designated as effective as cash flow hedges of interest transactions are recognised in the hedging reserve. Amounts deferred in this way are recognised in the profit and loss account in the same period in which the hedged interest transaction is recognised in the profit and loss account

The Group discontinues cash flow hedges when a forecast transaction is no longer expected to occur and amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the profit and loss account

Where a hedging instrument fails to meet the criteria for hedge accounting, or where a portion of a qualifying hedging relationship is ineffective, the movement in the fair value of the hedging instrument relating to hedge ineffectiveness is recognised in the profit and loss account immediately

Cash flow statement

The Company has not produced a cash flow statement as its ultimate UK parent undertaking, United Biscuits Topco Limited has prepared a consolidated cash flow statement as at 29 December 2012

2 Directors and employees

The remuneration of Jeffrey van der Eems, Helen McCarthy and Susan Furst was paid by United Biscuits (UK) Limited by whom they are employed. The directors received no remuneration in respect of qualifying services to this company

The Company, as an investment holding Company, has no employees

United Biscuits Holdco Limited**Notes to the financial statements****3 Net interest income / (expense)**

	2012	2011
	£m	£m
Interest expense		
Bank credit facility	(33.9)	(37.4)
Interest due to fellow Group company	(41.7)	(38.4)
Interest rate swaps	(1.4)	(1.2)
	<u>(77.0)</u>	<u>(77.0)</u>
Interest receivable from fellow Group company	77.2	76.1
Net interest income/(expense)	0.2	(0.9)

4 Loss on ordinary activities before taxation

The auditor's remuneration is borne by United Biscuits (UK) Limited

5 Tax on loss on ordinary activities

The tax credit on the loss on ordinary activities for the year 2012 is lower than the average rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are reconciled below

	2012	2011
	£m	£m
Tax credit at UK statutory rate of 24.5% (2011-26.5%)	(0.9)	(1.0)
Transfer pricing adjustment	(1.6)	(0.9)
Permanent differences	0.3	1.4
Effect of worldwide debt cap legislation	1.6	-
Group relief claimed for no payment	0.6	0.5
Total tax credit	<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation	(3.5)	(3.6)

6 Debtors : amounts falling due after one year

	2012	2011
	£m	£m
Amounts due from fellow Group companies	1,383.6	1,309.4

United Biscuits Holdco Limited
Notes to the financial statements

7 Creditors: amounts falling due within one year

	2012	2011
	£m	£m
Capex Facility	28 0	-
Interest accrual	1 2	11 4
Amounts due to fellow Group companies	251 3	167 1
	280.5	178.5

8 Creditors: amounts falling due after one year

Borrowings

	2012	2011
	£m	£m
Senior facilities	631 0	697 1
Amounts due to parent company	510 5	468 8
	1,141.5	1,165 9

Senior Facilities
2012

Details of the Senior Facilities amounts outstanding at 29 December 2012 are set out below

Senior Debt	Principal ⁽¹⁾	Margin %	Type	Maturity
	£m			
Term loan B	199 6	LIBOR + 2 25	Bullet	15 December 2014
Term loan B (€)	49 1	EURIBOR + 2 25	Bullet	15 December 2014
Second lien	160 0	LIBOR + 4 0	Bullet	15 June 2016
Mezzanine (1)	222 3	LIBOR + 3 75 + 4 0 PIK	Bullet	15 December 2016
Total term loans	631 0			

(1) Includes rolled up interest where applicable

2011

Details of the Senior Facilities amounts outstanding at 1 January 2012 are set out below

Senior Debt	Principal ⁽¹⁾	Margin %	Type	Maturity
	£m			
Term loan B	199 6	LIBOR + 2 5	Bullet	15 December 2014
Term loan B (€)	99 4	EURIBOR + 2 5	Bullet	15 December 2014
Second lien	160 0	LIBOR + 4 0	Bullet	15 June 2016
Mezzanine (1)	210 1	LIBOR + 3 75 + 4 0 PIK	Bullet	15 December 2016
Capex facility	28 0	LIBOR + 2 0	Instalment	15 December 2013
Total term loans	697.1			

(1) Includes rolled up interest where applicable

United Biscuits Holdco Limited

Notes to the financial statements

8 Creditors: amounts falling due after one year (continued)

Acquisition and Capex facility of £100.0 million

The facility can be used for financing capital expenditure, acquisitions which are permitted under the Senior facilities agreements, including refinancing any indebtedness acquired therewith, joint ventures which are permitted under the Senior facilities agreements and restructuring costs. On 15 June 2010 the Group drew down the full amount of the facility. Once drawn, the £100.0 million became repayable in seven equal instalments, at 6 monthly intervals, commencing on 15 December 2010 and ending on 15 December 2013. During the year ended 29 December 2012 the Group made no repayment against this facility (2011: £29 million repaid). As at 29 December 2012 £28.0 million (2011: £28 million) of the facility was outstanding as the first five instalments totalling £71.4 million and £0.6 million of the sixth instalment have been prepaid.

Revolving facility of £50.0 million

The facility can be used to finance working capital requirements, general corporate purposes of the Group, to refinance working capital indebtedness of the Group and to pay fees, costs and expenses associated with the aforementioned. The facility allows for revolving advances, the provision of ancillary facilities to cover the day to day banking requirements of subsidiary companies, and the issuance of letters of credit and bank guarantees up to an aggregate amount of £50.0 million outstanding at any time. Each advance made under the revolving facility must be repaid on the last day of the interest period relating to it, although amounts are available to be re-borrowed, subject to the maximum limit available under the facility. The facility is available until 15 December 2013.

At 29 December 2012 an amount of £8.4 million (2011: £8.4 million) had been drawn down as ancillary facilities under the revolving facility to cover day to day requirements of the UK business, £7.3 million (2011: £7.3 million) of this being for the provision of two overdraft facilities and £1.1 million (2011: £1.1 million) for of a bank guarantee. There were no drawings under any of the overdraft facilities at 29 December 2012 (2011: £nil).

The Senior Facility is secured by fixed and floating charges over all the assets of United Biscuits Holdco Limited and certain of its subsidiaries. In addition, those companies have pledged their shares to the lenders and have guaranteed the debt.

The Senior Facilities require the Company and its subsidiaries to comply with certain financial and non-financial covenants. The financial covenants include limitations on capital expenditure and require the maintenance of certain minimum ratios of earnings before interest, taxes, depreciation and amortisation to interest payable, leverage and cash flows to total funding costs.

Maturities of borrowings

	Senior facilities 2012 £m	Senior facilities 2011 £m
Between 1 and 2 years	248.7	28.0
Between 2 years but not more than 5 years	382.3	669.1
More than 5 years	-	-
	631.0	697.1

United Biscuits Holdco Limited
Notes to the financial statements

8 Creditors: amounts falling due after one year (continued)

Amount due to parent company

At 29th December 2012, amounts due to the Company's parent, United Biscuits VLNco Limited, were as follows

	Loan £m	Accrued Interest £m	Total £m
Loan from United Biscuits VLNco Limited	508.9	1.6	510.5

The loan from United Biscuits VLNco Limited is represented by

- £230.4 million loan which bears interest at the rate of 10.0% per annum compounded annually in arrears on 15 December each year, commencing on 15 December 2007, and
- £278.5 million loan which bears interest at the rate of 8.1% per annum compounded annually in arrears on 15 December each year, commencing on 15 December 2007

9 Derivative financial instruments

The Company's principal financial instruments, other than interest rate swaps, comprise bank loans and loans from parent company. The main purpose of these financial instruments is to raise finance for the Company and its subsidiaries operations.

The Company has entered into interest rate swaps, with high credit quality institutions, to manage interest rate risk. The Company's interest rate risk arises through the interest cash flow risk from borrowing at variable rates. Interest rate swaps have been used to convert a proportion of borrowings from floating rate debt to fixed rate debt.

Where a hedging instrument fails to meet the criteria for hedge accounting, or where a portion of a qualifying hedging relationship is ineffective, the movement in the fair value of the hedging instrument relating to hedge ineffectiveness is recognised in the profit and loss account immediately.

2012

Interest rate risk and currency of borrowings

	Gross borrowings at floating rate £m	Gross borrowings at fixed rates £m	Total Gross borrowings £m
<i>Third party borrowings</i>			
Sterling	609.9	-	609.9
Euro	49.1	-	49.1
<i>Loan from parent</i>	-		
Sterling	-	510.5	510.5
At 29 December 2012	659.0	510.5	1,169.5

2011

	Gross borrowings at floating rate £m	Gross borrowings at fixed rates £m	Total Gross borrowings £m
<i>Third party borrowings</i>			
Sterling	597.7	-	597.7
Euro	99.4	-	99.4
<i>Loan from parent</i>	-		
Sterling	-	468.8	468.8
At 31 December 2011	697.1	468.8	1,165.9

9 Derivative financial instruments (continued)

The Company has the following interest rate swaps in place, which will expire on 24 January 2013

2012	Interest rate Swaps £m	Swap rate %
<i>Third party borrowings</i>		
Sterling	290.0	1.025
Euro	48.8	0.970
	338.8	

2011	Interest rate Swaps £m	Swap rate %
<i>Third party borrowings</i>		
Sterling	290.0	1.025
Euro	50.1	1.600
	340.1	

2012

Fair Values

	Carrying value at 29 December 2012 £m	Fair value at 29 December 2012 £m
Current derivative assets		
<i>Cash flow hedges</i>		
Interest rate swaps	0.1	0.1
Financial liabilities		
Loans and borrowings	659.0	659.0
Amounts due to parent company	510.5	510.5
Current derivative liabilities		
<i>Cash flow hedges</i>		
Interest rate swaps	(0.2)	(0.2)

The fair values of debt are based on market values where available. Where market values are not available they have been calculated by discounting cash flows at prevailing interest and exchange rates.

Gains and losses on financial instruments used for hedging interest rate exposure are not recognised until the exposure that is being hedged is itself recognised.

United Biscuits Holdco Limited

Notes to the financial statements

9 Derivative financial instruments (continued)**2011**

	Carrying value at 1 January 2012 £m	Fair value at 1 January 2012 £m
Current derivative assets		
<i>Cash flow hedges</i>		
Interest rate swaps	-	-
Financial liabilities		
Loans and borrowings	697.1	697.1
Amounts due to parent company	468.8	468.8
Current derivative liabilities		
<i>Cash flow hedges</i>		
Interest rate swaps	(0.9)	(0.9)

10 Share capital**Share Capital**

	Ordinary Shares Number	Ordinary Shares ⁽¹⁾ £m
Authorised		
At 29 December 2012 and 31 December 2011	<u>100</u>	<u>-</u>
Issued, called-up and fully paid		
At 29 December 2012 and 31 December 2011	<u>2</u>	<u>-</u>

¹ Represents authorised, issued, called up and fully paid Ordinary Share of £1 each

11 Reconciliation of Shareholder's funds

	Hedging Reserve £m	Retained Earnings £m	Total £m
Balance at 1 January 2011	0.4	(31.4)	(31.0)
Total recognised income / (expense) for the period	(1.3)	(3.6)	(4.9)
Balance at 31 December 2011	(0.9)	(35.0)	(35.9)
Balance at 31 December 2011	(0.9)	(35.0)	(35.9)
Total recognised gain/ (expense) for the period	0.9	(3.5)	(2.6)
Balance at 29 December 2012	-	(38.5)	(38.5)

12 Inter-group cross-guarantee

The Company, together with certain of its subsidiary undertakings, has cross-guaranteed the Company's Senior and Second Lien facility and Mezzanine facility, which are held by the Company and certain of its subsidiary undertakings. The total amount outstanding under these facilities as at 29 December 2012 was £1,221.5m.

13 Related party transactions

The Company has taken advantage of the exemptions set out in the Financial Reporting Standard 8, "Related Party Transactions" not to disclose transactions with entities that are part of the United Biscuits Topco Limited group, on the grounds that consolidated financial statements are publicly available. All entities party to the transactions are wholly owned by United Biscuits Topco Ltd.

14 Ultimate parent company

The Company's ultimate U.K. parent undertaking is United Biscuits Topco Limited which has included the Company in its consolidated financial statements, copies of which may be obtained from its registered address:

Hayes Park
Hayes End Road
Hayes
Middlesex UB4 8EE

In the directors' opinion the Company's ultimate parent undertaking is United Biscuits Luxco S.C.A., which is incorporated in Luxembourg.