

Bart Spices Holdings Limited
Annual report and financial statements
Registered number 07116532
31 March 2015

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Company information

Directors

DJ Collard
AC Sills
K Crossley (appointed 15 July 2014)
AEB Wiegman (appointed 15 July 2014)
O Wyncoll (resigned 15 July 2014)

Secretary

K Crossley

Registered office

Charles House
5-11 Regent Street
London
SW1Y 4LR

Auditor

KPMG LLP
100 Temple Street
Bristol
BS1 6AG

Bankers

Santander Plc
3rd Floor, One Glass Wharf
Avon Street
Bristol
BS2 0EL

Solicitors

TLT LLP
1 Redcliff Street
Bristol
BS1 6TP

Strategic Report

Principal activities

The principal activity of the Company during the year was of an investment holding company.

Risk analysis

The Directors have reviewed the investments of Bart Spices Holdings Limited and carried out a risk assessment based on cash flow, legislation, price and liquidity and are satisfied with the investment risk.

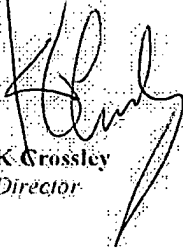
The Company funds its business model using a combination of internally generated cash, an invoice discounting facility and term loans (held in the holding company) under an agreement with its bank. In May 2015, the Company agreed a standstill arrangement with the bank, as there was in breach of certain covenant metrics in respect of the financing facilities as at 31 March 2015. This standstill arrangement resulted in the bank agreeing not to enforce the terms of the facility agreement in respect of the repayments of capital for a period of one year. To further strengthen the Company's financial position, a cash injection of £1.0 million was made by the ultimate controlling party as a condition precedent to this agreement. Further information on this agreement is provided in Note 1 of the Notes to the Financial Statements.

The Company has £12.2 million (2014: £12.2 million) of loan notes payable (in principal) which on 27 February 2014 were listed on the Channel Islands Securities exchange. The loan notes principals are split into two, one of £11,915,000 and one of £285,000, with these tranches listed separately. The interest posted to the profit and loss account is a non-cash transaction and the investment in the Company is supported by the ongoing profitability of its trading subsidiary, The Bart Ingredients Co Ltd.

Based upon the trading position of the underlying investment a £3.5 million impairment was required to the investment value of Seebeck 30 Limited, which was determined by considering the value of the underlying business against the Investment held, using an EBITDA multiple calculation.

The shareholder deficit of £8.0 million (2014: £2.2 million) is due to interest on the investment loan notes, and the impairment of the investment balance, which is non cash and therefore carries acceptable risk.

By order of the Board



K Crossley
Director

Charles House
5-11 Regent Street
London
SW1Y 4LR

18 December 2015

Director's Report

The directors present their Directors' Report and financial statements for the year ended 31 March 2015.

Dividends

No dividends have been paid or are proposed for the year (2014: £nil).

Political contributions

The Company made no political contributions during the year (2014: £nil).

Directors

The directors who have served during the year and subsequently are as follows:

DJ Collard
AC Sills
K Crossley (appointed 15 July 2014)
AEB Wiegman (appointed 15 July 2014)
O Wyncoll (resigned 15 July 2014)

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the Board



K Crossley
Director

Charles House
5-11 Regent Street
London
SW1Y 4LR

18 December 2015

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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Bart Spices Holdings Limited

We have audited the financial statements of Bart Spices Holdings Limited for the year ended 31 March 2015 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

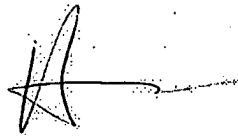
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Bart Spices Holdings 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.



Nicholas Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

18 December 2015

Profit and Loss Account
for the year ended 31 March 2015

	<i>Note</i>	2015 £000	2014 £000
Administrative expenses		(3,522)	(3)
		<u>(3,522)</u>	<u>(3)</u>
Exceptional expenses	3	-	(86)
		<u>-</u>	<u>(86)</u>
Operating loss		(3,522)	(89)
Interest payable and similar charges	4	(2,248)	(1,960)
		<u>(2,248)</u>	<u>(1,960)</u>
Loss on ordinary activities before taxation	2	(5,770)	(2,049)
Tax on loss on ordinary activities	5	-	99
		<u>-</u>	<u>99</u>
Loss for the year		(5,770)	(1,950)
		<u><u>(5,770)</u></u>	<u><u>(1,950)</u></u>

Turnover and operating loss derive from continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet
at 31 March 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	6	11,382	14,882
		<u>11,382</u>	<u>14,882</u>
Current assets:			
Cash	1	1	
		<u>1</u>	<u></u>
Creditors: amounts falling due within one year	7	(3,409)	(2,849)
		<u>(3,409)</u>	<u>(2,849)</u>
Net current liabilities		(3,408)	(2,849)
Total assets less current liabilities		7,974	12,033
Creditors: amounts falling due after one year	8	(15,990)	(14,279)
		<u>(15,990)</u>	<u>(14,279)</u>
Net liabilities		(8,016)	(2,246)
Capital and reserves:			
Called up share capital	10	86	86
Share premium	11	6,096	6,096
Profit and loss account	11	(14,198)	(8,428)
		<u>(8,016)</u>	<u>(2,246)</u>
Shareholders' deficit	11	(8,016)	(2,246)

The notes on pages 9 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 18 December 2015 and were signed on its behalf by:


K. Crossley
Director

Company registered number: 07116532

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Bart Spices Group Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The financial statements for the company are drawn up to the nearest Sunday to 31 March which was 29 March 2015.

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Company is party to a group facilities agreement with its banks dated 31 March 2015 which provides term facilities to the Company and an invoice discounting facility ("IDF") to a subsidiary company, Bart Ingredients Co. Limited ("BICL"). As of the balance sheet date there was in breach of certain of the covenant metrics in respect of these facilities.

On 13 May 2015 the Company and BICL agreed a standstill arrangement ("Standstill Agreement") whereby the bank waived all rights to demand repayment as a result of existing breaches and agreed not to enforce the terms of the facilities agreement in respect of the repayment of capital, or compliance with covenants, for a period of one year from the date of the Standstill Agreement ("the standstill period"). A cash injection of £1.0 million was made by way of Priority Loan Notes as a condition precedent to this agreement (see note 14). As part of the Standstill Agreement, the parties undertook to renegotiate the relevant covenant metrics prior to the end of the standstill period. To the extent not renegotiated, on expiry of the standstill period the terms and conditions of the existing facilities agreement will apply.

The effect of the covenant breach (see note 8) is to classify all facilities as current liabilities. However the Standstill Agreement waived this breach at the balance sheet date and all covenant testing until 13 May 2016. The Company has complied with the terms of the standstill agreement and as such expect the facilities to be repaid under their normal terms as set out in note 8.

Further to the Standstill Agreement, the Company has received an undertaking from its bank that it expects to reset the financial covenants relating to the facilities at an appropriate level such that, on the basis of the directors' forecasts, the Company will be able to operate within the conditions of the facility for a period of twelve months from the date of approval of these financial statements. The directors are confident that the covenants will be successfully renegotiated prior to 14 May 2016 and, accordingly, the directors have prepared the accounts on a going concern basis.

Investments

Investments are stated at cost less any provision made for any impairment in value.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Debt financing

Fees on the issue of debt have been deducted from the gross proceeds of the issue and together with the finance costs are allocated to the profit and loss account over the life of the debt.

2 Notes to the profit and loss account

Auditor's remuneration was borne by another group company in respect of the current period.

Fees paid to the company's auditors KPMG LLP and their associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's ultimate parent, Bart Spices Group Holdings Limited are required to disclose non-audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of the current period.

Impairment to the investment value of £3,500,000 was also recognised in the year (2014: £nil); see note 6.

3 Exceptional expenses

There were no exceptional expenses in the year (2014: £86,000 consisting of legal fees related to the transfer and listing of loan notes).

4 Interest payable and similar charges

	2015 £000	2014 £000
Bank interest	138	96
Loan note interest	2,110	1,864
	<u>2,248</u>	<u>1,960</u>

Notes (continued)

5 Tax on loss on ordinary activities

Analysis of credit in year

	2015 £000	2014 £000
UK corporation tax	-	(99)
Deferred taxation	-	-
	<u>-</u>	<u>(99)</u>

Factors affecting current tax credit for year

The current tax credit for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(5,770)	(2,049)
Current tax at 21% (2014: 21%)	<u>(1,212)</u>	<u>(471)</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	450	370
Adjustment in respect of previous years	-	-
Unrelieved tax losses	27	-
Impairment of investment	735	-
Timing Differences	-	2
Total current tax credit (see above)	<u>-</u>	<u>(99)</u>

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2014) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2014. This will reduce the company's future current tax charge accordingly. The deferred tax balance at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

6 Investments

	Subsidiary undertakings £000
Cost	
At beginning and end of year	14,882
Provisions	
At beginning of year	-
Impairment losses	(3,500)
At end of year	(3,500)
Net book value	
At 31 March 2015	11,382
At 31 March 2014	14,882

The Company owns 100% of the ordinary share capital of Seebeck 30 Limited an investment holding company that owns 100% of the ordinary share capital of The Bart Ingredients Co. Limited, a company whose principal activity is the supply and manufacture of food ingredients. Following an impairment review conducted by management during the year, under FRS11, an impairment of £3,500,000 was booked. The impairment was determined by considering the value that the underlying business against the investment held, using an EBITDA multiple calculation.

7 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank loans	1,536	326
Amounts owed to Group undertakings	1,873	2,523
	<u>3,409</u>	<u>2,849</u>

8 Creditors: amounts falling due after one year

	2015 £000	2014 £000
Bank loans	-	430
Loan notes (see note 9)	15,990	13,849
	<u>15,990</u>	<u>14,279</u>

Bank loans include a term loan of £783,000 that is repayable on a quarterly basis at £13,725 per quarter and which attracts interest at LIBOR plus 2% and an acquisition loan of £760,000 that is repayable on a quarterly basis at £57,821 per quarter and which attracts interest at LIBOR plus 3.5%. The total balance of £1,536,000 includes unamortised arrangement fees of £7,000 and amounts repayable after five years of £nil.

The bank loans are secured by way of a debenture over the assets of The Bart Ingredients Co. Limited and a first fixed charge over the freehold and leasehold property of The Bart Ingredients Co. Limited. All bank debt has been classified as due within one year as a consequence of the breach in certain covenant metrics at year end, but no amounts have been called in by the banks since this breach (see note 1).

The loan notes attract interest at 15% per annum and are repayable in 2021. The balance of £15,990,000 includes rolled up interest of £3,975,000 and unamortised arrangement fees of £185,000.

The Company has not entered into any interest swap transaction within the year.

Notes (continued)

9. Related party transactions:

Loan notes totalling £12,200,000 were issued on 5 May 2010 at an interest rate of 15% per annum. On 25 March 2014, the loan notes were restructured and the interest accrued up to that date was converted into equity. The loan notes began attracting interest at 15% per annum again from 26 March 2014.

At the year end, the loan note obligations were as follows:

	2015			2014		
	Loan principal £000	Rolled-up Interest £000	Total £000	Loan principal £000	Rolled-up Interest £000	Total £000
Bart Spices Group Holdings	9,360	3,050	12,410	9,360	1,431	10,791
Langholm Capital Nominees Limited	2,699	878	3,577	2,699	412	3,111
Langholm Capital CIP Nominees Limited	27	9	36	27	4	31
S Esom	47	15	62	47	7	54
D Collard	14	5	19	14	2	16
K Crossley	14	5	19	14	2	16
K Campbell	13	5	18	13	2	15
J Dorman	13	4	17	13	2	15
J Peat	13	4	17	13	2	15
	<u>12,200</u>	<u>3,975</u>	<u>16,175</u>	<u>12,200</u>	<u>1,864</u>	<u>14,064</u>

Loan notes of £12,200,000 are listed on the Channel Islands Securities Exchange.

10. Called up share capital

	2015 £000	2014 £000
<i>Alotted, called up and fully paid</i>		
85,859 ordinary share of £1 each	<u>86</u>	<u>86</u>

Notes (continued)

11 Reconciliation of movements in shareholders' funds

	Share capital	Share Premium	Profit and loss account	Total
	£000	£000	£000	£000
Opening shareholders' funds	86	6,096	(8,428)	(2,246)
Loss for the financial year	-	-	(5,770)	(5,770)
Closing shareholders' funds	86	6,096	(14,198)	(8,016)

12 Contingent liabilities

The company is included within the group VAT registration scheme, which incorporates the ultimate and intermediate parent companies and the company's subsidiary. As such, the company is jointly and severally liable for the amounts owed by the other companies at the balance sheet date. At 31 March 2015, this was in a receivable position (2014: receivable); and as such no contingent liability existed.

13 Parent company and ultimate controlling party

The Company's immediate and ultimate parent undertaking is Bart Spices Group Holdings Limited. The largest and smallest group in which the results of the Company are consolidated is that headed by Bart Spices Group Holdings Limited. The consolidated accounts of this company are available to the public and can be obtained from York Road, Bedminster, Bristol, BS3 4AD.

The ultimate controlling party is Langholm Capital Nominees Limited by virtue of its majority shareholding in Bart Spices Group Holdings Limited.

14 Post Balance Sheet Events

As a condition precedent in the Standstill Agreement (see note 1) a cash injection of £1.0 million was made into the Company by way of Priority Loan Notes; £990,000 of which were subscribed to by Langholm Capital Nominees Limited and £10,000 by Langholm Capital CIP Nominees Limited.