Companies House

REGISTERED NUMBER: 00394506 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2017

for

MARCANTONIO FOODS LIMITED

Ernst & Young LLP
Statutory Auditors
The Paragon
Counterslip
Bristol
BS1 6BX

Contents of the Financial Statements
for the year ended 31 December 2017

MARCANTONIO FOODS LIMITED

Company Information
for the year ended 31 December 2017

DIRECTORS:	N P Venditti T A Osmundsen J P Aalhuizen M Wodskou T E Bruck B B Pooley N Millar
SECRETARY:	N P Venditti
REGISTERED OFFICE:	20 Thames Road Barking Essex IG11 0HZ
REGISTERED NUMBER:	00394506 (England and Wales)
AUDITOR:	Ernst & Young LLP Statutory Auditors The Paragon Counterslip Bristol BS1 6BX

MARCANTONIO FOODS LIMITED (REGISTERED NUMBER: 00394506)

Strategic Report
for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

The principal activity of the company in the year under review was the manufacture and sale of wafer biscuits and related products.

REVIEW OF BUSINESS
On the 16 December 2016 the trade and net assets of The Waverley Bakery Limited, also a wholly owned subsidiary NIC Enterprises Limited, were transferred to the company. The 2017 results for Marcantonio Foods Ltd therefore represent the combined activities of the company and the former business of The Waverley Bakery Limited. Despite disappointing summer weather a year on year increase in turnover was achieved by the combined business.

The company's key financial indicators during the year were as follows:

	2017	2016
	£	£
Turnover	17,975,808	10,602,918
Total operating profit	1,024,060	1,058,700
Profit after tax	692,877	818,662
Shareholders' funds	1,791,543	3,898,666

PRINCIPAL RISKS AND UNCERTAINTIES
In respect to risks facing the company, its principal financial risk is that of exchange rate fluctuation, a significant proportion of its product purchases being in Euros and the majority of sales being in Sterling. The currency devaluation and subsequent fluctuations following 'brexit' have demonstrated the challenges the company faces in respect to the effect on its cost of purchases, which the Board seeks to manage with its price management processes and a prudent policy of hedging to mitigate exposure to such fluctuations utilising the treasury facilities available to it as a member of the Orkla ASA group.

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before new accounts are accepted. Internal controls are in place to ensure all customer balances are continually monitored and the board closely oversees credit provided by the company to it's customers.

Interest rate risk
The company has interest bearing liabilities. Interest bearing liabilities are bank borrowing facilities and finance lease agreements on which interest is charged at a floating and fixed rate respectively.

Liquidity and cash flow risk
Through the retention of profits and use of long and short term group treasury facilities the company has sufficient available funds for operations and planned expansions. Any new debt finance would have to be approved by the board of directors before it was taken on.

Price risk
Expenditure made by the company is authorised by management prior to it being incurred in order to ensure that goods and services are not obtained at a higher price than necessary.

ON BEHALF OF THE BOARD:

....
B B Pooley - Director

Date: 27th July 2018

Report of the Directors
for the year ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS
An interim dividend of £67.51543 per Ordinary £1.00 share was paid on 14 June 2017. The directors will consider the payment of a final dividend following the completion of the audit of the financial statements for the year ended 31 December 2017.

FUTURE DEVELOPMENTS
It is the company's immediate objective to utilise its resources to achieve growth in revenue and maintain margins.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

N P Venditti
T A Osmundsen

Other changes in directors holding office are as follows:

R F J Marcantonio - resigned 6 February 2017
P B Marcantonio - resigned 6 February 2017
J P Aalhuizen - appointed 6 February 2017
M Wodskou - appointed 6 February 2017
T E Bruck - appointed 6 February 2017
B B Pooley - appointed 6 February 2017
N Millar - appointed 6 February 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR
The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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B B Pooley - Director

Date: 27th July 2018

Independent Auditor's Report to the Members of
Marcantonio Foods Limited

Opinion
We have audited the financial statements of Marcantonio Foods Limited for the year ended 31 December 2017 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 24, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

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 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the 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.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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.

Ernst & Young LLP

Ken Griffin (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditors
Bristol

Date: 31 July 2018

Income Statement
for the year ended 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
TURNOVER	3		17,975,808		10,602,918
Cost of sales			10,416,541		5,397,409
GROSS PROFIT			7,559,267		5,205,509
Distribution costs		2,375,813		1,733,379	
Administrative expenses		4,165,149		2,424,666	
			6,540,962		4,158,045
			1,018,305		1,047,464
Other operating income			5,755		11,236
OPERATING PROFIT	5		1,024,060		1,058,700
Interest receivable and similar income			267		-
			1,024,327		1,058,700
Interest payable and similar expenses	7		82,259		47,987
PROFIT BEFORE TAXATION			942,068		1,010,713
Tax on profit	8		249,191		192,051
PROFIT FOR THE FINANCIAL YEAR			692,877		818,662

The notes on pages 11 to 23 form part of these financial statements

MARCANTONIO FOODS LIMITED (REGISTERED NUMBER: 00394506)

Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		692,877	818,662
OTHER COMPREHENSIVE INCOME			
Income tax relating to other comprehensive income		-	23,877
OTHER COMPREHENSIVE FOR THE YEAR, NET OF INCOME TAX		-	23,877
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		692,877	842,539

The notes on pages 11 to 23 form part of these financial statements

MARCANTONIO FOODS LIMITED (REGISTERED NUMBER: 00394506)

Balance Sheet
31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	10		87,497		127,577
Tangible assets	11		5,012,460		5,027,331
			5,099,957		5,154,908
CURRENT ASSETS					
Stocks	12	2,736,717		2,298,611	
Debtors	13	1,980,112		1,741,530	
Cash at bank and in hand		963,016		1,626,377	
		5,679,845		5,666,518	
CREDITORS					
Amounts falling due within one year	14	3,695,374		3,926,629	
NET CURRENT ASSETS			1,984,471		1,739,889
TOTAL ASSETS LESS CURRENT LIABILITIES			7,084,428		6,894,797
CREDITORS					
Amounts falling due after more than one year	15		(5,006,359)		(2,723,700)
PROVISIONS FOR LIABILITIES	19		(264,658)		(247,440)
ACCRUALS AND DEFERRED INCOME	20		(21,868)		(24,991)
NET ASSETS			1,791,543		3,898,666
CAPITAL AND RESERVES					
Called up share capital	21		221,472		221,472
Share premium			586,801		586,801
Revaluation reserve			660,590		660,590
Retained earnings			322,680		2,429,803
SHAREHOLDERS' FUNDS			1,791,543		3,898,666

The financial statements were approved by the Board of Directors on 27th July 2018 and were signed on its behalf by:

B B Pooley - Director

The notes on pages 11 to 23 form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £	Total equity £
Balance at 1 January 2016	221,472	2,411,141	586,801	636,713	3,856,127
Changes in equity					
Dividends	-	(800,000)	-	-	(800,000)
Total comprehensive income	-	818,662	-	23,877	842,539
Balance at 31 December 2016	221,472	2,429,803	586,801	660,590	3,898,666
Changes in equity					
Dividends	-	(2,800,000)	-	-	(2,800,000)
Total comprehensive income	-	692,877	-	-	692,877
Balance at 31 December 2017	221,472	322,680	586,801	660,590	1,791,543

The notes on pages 11 to 23 form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2017

1. STATUTORY INFORMATION

Marcantonio Foods Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's principal activities are disclosed in the Strategic Report.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis for certain financial instruments and properties as specified in the accounting policies below.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

The directors, after making enquiries and having considered the company's business, its financial plans and the facilities available to finance the business, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the exemption, available under paragraphs 1.11 and 1.12 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", from the requirements of Section 7 Statement of Cash Flows.

Turnover
Turnover represents the total invoice value, excluding value added tax, of sales made during the period.

Revenue recognition
Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is usually on dispatch of goods.

Goodwill
Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the company's interest in the identifiable net assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is amortised over its expected useful life which is estimated to be five years for each of the business acquisitions in 2013 and 2016. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Patents and licences are amortised evenly over their estimated useful lives of seven years.

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2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Tangible fixed assets are initially measured at cost. Such costs include costs directly attributable to making the asset capable of operating as intended. Subsequent to initial recognition, tangible assets are stated at cost less accumulated depreciation and accumulated impairment. Land and buildings, which is not investment property, is stated at the revalued amount less subsequent depreciation and subsequent impairment.

Tangible fixed assets are depreciated as follows:

Land and buildings - freehold land is not depreciated
Improvements to leasehold property - straight line over the life of the lease
Plant and machinery - 10% on cost
Fixtures and fittings - 20% on cost and 10% on cost
Motor vehicles - 25% on cost and 10% on cost

Revaluation of tangible fixed assets

Land and buildings are held under the revaluation model in accordance with Section 17 of FRS 102.

If the carrying amount of land and buildings is increased the amount is recognised in other comprehensive income and accumulated in equity. However, this increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If the carrying amount of land and buildings is decreased the amount is recognised in other comprehensive income to the extent that it reverses a previously recognised increase in the carrying amount of that asset that was recognised in equity. If the decrease exceeds the accumulated revaluation gains accumulated in equity the decrease is recognised in profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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2. ACCOUNTING POLICIES - continued

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Rentals paid under operating leases are recognised in profit or loss on a straight line basis over the period of the lease.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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2. ACCOUNTING POLICIES - continued

Financial instruments
The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments" of FRS102 to all of its financial instruments.

Financial assets and liabilities are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables, including staff loans and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitute a financing transaction, where the transaction is measure at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, which include trade, amounts owed to group undertakings and other payables are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial assets and / or liabilities, which include forward contracts are initially measured at their fair value, which is normally the transaction price and are subsequently carried at fair value with all changes being recognised in the profit or loss.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Interest-bearing loans and borrowings
All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance revenue in profit or loss.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of any employee or to provide termination benefits.

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2. ACCOUNTING POLICIES - continued

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements. The following are the company's key sources of estimation uncertainty:

i) Impairment of non-financial assets
Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

ii) Taxation
The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the company and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

iii) Revaluation of land and buildings
The company carries its land and buildings at revalued amount. The company engaged independent valuation specialists to determine the open market value at 31 July 2015. The valuer used a valuation technique using market rentals from similar properties in the locality. Since then the directors have considered the market values of similar properties and reviewed changes in the property market in reassessing the carrying amount at the reporting date. The valuation is most sensitive to rental yield estimates.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	17,361,091	10,417,122
Europe	608,556	170,461
Rest of world	6,161	15,335
	17,975,808	10,602,918

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4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	3,925,036	2,362,416
Social security costs	363,677	248,410
Other pension costs	139,396	52,039
	4,428,109	2,662,865

The average number of employees during the year was as follows:

	2017	2016
Office and management	27	22
Production	114	39
Selling and marketing	12	15
	153	76

For details concerning staff loans please see note 13.

	2017	2016
	£	£
Directors' remuneration	289,033	328,887
Directors' pension contributions to money purchase schemes	82,788	20,349

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	168,482	115,426
Pension contributions to money purchase schemes	21,058	15,227

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Hire of plant & machinery	13,035	29,047
Depreciation - owned assets	293,407	166,853
Loss on disposal of fixed assets	1,779	-
Goodwill amortisation	40,080	32,000
Auditors' remuneration	25,986	18,603
Foreign exchange (gains) / losses	(15,516)	36,758
Operating leases - Land and buildings	216,002	100,000
Operating leases - Other	158,389	152,439

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6. EXCEPTIONAL ITEMS

	2017	2016
	£	£
Exceptional items	(300,170)	-

The exceptional item is included in administrative expenses and represents a one-off fixed penalty imposed by the Health and Safety Executive.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	-	(13)
Loan interest	82,259	48,000
	82,259	47,987

8. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	251,397	221,810
UK corporation tax : prior year over-provision	(19,424)	-
Total current tax	231,973	221,810
Deferred tax:		
Origination and reversal of timing differences	17,218	(29,759)
Tax on profit	249,191	192,051

UK corporation tax has been charged at 19.25% (2016 - 20%).

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	942,068	1,010,713
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	181,348	202,143
Effects of:		
Expenses not deductible for tax purposes	91,446	11,365
Adjustments to tax charge in respect of previous periods	(19,424)	(10,246)
Changes in tax rates	1,918	(11,211)
Group relief claimed	(37,765)	-
Unrecognised deferred tax asset	31,711	-
Other	(43)	-
Total tax charge	249,191	192,051

continued...

8. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

		2016	
	Gross	Tax	Net
	£	£	£
Revaluation gain	-	23,877	23,877

The Finance Act 2015 was enacted on 15 September 2016 and announced a reduction in the main rate of corporation tax from 20% to 19% from April 2017 and a further reduction to 17% from 1 April 2020. The deferred tax in these accounts has been calculated at a rate of 17% (2016: 17%)

9. **DIVIDENDS**

	2017	2016
	£	£
Ordinary shares of £1.00 each		
Interim	2,800,000	800,000

10. **INTANGIBLE FIXED ASSETS**

	Goodwill	Patents and licences	Totals
	£	£	£
COST			
At 1 January 2017			
and 31 December 2017	190,001	10,469	200,470
AMORTISATION			
At 1 January 2017	62,424	10,469	72,893
Amortisation for year	40,080	-	40,080
At 31 December 2017	102,504	10,469	112,973
NET BOOK VALUE			
At 31 December 2017	87,497	-	87,497
At 31 December 2016	127,577	-	127,577

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Notes to the Financial Statements - continued
for the year ended 31 December 2017

11. TANGIBLE FIXED ASSETS

	Land and buildings £	New development £	Improveme to leasehold property £
COST OR VALUATION			
At 1 January 2017	4,065,323	16,245	76,740
Additions	-	148,487	-
At 31 December 2017	4,065,323	164,732	76,740
DEPRECIATION			
At 1 January 2017	415,323	-	10,028
Charge for year	-	-	10,000
Eliminated on disposal	-	-	-
At 31 December 2017	415,323	-	20,028
NET BOOK VALUE			
At 31 December 2017	3,650,000	164,732	56,712
At 31 December 2016	3,650,000	16,245	66,712

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 January 2017	2,061,131	753,126	24,991	6,997,556
Additions	67,078	62,419	11,043	289,027
Disposals	(6,765)	-	(11,043)	(17,808)
At 31 December 2017	2,121,444	815,545	24,991	7,268,775
DEPRECIATION				
At 1 January 2017	1,111,503	420,783	12,588	1,970,225
Charge for year	140,074	130,378	12,955	293,407
Eliminated on disposal	(6,765)	-	(552)	(7,317)
At 31 December 2017	1,244,812	551,161	24,991	2,256,315
NET BOOK VALUE				
At 31 December 2017	876,632	264,384	-	5,012,460
At 31 December 2016	949,628	332,343	12,403	5,027,331

Included in cost or valuation of land and buildings is freehold land of £1,120,235 (2016 - £1,120,235) which is not depreciated.

The land and buildings were revalued on 31 July 2015 by Conways Chartered Surveyors on an open market basis. If land and buildings had not been revalued they would have been included at an historical cost of £3,194,083 (2016: £3,194,083) and aggregate depreciation of £479,205 (2016: £415,323). At the balance sheet date, the market values of similar properties have been considered and the directors feel the valuation carried out on 31 July 2015 continues to reflect fair value as at 31 December 2017.

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12. STOCKS

	2017	2016
	£	£
Raw materials	93,419	89,658
Finished goods and goods for resale	2,643,298	2,208,953
	2,736,717	2,298,611

The amount of stock recognised as an expense in profit or loss during the year was £8,066,290 (2016: £4,203,015).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	1,669,898	1,569,430
Other debtors	160,674	16,500
Corporation tax receivable	-	57,631
VAT	42,205	2,327
Prepayments	107,335	95,642
	1,980,112	1,741,530

On 18 October 2017, the company awarded 76 (2016: nil) employees with a 30% discount on share purchases in Orkla ASA, the ultimate parent company. A total number of 13,320 (2016: nil) shares were purchased at a total cost of £100,043 (2016: £nil).

Of this, 30% of the shares (£29,999 as disclosed within administrative expenses) forms a share-based payment to employees. The remaining 70% (£70,001) forms a staff loan, which will be paid back to the company through the employee's monthly payroll over the course of twelve months. These loans are interest free and no repayments were made prior to the balance sheet date.

Included in other debtors above are the following: an amount due from staff of £6,626 (2016: £8,450); an asset totalling £9,981 (2016: £nil) which is the fair value of the forward contract as at the year end; and an amount loaned to the Marcantonio Foods Limited 1987 Retirement Benefits Scheme of £65,103 (2016: £nil).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	633,571	973,028
Amounts owed to group undertakings	2,065,462	1,992,769
Corporation tax payable	78,710	185,912
PAYE	181,323	186,147
Other creditors	13,902	-
Accrued expenses	722,406	588,773
	3,695,374	3,926,629

Amounts owed to group undertakings are interest free and repayable on demand.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Other loans (see note 16)	5,006,359	2,723,700

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16. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due between two and five years:		
Other loans - 2-5 years	5,006,359	2,723,700

Funds were received from the ultimate controlling party Orkla ASA in order to refinance the company's debt. The amount owed is due for repayment on 15 January 2021. Interest is accrued on a monthly basis and the rate is determined every month by Orkla ASA as being equal to the six month interbank rate plus a margin of 1.00% and a risk mark-up. The amount owed is unsecured.

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	333,778	325,434
Between one and five years	1,104,014	859,928
In more than five years	249,128	464,110
	1,686,920	1,649,472

18. FINANCIAL ASSETS AND LIABILITIES

	2017 £	2016 £
Carrying amount of financial assets		
Cash measured at amortised cost	963,016	1,626,377
Debtors measured at amortised cost	1,820,592	1,681,572
	2,783,608	3,307,949
Carrying amount of financial liabilities		
Creditors measured at amortised cost	8,441,700	6,278,270
Carrying amount of financial assets		
Forward contracts measured at fair value through profit or loss	9,981	-
Carrying amount of financial liabilities		
Financial liabilities measured at fair value through profit or loss	-	-

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP and the relevant foreign currencies.

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19. PROVISIONS FOR LIABILITIES

	Accelerated capital allowances £	Property revaluation £	Deferred tax total £
Balance as at 1 January 2017	112,138	135,302	247,440
Movement in the year	17,218	-	17,218
Balance as at 31 December 2017	129,356	135,302	264,658

20. ACCRUALS AND DEFERRED INCOME

	2017 £	2016 £
Deferred government grants	21,868	24,991

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
41,472	Ordinary	£1.00	41,472	41,472
180,000	'A' Ordinary	£1.00	180,000	180,000
			221,472	221,472

Holders of ordinary shares are entitled to dividends as recommended from time to time by the directors and are entitled to one vote per share at meetings of the Company. On a return of assets on liquidation or otherwise, the assets remaining after payment of liabilities are first applied to holders of ordinary shares in the amount of the subscription price per share.

Holders of "A" ordinary shares are entitled to dividends declared independently from time to time and not to exceed the amount recommended by the directors and are entitled to one vote for every 172 "A" ordinary shares held at meetings of the Company. On a return of assets on liquidation or otherwise, the assets remaining after payment of liabilities and amounts to holders of ordinary shares (above) are applied to holders of "A" ordinary shares in the amount of the subscription price per share.

In the event of a distribution of assets on winding-up the company, the "A" ordinary shares are to rank as 10% of the value of the ordinary shares.

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £139,396 (2016: £49,962). At the balance sheet date the company owed £12,602 (2016: £nil), as disclosed within other creditors.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions, available in section 33.1A and 1.12 (e) of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group and key management personnel compensation.

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23. RELATED PARTY DISCLOSURES - continued

During the year the company incurred rental expenses of £100,000 (2016: £100,000) with Marcantonio Foods Limited 1987 Retirement Benefits Scheme, in which some of the directors are beneficiaries. At the balance sheet date the company owed Marcantonio Foods Limited 1987 Retirement Benefits Scheme £54,163 (2016: £nil) in respect of outstanding rental payments. In addition the company has accrued £57,000 in respect of outstanding pension contributions.

An amount was loaned to the Marcantonio Foods Limited 1987 Retirement Benefits Scheme and at the balance sheet date the amount owed to the company was £65,103 (2016: £nil), as included in other debtors.

During the year the company incurred rental expenses of £114,982 (2016: £nil) with Hillview Developments Limited, a company under the common directorship of N Millar. At the balance sheet date the company owed Hillview Developments Limited £nil (2016: £nil) as disclosed in Creditors due within one year.

During the year the company incurred fees for accountancy, taxation and director services of £39,713 (2016: £20,085) from Kelsall Steele Limited, a company under the common directorship of B B Pooley. At the balance sheet date the company owed Kelsall Steele Limited £1,978 (2016: £nil).

24. ULTIMATE CONTROLLING PARTY

The immediate parent company is NIC Enterprises Limited, a company incorporated in England and Wales, which holds 100% of the share capital of Marcantonio Foods Limited.

The ultimate parent company and controlling party is Orkla ASA, a company incorporated in Norway. The accounts are included within the consolidated accounts of Orkla ASA which are publicly available from Orkla ASA P.O.Box 423 Skoyen. N-0213 Oslo, Norway.