

Glanbia (UK) Limited
Directors' report and financial statements
Registered number: 03263437
29 December 2018



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Company information

| | |
|----------------------------|---|
| Directors | M Garvey N O'Dwyer |
| Company secretary | N O'Dwyer |
| Registered number | 03263437 |
| Registered office | One Victoria Square Birmingham B1 1BD United Kingdom |
| Independent auditor | Deloitte Ireland LLP Chartered Accountants & Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland |
| Solicitors | Pinsent Masons 55 Colmore Row Birmingham B3 2FG United Kingdom |

Strategic report

The Directors present their strategic report for the financial year ended 29 December 2018.

Business review

The Directors consider the results for the financial year and the year end position to be satisfactory given the nature of the Company's activity as a holding company.

The Directors expect that the Company will continue to be principally engaged in the holding of investments of the Glanbia plc Group in the United Kingdom for the foreseeable future.

The Directors have considered the current and anticipated future financial position of the Company and expected cash flows over the coming 12 months. Although the Company shows a net current liability position, mainly due to the classification of the redeemable ordinary shares held by Glanbia Foods B.V., it is expected that neither the Company nor the holder will require these shares to be redeemed in the next twelve months. The Directors are satisfied that the Company has sufficient reserves to meet the expected costs of the Company over the next 12 months. In the unlikely event that the redeemable ordinary shares are required to be redeemed within the next 12 months, the Company expects that it could obtain sufficient cash from dividend income from its financial fixed assets and, if required, the Company could also avail of support from its parent entity to ensure that its liabilities are met. Accordingly the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

Parent society

The Company regards Glanbia plc, a company incorporated in Ireland, as its holding company, the ultimate parent society being Glanbia Co-operative Society Limited which is also incorporated in Ireland.

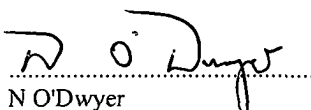
Principal risks and uncertainties

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The performance of the Company may also be affected by general economic conditions.

The principal risk affecting the Company is a potential decline in the carrying value of its investment in financial assets.

The Company has a long and successful track record of managing these risks. The Directors are confident that they are capable of dealing with any issues that may arise.

This report was approved by the board on 1 August 2019 and signed on its behalf.


.....
N O'Dwyer
Director

Directors' report

The Directors present their report and the financial statements for the financial year ended 29 December 2018.

Directors' Responsibilities Statement

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 the Directors have elected to prepare the financial statements in accordance with applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 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; and
- prepare the financial statements on a 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.

Principal activity

The Company is principally engaged in the holding of investments of the Glanbia plc group in the United Kingdom.

Results and dividends

The loss for the financial year, after taxation, amounted to £948,244 (2017: profit of £16,051,734).

The Directors do not recommend the payment of a dividend (2017: £nil).

Directors

The Directors who served during the financial year were:

M Garvey

N O'Dwyer

K Burn (resigned 30 January 2018)

Directors' interests

The Directors do not hold any beneficial interest (as defined by the Companies Act 2006) in the shares of the Company at the beginning or end of the financial year. In accordance with the Companies (Disclosure of Directors Interests) (Exceptions) Regulations 2006, as the Company is a wholly owned subsidiary of Glanbia plc, a body incorporated outside Great Britain, no directors' interests in that company are required to be disclosed.

Future developments

The Directors expect that the Company will continue to be principally engaged in the holding of investments of the Glanbia plc group in the United Kingdom for the foreseeable future.

Directors' report (continued)

Disclosure of information to auditors

In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Books of account

The Company's Directors are aware of their responsibilities, under section 386 of the Companies Act 2006, to maintain proper books of account and are discharging their responsibilities by using systems and procedures appropriate to the business and by employing qualified and experienced staff.

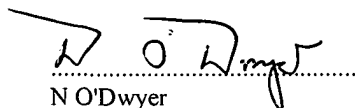
Post balance sheet events

On 21 January 2019, the Company purchased shares in KSF Acquisition UK Limited from the Glanbia US Group for a cash consideration of £8,029,356. There are no further significant events which require disclosure since the financial year end.

Auditor

A resolution of the shareholders has been passed to dispense with the appointment of an auditor annually. Deloitte Ireland LLP will therefore continue as auditor to the Company.

This report was approved by the board and signed on its behalf.



N O'Dwyer
Director

Date: 1 August 2019

Independent auditor's report to the members of Glanbia (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Glanbia (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income statement;
- the Statement of other comprehensive income;
- the Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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Independent auditor's report to the members of Glanbia (UK) Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or directors' report.

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Independent auditor's report to the members of Glanbia (UK) Limited

Matters on which we are required to report by exception

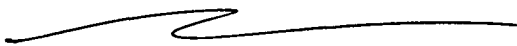
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Ann McGonagle (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 7 August 2019

Income statement

for financial year ended 29 December 2018

| | Note | 2018 £ | 2017 £ |
|---|----------|-------------------------|--------------------------|
| Administrative (expenses)/income | | <u>(32,273)</u> | <u>1,942,923</u> |
| Operating (loss)/profit | 2 | (32,273) | 1,942,923 |
| Income from shares in group undertakings | 5 | - | 15,000,000 |
| Interest payable and similar charges | 6 | <u>(915,971)</u> | <u>(891,189)</u> |
| (Loss)/profit before tax | | (948,244) | 16,051,734 |
| Tax on profit on ordinary activities | 7 | <u>-</u> | <u>-</u> |
| (Loss)/profit for the financial year | | <u>(948,244)</u> | <u>16,051,734</u> |

The income statement has been prepared on the basis that all operations relate to continuing operations.

The notes on pages 12 to 18 form part of these financial statements.

Statement of other comprehensive income
for financial year ended 29 December 2018

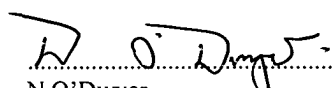
| | 2018 | 2017 |
|---|-------------------------|--------------------------|
| | £ | £ |
| (Loss)/profit for the financial year | <u>(948,244)</u> | <u>16,051,734</u> |
| Other comprehensive income: | | |
| Other comprehensive income for the financial year | <u>-</u> | <u>-</u> |
| Other comprehensive income for the financial year, net of income tax | <u>-</u> | <u>-</u> |
| Total comprehensive (loss)/ income for the financial year | <u>(948,244)</u> | <u>16,051,734</u> |

The notes on pages 12 to 18 form part of these financial statements.

Balance sheet
at 29 December 2018

| | | 2018 | 2017 |
|--|------|----------------------|----------------------|
| | Note | £ | £ |
| Fixed assets | | | |
| Financial fixed assets | 8 | <u>228,566,458</u> | <u>228,566,458</u> |
| | | <u>228,566,458</u> | <u>228,566,458</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | <u>2,983</u> | <u>6,997</u> |
| | | 2,983 | 6,997 |
| Creditors: amounts falling due within one year | 10 | <u>(178,036,917)</u> | <u>(177,092,687)</u> |
| Net current liabilities | | <u>(178,033,934)</u> | <u>(177,085,690)</u> |
| Total assets less current liabilities | | 50,532,524 | 51,480,768 |
| Creditors: amounts falling due after one year | 11 | <u>(18,151,956)</u> | <u>(18,151,956)</u> |
| Net assets | | <u>32,380,568</u> | <u>33,328,812</u> |
| Capital and reserves | | | |
| Called up share capital presented as equity | 12 | 100,000 | 100,000 |
| Profit and loss account | | <u>32,280,568</u> | <u>33,228,812</u> |
| Shareholder's equity | | <u>32,380,568</u> | <u>33,228,812</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf.


 N O'Dwyer
 Director
 Date: 1 August 2019

The notes on pages 12 to 18 form part of these financial statements.

Statement of changes in equity
for financial year ended 29 December 2018

| | Called up share capital | Other reserve | Profit and loss account | Total equity |
|---|--|--------------------------|--|-------------------------|
| | £ | £ | £ | £ |
| Balance at 31 December 2016 | 14,095,184 | 224,582 | 2,957,312 | 17,277,078 |
| Total comprehensive income for the financial year | | | | |
| Profit for the financial year | - | - | 16,051,734 | 16,051,734 |
| Total comprehensive income for the financial year | - | - | 16,051,734 | 16,051,734 |
| Transactions with owners, recorded directly in equity: | | | | |
| Capitalisation of other reserve (note 12) | 224,582 | (224,582) | - | - |
| Cancellation of ordinary share capital (note 12) | (14,219,766) | - | 14,219,766 | - |
| Total contributions by and distributions to owners | (13,995,184) | (224,582) | 14,219,766 | - |
| Balance at 30 December 2017 | 100,000 | - | 33,228,812 | 33,328,812 |
| Total comprehensive loss for the financial year: | | | | |
| Loss for the financial year | - | - | (948,244) | (948,244) |
| Total comprehensive loss for the financial year | - | - | (948,244) | (948,244) |
| Balance at 29 December 2018 | 100,000 | - | 32,280,568 | 32,380,568 |

Notes to the financial statements

1. Accounting policies

1.1. Basis of preparation

Glanbia (UK) Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The address of its registered office is One Victoria Square, Birmingham B1 1BD.

These financial statements are prepared for the 52-week period ended 29 December 2018. Comparatives are for the 52-week period ended 30 December 2017. The balance sheets for 2018 and 2017 have been drawn up as at 29 December 2018 and 30 December 2017 respectively.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the following disclosure exemptions under FRS 101, where applicable:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Glanbia plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures, where applicable:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

The financial statements have been prepared in pound sterling ("£"), which is the Company's functional currency.

1.2. Financial fixed assets

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment. Dividend income from investments in joint ventures is recognised in profit or loss when the right to receive the dividend is established.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.3. Going concern

The Directors have considered the current and anticipated future financial position of the Company and expected cash flows over the coming 12 months. Although the Company shows a net current liability position, mainly due to the classification of the redeemable ordinary shares held by Glanbia Foods B.V., it is expected that neither the Company nor the holder will require these shares to be redeemed in the next twelve months. The Directors are satisfied that the Company has sufficient reserves to meet the expected costs of the Company over the next 12 months. In the unlikely event that the redeemable ordinary shares are required to be redeemed within the next 12 months, the Company expects that it could obtain sufficient cash from dividend income from its financial fixed assets and, if required, the Company could also avail of support from its parent entity to ensure that its liabilities are met. Accordingly the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

1.4. Impairment of financial assets

Financial assets are measured at cost less impairment. 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. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6. Cash at bank and in hand

Cash includes cash, in any currency, in hand or deposited with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature within three months, or that are readily convertible to known amounts of cash within three business days without significant penalty or risk of change in value.

1.7. Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.8. Interest payable and similar charges

Interest payable and similar charges include, where applicable, interest payable recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

1.9. Current and deferred taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Changes to the UK corporation tax rates were enacted as part of Finance (No.2) Act 2015 on 18 November 2015 and Finance Act 2016 on 15 September 2016. These include reductions to the main corporation tax rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

(i) Current tax

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Company balance sheet date in countries where the Company operates and generates taxable income, taking into account adjustments relating to prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.9. Current and deferred taxation (continued)

(ii) Deferred tax

Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.10. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are further discussed in note 15.

2. Operating (loss)/profit

| | 2018 £ | 2017 £ |
|---|----------------|------------------|
| The operating (loss)/profit is stated after (charging)/crediting: | | |
| Audit fees payable to the Company's auditor | (5,863) | (4,621) |
| Profit from sale of Glanbia Feedstuffs Limited | - | 1,967,000 |
| | <u>(5,863)</u> | <u>1,962,379</u> |

3. Employees

The Company had no employees in 2018 (2017: nil).

4. Directors' remuneration

The Directors including their connected persons are not paid any remuneration in respect of the provision of their services as Directors of the Company.

5. Income from shares in group undertakings

| | 2018 £ | 2017 £ |
|---|-----------|-------------------|
| Income from investments in Group companies (note (a)) | - | 15,000,000 |
| | <u>-</u> | <u>15,000,000</u> |

Note (a)

In October 2017 the Company received an interim dividend of £15,000,000 from Glanbia Performance Nutrition (UK) Limited.

Notes to the financial statements (continued)

6. Interest payable and similar charges

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Interest payable on loans from Group undertakings | <u>915,971</u> | <u>891,189</u> |
| | <u>915,971</u> | <u>891,189</u> |

7. Taxation

| | 2018 £ | 2017 £ |
|--------------------|-----------|-----------|
| Current tax | <u>-</u> | <u>-</u> |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax | <u>-</u> | <u>-</u> |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on profit | <u>-</u> | <u>-</u> |

Factors affecting tax charge for the financial year

The tax charge for the financial year is different than (2017: different than) the tax charge that would result from applying the standard rate of UK corporation tax to the profit before taxation. The UK corporation tax rate is 19% (2017: 19.25%). The differences are explained below;

| | 2018 £ | 2017 £ |
|--|-----------|-------------|
| (Loss)/profit before tax | (948,244) | 16,051,734 |
| (Loss)/Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%) | (180,166) | 3,089,959 |
| Effects of: | | |
| Income not subject to taxation | - | (3,266,148) |
| Transfer pricing adjustments | (75,021) | (105,274) |
| Group relief surrendered | 259,937 | 281,391 |
| Other reconciling difference | (4,750) | 72 |
| Total tax on profit for the financial year | <u>-</u> | <u>-</u> |

At 29 December 2018 the Company had unprovided deferred tax assets of £1,629,709 (2017: £1,821,440). There was insufficient evidence that this asset would be recoverable in future years.

Factors that may affect future tax charges

The total tax charge in future periods will be affected by any changes to the applicable UK tax rates and other relevant changes in tax legislation. The tax charge for the year has been increased by £259,937 (2017: £281,391) because of tax losses surrendered by the Company to fellow subsidiary undertakings. No payment for this surrender is to be made to the Company.

Notes to the financial statements (continued)

8. Financial fixed assets

| | Investments in subsidiary companies £ | Total £ |
|----------------------------|--|--------------------|
| Cost | | |
| At 31 December 2017 | 228,566,458 | 228,566,458 |
| At 29 December 2018 | 228,566,458 | 228,566,458 |
| Carrying amount | | |
| At 31 December 2017 | 228,566,458 | 228,566,458 |
| At 29 December 2018 | 228,566,458 | 228,566,458 |

In the opinion of the Directors the value to the Company of its investment in unlisted Group undertakings is not less than the aggregate amount at which it is stated in the financial statements.

Subsidiary undertakings

The following are subsidiary undertakings of the Company:

| Name | Registered office | Country of incorporation | Class of shares | Holding | Principal activity |
|---|--|-----------------------------|--------------------|---------|----------------------------|
| Glanbia Investments (UK) Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Investment holding company |
| Glanbia Performance Nutrition (UK) Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Nutritional products |
| Glanbia Performance Nutrition (UK Sales Division) Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Sales and distribution |
| Barretts & Baird (Wholesale) Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Inactive |
| Glanbia Consumer Meats Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Inactive |
| Glanbia Dormant Number 4 Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Inactive |
| Glanbia Fresh Meats (Gainsborough) Limited | C/o Pinsent Masons LLP, 13 Queens Road, Aberdeen, Scotland, AB15 4YL | United Kingdom | Ordinary | 100% | Inactive |
| Glanbia Securities (UK) Limited | One Victoria Square, Birmingham, B1 1BD | United Kingdom | Ordinary | 100% | Inactive |
| Optimum Nutrition EMEA Limited | C/o Pinsent Masons LLP, 13 Queens Road, Aberdeen, Scotland, AB15 4YL | United Kingdom | Ordinary | 100% | Inactive |

9. Debtors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|--------------|--------------|
| Amounts owed by Group undertakings | 140 | 4,764 |
| Prepayments and accrued income | 2,843 | 2,233 |
| | 2,983 | 6,997 |

Notes to the financial statements (continued)

10. Creditors: amounts falling due within one year

| | 2018 | 2017 |
|---|--------------------|--------------------|
| | £ | £ |
| Amounts owed to Group undertakings (a) | 42,518,924 | 42,675,986 |
| Trade and other creditors | 850 | - |
| Accruals and deferred income | 43,541 | 104,675 |
| Bank overdraft | 5,988,602 | 4,827,026 |
| Redeemable ordinary shares issued to Glanbia Foods B.V. (note 12) | <u>129,485,000</u> | <u>129,485,000</u> |
| | <u>178,036,917</u> | <u>177,092,687</u> |

Note (a): included in the amounts owed to Group undertakings is an interest bearing loan of £15,000,000 (2017: £15,000,000 advanced to the Company by Waterford Foods International Limited, a Group company registered in England and Wales. The interest rate applying to the loan from 17 December 2018 is 3.16% (2017: 2.76% from 15 December 2017).

11. Creditors: amounts falling due after one year

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Amounts owed to Group undertakings (a) | <u>18,151,956</u> | <u>18,151,956</u> |
| | <u>18,151,956</u> | <u>18,151,956</u> |

Note (a): the amount included above is an interest bearing loan advanced to the Company by Glanbia Holdings Limited, a Group company registered in England and Wales. The interest rate applying to the loan from 17 December 2018 is 3.16% (2017: 2.76% from 15 December 2017).

12. Share capital

| | 2018 | 2018 | 2017 | 2017 |
|--|-------------------------------------|---|-------------------------------------|---|
| | Ordinary shares of £1.00 each | Redeemable ordinary shares of £1.00 each | Ordinary shares of £1.00 each | Redeemable ordinary shares of £1.00 each |
| | £ | £ | £ | £ |
| Authorised | | | | |
| At start of financial year | 100,000 | 129,485,000 | 15,950,784 | 129,485,000 |
| Share capital reduction during the year | - | - | (15,850,784) | - |
| At end of financial year | <u>100,000</u> | <u>129,485,000</u> | <u>100,000</u> | <u>129,485,000</u> |
| Allotted called up and fully paid | | | | |
| At start of financial year | 100,000 | 129,485,000 | 14,095,184 | 129,485,000 |
| Capitalisation of special reserve | - | - | 224,582 | - |
| Share capital reduction during the year | - | - | (14,219,766) | - |
| At end of financial year | <u>100,000</u> | <u>129,485,000</u> | <u>100,000</u> | <u>129,485,000</u> |

On 5 December 2017 the Company cancelled 14,219,766 of its issued ordinary shares of £1.00 each. Following this, the issued capital of the Company was reduced to 100,000 ordinary shares of £1.00 each and 129,485,000 redeemable ordinary shares of £1.00 each (note 10).

Notes to the financial statements (continued)

12. Share capital (continued)

Redeemable ordinary shares

The redeemable ordinary shares of £1.00 each are held by Glanbia Foods B.V. Redemption is required to be completed no later than 14 September 2030. Either the Company or the holder of the redeemable ordinary shares can instigate redemption subject to a notice period of not less than one month. Redemption will be for an amount equal to the nominal value of the redeemable ordinary share issued together with any premium paid up on that share. The cash consideration received by the Company in 2006 for the redeemable ordinary shares was £129,485,000.

Capitalisation of special reserve

On 5 December 2017, immediately prior to the above cancellation of shares, the Company capitalised its special reserve of £224,582 by the issue of 224,582 ordinary shares of £1.00 each. Since 2007, for the protection of creditors, the Company had been required to carry a special reserve of £224,582 which was the excess of the capital reduction (in 2007) over the accumulated deficit on the Company's profit and loss account as at 23 August 2007, the date at which the capital reduction became effective. This special reserve, which was non-distributable, is no longer required.

13. Group membership

The Company regards Glanbia Co-operative Society Limited, a society incorporated in Ireland, as its ultimate parent and ultimate controlling party. Glanbia Co-operative Society Limited's principal place of business is Glanbia House, Kilkenny, Ireland and a copy of its financial statements can be obtained from that address.

The Company is exempt from the requirement to prepare group accounts under section 400 of the Companies Act 2006.

The Company is a subsidiary of Glanbia plc. Glanbia plc, a subsidiary of Glanbia Co-operative Society Limited, prepares consolidated financial statements for the smallest group of undertakings which includes Glanbia (UK) Limited. Glanbia plc is registered in Ireland and a copy of its financial statements can be obtained from the same address as its parent society or are currently available for download from the Group's website at www.glanbia.com.

14. Related party transactions

The Directors of the Company including their connected persons did not enter into any transactions with the Company in the current or preceding year and had no receivable or payable balances outstanding at 29 December 2018 and 30 December 2017.

The Company has availed of the exemptions available in FRS 101 "Reduced Disclosure Framework" from disclosing transactions with wholly owned subsidiaries of Glanbia plc and key management personnel.

15. Accounting estimates and judgements

Estimates and judgements are continually evaluated by the Company and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of financial fixed assets

In accordance with the accounting policy stated in note 1.3, investments in subsidiaries are carried at cost less impairment. The Company tests annually whether the investment has suffered any impairment..

16. Post balance sheet events

On 21 January 2019, the Company purchased shares in KSF Acquisition UK Limited from the Glanbia US Group for a cash consideration of £8,029,356. There are no further significant events which require disclosure since the financial year end.