

Registered No. 00156737

S&B Herba Foods Limited

Report and Financial Statements

31 December 2018



Company information

Directors

A Hernandez Callejas
F Hernandez Callejas
P J Cattaneo
R L Holben
R Lopez Relimpio

Secretary

P J Cattaneo

Registered Office

Central Court
1B Knoll Rise
Orpington
Kent
BR6 0JA

Bankers

Citibank, N.A.
Canada Square
London
EH14 5LB

Solicitors

Clarkson Wright & Jakes Ltd
Valiant House
12 Knoll Rise
Orpington
Kent
BR6 0PG

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Strategic report

The Directors present their strategic report for the year ended 31 December 2018.

Business review

The company is required by the Companies Act to set out in this report a fair review of the business of the company during the financial period ended 31 December 2018 and of the position of the company at that date and a description of the principal risks and uncertainties facing the company. This review is prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed, and the business review should not be relied on by any other party or for any other purpose.

The main activities of the Company are the milling of Rice, Rice Flour and Pulses, marketing and distribution of Couscous, Semolina, Tomato Paste and Dried Fruit.

Raw material throughout the year continues to increase in price and coupled with the fall in value of the pound against other currencies has caused prices of Finished Products to increase significantly across our range.

It continues to be the policy of S&B Herba Foods Limited to develop the business by internal growth and acquisitions.

The Company continues to invest in its Plant and Machinery in our two manufacturing sites in Cambridge and Liverpool. Capital Investment has been approved by the Board for more upgrades at these locations during the coming year.

Key performance indicators

The key performance indicators used by the directors to monitor the progress of the company are set out below. All turnover arises from continuing operations.

	2018 £'000	2017 £'000
Turnover	96,404	90,293
Gross profit	19,503	18,903
Gross profit percentage	20%	21%
Operating profit	4,708	4,761
Operating profit percentage	4.9%	5.3%

Turnover for the 12 month period ended 31 December 2018 was 6.8% higher than 2017 (2017: 4% higher than 2016). Operating profit percentage showed a 0.4% decrease due to a decrease in gross profit.

There was a profit for the period after taxation amounting to £4,045k (2017: £3,169k) and the net assets of the company at 31 December 2018 were £65,317k (2017: £60,955k).

No dividends have been paid during the period (2017: £Nil). There were dividends paid in March 2019 for 2017 or earlier periods.

Principal risks and uncertainties

The directors have identified that a fluctuation in rice prices and the loss of key personnel are principal risks to the business. These risks are mitigated by constant review by the directors and senior management.

The directors have also considered the risks included within the Financial Risk Management section below to be principal risks of the business.

Strategic report (continued)

Financial risk management objectives and policies

The main risks arising from the company's financial instruments are currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The Company's trading activities include the purchase of rice on international markets which bring exposures to foreign currency fluctuations. The company has strict policies to manage these risks and these policies have not changed in the year.

The company is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not hedge account.

About 5.4% of the company's sales are to customers in continental Europe. Sales are affected in local currencies based on sterling prices of goods. The company policy is to manage all currency exposures on any balance not expected to mature within 30 days of it arising through the use of forward currency contracts.

About 95% of the company's purchases are invoiced in Euros and US dollars. The company policy is to use forward currency contracts to minimise the risk associated with that exposure.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by a group cash pooling system. The Citibank accounts are cleared on a daily basis, and the balance is recorded as a group debtor.

By order of the Board



P J Cattaneo
Director
Date 30 July 2019

Directors' report

Registered No. 00156737

The directors present their report for the year ended 31 December 2018.

Directors

The directors who held office during the year were as follows:

A Hernandez Callejas
F Hernandez Callejas
P J Cattaneo
R L Holben
R Lopez Relimpio

Dividends

The directors do not recommend the payment of a dividend (2017: £nil). There were dividends paid in March 2019 for 2017 or earlier periods.

Future developments

The directors expect the general level of activity to be maintained for the foreseeable future.

Financial Instruments

The company has chosen in accordance with section 414C (11) of the Companies Act 2006 to set out information related to Financial Risk Management Policies in its Strategic Report.

Events since the balance sheet date

No post balance sheet events have been noted.

Going concern

The directors carried out a review of the going concern status of the company by considering the anticipated level of future trading activity and the associated cash flow requirements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the directors are satisfied that the financial statements should be prepared on a going concern basis.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Supplier payment policy

It is the company's policy to agree terms of trade in advance with all suppliers, both locally and, where applicable, on a global basis and adhere to them. The amount of trade creditor days outstanding at the year end was 39 days (2017 – 44 days).

Directors' report (continued)

Disclosure of information to the auditors

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 auditors are unaware; and each director has taken 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 auditors are aware of that information.

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



P J Cattaneo

Director

Date: 30 July 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable UK 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' 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 S&B Herba Foods Limited

Opinion

We have audited the financial statements of S&B Herba Foods Limited for the year ended 31 December 2018 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 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 in 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 below. 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 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.

Independent auditor's report

to the members of S&B Herba Foods Limited (continued)

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 directors' report 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 the 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 directors' responsibilities statement set out on page 6, 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 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.

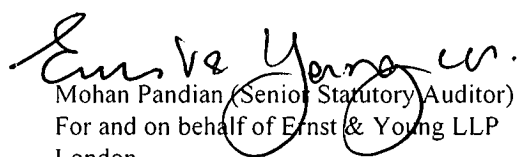
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report

to the members of S&B Herba Foods Limited (continued)

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.


Mohan Pandian (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
London
30 July 2019

Income statement

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover	3	96,404	90,293
Cost of sales		(76,901)	(71,390)
Gross Profit		19,503	18,903
Administrative expenses		(12,963)	(12,460)
Distribution costs		(1,913)	(1,783)
Other operating income		81	101
Operating profit	4	4,708	4,761
Interest receivable and similar income	7	474	133
Interest payable and similar charges	8	(127)	(856)
Profit on ordinary activities before taxation		5,055	4,038
Tax expense	9	(1,010)	(869)
Profit for the financial year		4,045	3,169

All activities are derived from continuing operations.

Statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Profit for the financial year		4,045	3,169
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Remeasurement gain on defined benefit pension plans	22	382	913
Deferred tax on defined benefit pension plan		(65)	(155)
Change in rate of deferred tax on defined benefit pension plan		-	-
Other comprehensive income for the year, net of tax		317	758
Total comprehensive income for the year		4,362	3,927

Balance sheet

at 31 December 2018

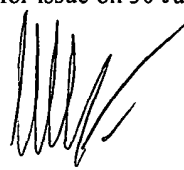
	Notes	2018 £000	2017 £000
Non current assets			
Intangible assets	10	5,576	5,581
Tangible assets	11	5,521	5,480
Investment property	12	131	136
Investments	13	-	-
		<u>11,228</u>	<u>11,197</u>
Current assets			
Stocks	14	28,256	34,093
Trade and other receivables	15	46,108	33,656
Financial assets	17	64	1
Deferred tax asset	9	569	684
Cash at bank and in hand		<u>65</u>	<u>73</u>
		<u>75,062</u>	<u>68,507</u>
Creditors: amounts falling due within one year			
Trade creditors	16	2,918	2,627
Amounts owed to group undertakings		8,364	7,176
Income tax payable		569	400
Other taxes and social security		72	65
Financial liabilities	17	1	163
Accruals		<u>4,424</u>	<u>3,108</u>
		<u>16,348</u>	<u>13,539</u>
Net current assets		58,714	54,968
Total assets less current liabilities		69,942	66,165
Defined benefit pension plan deficit	22	(4,625)	(5,210)
Net assets		<u>65,317</u>	<u>60,955</u>
Capital and reserves			
Called up share capital	18	1	1
Share premium account	19	8,230	8,230
Capital reserve	19	220	220
Retained earnings		<u>56,866</u>	<u>52,504</u>
Total equity		<u>65,317</u>	<u>60,955</u>

The financial statements were approved by the board of directors and authorised for issue on 30 July 2019.

P J Cattaneo
Director



R L Holben
Director



Registered no: 00156737

Statement of changes in equity

at 31 December 2018

	<i>Share capital</i>	<i>Share premium</i>	<i>Capital reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
As at 1 January 2017	1	8,230	220	48,577	57,028
Profit for the year	-	-	-	3,169	3,169
Other comprehensive loss	-	-	-	758	758
Total comprehensive income for the year	-	-	-	3,927	3,927
At 31 December 2017	1	8,230	220	52,504	60,955
Profit for the year	-	-	-	4,045	4,045
Other comprehensive income	-	-	-	317	317
Total comprehensive income for the year	-	-	-	4,362	4,362
At 31 December 2018	1	8,230	220	56,866	65,317

Notes to the financial statements

at 31 December 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of S&B Herba Foods Limited for the year ended 31 December 2018 were authorised for issue by the board of directors on 30 July 2019 and the balance sheet was signed on the board's behalf by Peter Cattaneo and Robert Holben. S&B Herba Foods Limited is a private company limited by shares and is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair override in respect of the non-amortisation of goodwill (see Note 2).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Ebro Foods S.A. Accordingly, these financial statements are individual entity financial statements.

The results of S&B Herba Foods Limited are included in the consolidated financial statements of Ebro Foods S.A. which are available from Ebro Foods S.A., Paseo de Castellana, 20, 28046 Madrid, Spain.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

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

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (f) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1.
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Going concern

The directors carried out a review of the going concern status of the company by considering the anticipated level of future trading activity and the associated cash flow requirements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the directors are satisfied that the financial statements should be prepared on a going concern basis.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of 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 have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

Pension benefits

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plan, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality rates. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 22.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

2.5 New standards, interpretations and amendments

The accounting policies adopted are consistent with those of the previous financial years except for the following amendments to FRS 101 effective as of 1 January 2018:

IFRS 9: Financial Instruments – Classification and Measurement

Effective for annual periods beginning on or after 1 January 2018. The chapters regarding classification and measurement of financial instruments have been issued by the IASB. This phase of the new standard has an impact on the classification and measurement of financial assets and a change in reporting regarding financial liabilities designated at fair value through the profit and loss using the fair value option.

The Directors have concluded that the adoption of IFRS 9 did not have a material impact on the opening balances as at 1 January 2018 or on closing balances as at 31 December 2018.

IFRS 15 Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15, if any, is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information is not restated.

The Company's core business is the sale of food products to end consumers and the supply of food related raw materials to third parties. The new standard has not had an impact on the Company's profits from contracts with customers under which the sale of finished food products and food-related raw materials is generally the only contractual obligation. Revenue is recognised when control of the asset is transferred to the customer, which is customarily when the goods are delivered.

The Directors have concluded that the adoption of IFRS 15 did not have a material impact on the opening balances as at 1 January 2018 or on closing balances as at 31 December 2018.

2.6 Significant accounting policies

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Intangible assets

Goodwill

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chose by the directors, its useful economic life. However, under FRS 101, goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 20 years would have been chosen as the useful life for goodwill. The profit for the year would have been £359k lower had goodwill been amortised in the year.

Trademarks

Trademarks are included at cost and are not amortised as they are deemed to have an indefinite useful economic life. Trademarks are reviewed annually for impairment and a provision booked where necessary.

Computer software

All computer software is initially recorded at cost.

Depreciation is provided in cost in equal annual instalments over the estimated useful lives of the assets. The rate of depreciation is over 3 years.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	- over 25 years
Plant and machinery	- over 10-15 years
Computer equipment	- over 3-7 years
Office equipment	- over 10-15 years
Motor Vehicles	- over 5 years

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less provision for depreciation and impairment.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investments

Investments in subsidiary undertakings are stated at historic cost less any applicable provisions for impairment. Investments are reviewed for impairment each year if events or changes in circumstances indicate the investment value may not be recoverable.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Financial assets and financial liabilities

Financial Assets

Financial assets are classified in accordance with how they are measured on the basis of the corresponding business model and the characteristics of the contractual cash flows. A financial asset is only reclassified from one category to another when there is a change in the business model used to manage the financial assets.

Financial asset acquisitions and disposals are recognized at the trade date, i.e., on the date the Company undertakes to acquire or sell the asset. Upon acquisition they are classified into one of the following categories:

a) Financial assets at amortized cost.

These are non-derivative financial assets that are held in order to collect their contractual cash flows and those contractual cash flows represent solely payments of principal and interest. They are included in current assets, except for amounts maturing more than 12 months from the end of the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Interest income from these financial assets is recognized in finance income; any gain or loss arising on their derecognition and any impairment losses are recognized directly in profit and loss as they arise.

b) Financial assets at fair value through profit or loss

These are assets that are acquired for sale in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial assets are initially recognized and subsequently measured at fair value and any changes in fair value are recognized in profit and loss as they arise.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Equity instruments classified into this category are recognized at fair value and any gain or loss arising from changes in their fair value or as a result of their sale are similarly recognized in profit and loss as they arise.

The fair values of quoted investments are based on quoted prices (fair value hierarchy level 1). The fair value of investments in unlisted entities is established using valuation techniques, which include the use of recent arm's length transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same and discounted cash flow analysis (levels 2 and 3). In the event that the more recent information available is insufficient to measure fair value or there is a wide range of possible fair value measurements and cost represents the best estimate within that range, such investments are recognized at cost less any impairment losses.

The fair value measurements made in the accompanying financial statements are classified using a fair value hierarchy articulated around the relevance of the inputs used to make the corresponding measurements. The hierarchy categorizes the inputs used in valuation techniques into three levels:

- Level 1 inputs: Fair value measurements based on quoted prices in active markets for identical instruments. These measurements are based on quoted prices at the reporting date.
- Level 2 inputs: Fair value measurements based on inputs that are observable for the asset or liability. The fair value of financial assets included in this category is determined by using valuation techniques. Those valuation techniques maximize the use of available observable market-based inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to measure fair value are observable, the instrument is included in Level 2. If one or more of the significant inputs required to measure fair value are not observable market inputs, the instrument is included in Level 3.
- Level 3 inputs: Measurements based on inputs that are not based on observable market data.

Financial assets are derecognized when the contractual rights to the related cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership of the assets. If substantially all the risks and rewards have been retained, the financial asset is not derecognized; instead the Company recognizes a financial liability in the amount of any consideration received in exchange for the transfer.

Agreements for the transfer of account receivables are considered non-recourse factoring agreements if the risks and rewards of ownership of the receivables have been transferred substantially.

The financial asset impairment model is based on expected credit losses. The Company accounts for expected credit losses, and any changes therein, at every reporting date, to reflect changes in credit risk since the date of initial recognition without waiting for an impairment event to occur.

The Company applies the general expected loss approach for all its financial assets except for trade and other account receivable that do not contain a significant financing component; it applies the simplified approach for those qualifying assets.

Under the general approach, the Company recognizes the expected loss from a financial asset default on either a 12-month or lifetime basis, depending on whether there has been a significant increase in credit risk since initial recognition. Under the simplified approach, the Company recognizes a loss allowance from the outset based on lifetime expected credit losses using available information about past events (such as historical customer default rates), current conditions and forward-looking estimates (macroeconomic factors such as the outlook for GDP, unemployment, inflation, interest rates, etc.) that could affect the creditworthiness of its debtors.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Financial liabilities

a) Financial liabilities at amortized cost

Trade and other current accounts payable are financial liabilities and are initially recognized at fair value; they do not explicitly accrue interest and are recognized at their face value.

b) Financial liabilities at fair value through profit or loss

These are liabilities that are acquired for sale in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial liabilities are initially recognized and subsequently measured at fair value and any changes in fair value are recognized in profit and loss as they arise.

Stocks

Stocks are stated for each consignment at the lower of actual cost and net realisable value. Cost includes insurance, freight and duty charges incurred to bring the produce to UK warehouses.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Forward purchases and sales of goods are entered into in the ordinary course of business. When the forward purchase is payable in foreign currency, the company, in general, hedges it by the forward purchase of foreign currency.

Trade and other receivables

Trade and other debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash comprises cash at banks and in hand and short term deposits with an original maturity of three months or less.

Revenue recognition

(a) Sale of goods

The Company considers the time of revenue recognition to be the time at which control of goods passes to the customer. In general, this is the time at which the goods are delivered. The usual payment period is 30 days from delivery.

(b) Volume discounts

The Company retrospectively grants certain customers volume discounts as soon as a level of turnover during the period exceeds a contractually agreed level. In accordance with IFRS 15, retroactive volume discounts are recognised as variable consideration. The Company recognises revenue from the sale of goods at the fair value of the consideration received less any discounts that may be applied.

Notes to the financial statements

at 31 December 2018

2 Accounting policies (continued)

(c) Significant financing arrangements

The Company's contract with customers does not contain significant financing arrangements.

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of any variable considerations, rights of return, volume discounts, VAT and other sales related taxes. Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. This is usually at the point that goods are delivered to the customer. Revenue is measured at the fair value of the consideration received, excluding any variable considerations, rights of return, discounts, rebates, VAT and other sales tax or duty.

The Company's turnover and pre-tax result were wholly attributable to the Company's principal continuing activity in the United Kingdom.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Income taxes

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences, carried forward tax credits or tax losses can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Defined benefit pension scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on the scheme assets are included in other financial costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Defined contribution pension scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements

at 31 December 2018

3. Turnover

The Company's turnover and results were derived wholly from the Company's principal activity which is based solely in the United Kingdom. An analysis of turnover by classification is as follows:

	2018 £000	2017 £000
Sale of goods	96,404	90,293
Turnover by geographical area:		
United Kingdom	91,152	85,932
Rest of Europe	5,252	4,361
	96,404	90,293

4. Operating profit

This is stated after (charging)/crediting:

	2018 £000	2017 £000
Net foreign currency exchange differences	(338)	691
Depreciation of tangible fixed assets	498	493
Depreciation of intangible assets	6	7
Depreciation of investment property	5	4
Impairment of intangible fixed asset investment	-	250
Loss on disposal of property, plant and equipment	3	-
Cost of stocks recognised as an expense (included in cost of sales)	77,284	71,527
Including:		
- Reversals of impairments in stocks	-	-
Operating lease rentals:		
- minimum lease payments	157	126

5. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2018 £000	2017 £000
Audit of the financial statements	50	55

Notes to the financial statements

at 31 December 2018

6. Staff costs and directors' remuneration

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£000	£000
Wages and salaries	4,564	4,515
Social security costs	525	509
Other pension costs	451	423
	<u>5,540</u>	<u>5,447</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

The average monthly number of employees (including directors) during the year was made up as follows:

	2018	2017
	No.	No.
Sales	12	11
Administration	30	30
Production	62	60
	<u>104</u>	<u>101</u>

	2018	2017
	£000	£000
<i>Directors' remuneration</i>		
Emoluments	609	576
Contributions in defined contribution pension scheme	56	54
	<u>665</u>	<u>630</u>

During the year no directors (2017 – none) participated in the defined benefit pension scheme and 2 directors (2017 – 2) participated in the defined contribution scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2018	2017
	£000	£000
Emoluments	308	290
Contributions in defined contribution pension scheme	46	44
	<u>354</u>	<u>334</u>

Notes to the financial statements

at 31 December 2018

7. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable	136	133
Net exchange profit on retranslation of foreign currency balances	338	-
	<u>474</u>	<u>133</u>

8. Interest payable and similar charges

	2018 £000	2017 £000
Bank loans and overdrafts	1	2
Net exchange loss on retranslation of foreign currency balances	-	691
Net finance charge in respect of defined benefit pension scheme	126	163
	<u>127</u>	<u>856</u>

9. Taxation

(a) Tax charged in the income statement

	2018 £000	2017 £000
Current income tax:		
UK corporation tax	957	867
Adjustment in respect of prior years	1	4
Total current income tax	<u>958</u>	<u>871</u>
Deferred tax:		
Origination and reversal of temporary differences	52	3
Adjustment in respect of prior years	-	5
Effect of change in tax rate	-	-
Adjustment in respect of defined benefit scheme	-	-
Total deferred tax	<u>52</u>	<u>(2)</u>
Tax expense in the income statement	<u>1,010</u>	<u>869</u>

Notes to the financial statements

at 31 December 2018

9. Taxation (continued)

(b) Tax relating to items charged or credited to other comprehensive income

	2018	2017
	£000	£000
Current income tax:		
UK corporation tax	-	-
Total current income tax	-	-
Deferred tax:		
Adjustment in respect of defined benefit scheme	65	155
Effect of change in tax rate	-	-
Total deferred tax	65	155
Tax credit/(expense) in the statement of other comprehensive income	65	155

(c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	5,055	4,038
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.25%)	961	777
Effects of:		
Fixed asset differences	50	-
Expenses not deductible for tax purposes	4	93
Rate change	(16)	-
Prior year adjustment	11	(1)
Total tax expense reported in the income statement	1,010	869

(d) Change in Corporation Tax rate

The standard rate of UK corporation tax for the period was 19% (2017: 19.25%). A reduction in the rate to 17% from 1 April 2020 were substantively enacted prior to the balance sheet date and has been applied to the company's deferred tax balance at the balance sheet date.

Notes to the financial statements

at 31 December 2018

9. Taxation (continued)

(e) *Deferred tax*

The net deferred tax included in the balance sheet is as follows:

	2018	2017
	£000	£000
Deferred tax asset		
Defined benefit pension deficit	1,022	886
Other timing differences	(140)	70
	<u>882</u>	<u>956</u>
Deferred tax liability		
Accelerated capital allowances	313	272
Other timing differences	-	-
	<u>313</u>	<u>272</u>
Net deferred tax asset	<u>569</u>	<u>684</u>

The deferred tax in the income statement is as follows:

	2018	2017
	£000	£000
Deferred tax in the income statement		
Accelerated capital allowances	52	3
Other timing differences	-	-
Defined benefit pension plan	-	-
Adjustment in respect of prior year	-	(5)
Change in tax law and rates	-	-
Deferred tax expense	<u>52</u>	<u>(2)</u>

Notes to the financial statements

at 31 December 2018

10. Intangible assets

	<i>Computer Software</i> £000	<i>Goodwill</i> £000	<i>Trademarks</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2018	762	7,023	386	8,171
Additions	2	-	-	2
At 31 December 2018	764	7,023	386	8,173
Depreciation:				
At 1 January 2018	746	1,844	-	2,590
Charge for the year	7	-	-	7
At 31 December 2018	753	1,844	-	2,597
Net book value				
At 31 December 2018	11	5,179	386	5,576
At 1 January 2018	16	5,179	386	5,581

The goodwill arose following the hive up of Vogan & Co Limited and Joseph Heap & Sons Limited, and on the acquisition of the trade and assets of Moorhead & McGavin and relates to one cash generated unit (CGU). The recoverable amount of CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period.

Notes to the financial statements

at 31 December 2018

11. Tangible assets

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Motor Vehicles</i>	<i>Computer Equipment</i>	<i>Office Equipment</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2018	4,634	6,065	57	348	303	11,407
Additions	-	515	-	17	9	541
Disposals	-	(6)	-	(13)	(6)	(25)
At 31 December 2018	4,634	6,574	57	352	306	11,923
Accumulated depreciation						
At 1 January 2018	1,602	3,747	23	323	231	5,926
Charged in the year	136	328	11	11	12	498
Disposals	-	(6)	-	(13)	(3)	(22)
At 31 December 2018	1,738	4,069	34	321	240	6,402
Net book value						
At 31 December 2018	2,896	2,505	23	31	66	5,521
At 31 December 2017	3,032	2,318	34	25	72	5,481

12. Investment Property

	<i>Freehold buildings</i>
	£'000
Cost	
At 1 January 2018	185
Additions	-
Disposals	-
At 31 December 2018	185
Accumulated depreciation	
At 1 January 2018	49
Charged in the year	5
Disposals	-
At 31 December 2018	54
Net book value	
At 31 December 2018	131
At 31 December 2017	136

Notes to the financial statements

at 31 December 2018

13. Investments

	<i>Subsidiary undertakings</i>	<i>Other investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost or valuation:			
At 1 January 2018	-	500	-
Impairment:			
At 31 December 2018	-	500	-
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	-	-	-

Subsidiary undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 31 December 2017 or 31 December 2018, are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Nature of business</i>
Joseph Heap & Sons Limited	England	100%	dormant
Vogan & Company Limited	England	100%	dormant
Riviana Foods Limited	England	99.9%	dormant

None of these companies traded in the year ended 31 December 2018.

Other investments other than loans

The investment represents a £nil call option on a prospective investment. In the opinion of the directors, disclosure of the details of the investment would be seriously prejudicial to the interests of the company.

14. Stocks

	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
Raw materials	20,106	25,849
Work in progress	622	744
Finished goods	7,528	7,500
	<u>28,256</u>	<u>34,093</u>

Notes to the financial statements

at 31 December 2018

15. Trade and other receivables

	2018	2017
	£000	£000
Trade debtors	18,933	16,983
Amounts due from group undertakings	26,138	15,669
VAT	339	277
Other debtors	489	537
Prepayments	209	190
	<u>46,108</u>	<u>33,656</u>

An impairment analysis for trade and other receivables was performed at the reporting date in accordance with the simplified approach set out in accounting policy (Note 2.6) based on lifetime expected credit losses. As a result of calculations, loss allowance as at 31 December 2018 was £365k.

16. Trade and other creditors

Trade creditors are non-interest bearing and are normally settled on 39 day terms.

Other creditors are non-interest bearing and have an average term of 1 month.

17. Financial assets and liabilities

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts. The fair values of these derivatives held at the balance sheet date are as follows:

	2018	2017
	£000	£000
Forward foreign currency contracts – financial asset	64	1
Forward foreign currency contracts – financial liability	<u>1</u>	<u>163</u>

18. Authorised and issued share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
40,808 Ordinary shares of £0.01 each	<u>408</u>	<u>408</u>

Notes to the financial statements

at 31 December 2018

19. Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital reserve

This reserve arose from the Company's purchase of its own shares.

20. Letters of credit and guarantees

In the normal course of business the company issues duty deferment guarantees to HM Revenue & Customs, and guarantees to indemnify ship owners for incomplete documentation. The value of the guarantees at the year end was £1,218,750 (2017: £1,218,750).

21. Financial commitments

Future minimum rentals payable under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than one year	135	147
After one year but not more than five years	427	390
After five years	131	229

22. Pensions

Defined benefit pension scheme

The valuation used for the FRS 101 disclosures has been based on the most recent actuarial valuation at 31 December 2018 by a qualified independent actuary. Scheme assets are stated at their market values at the respective balance sheet dates. There were no outstanding contributions at either year end.

Main assumptions	2018 %	2017 %
Rate of salary increases	2.3	2.3
Rate of increase in pension in payment	3.0	3.0
Discount rate	2.9	2.5
Inflation assumption	3.1	3.1
Mortality assumption	SINXA using CMI 2010 with a long-term rate of improvement of 1.25% per annum	SINXA using CMI 2010 with a long-term rate of improvement of 1.25% per annum

Notes to the financial statements

at 31 December 2018

22. Pensions (continued)

The assets and liabilities of the scheme and the expected rate of return at the balance sheet date were:

	31 December 2018	31 December 2017
	Value	Value
	£000	£000
Equities	6,482	6,963
Gilts	1,379	1,398
Bonds	1,380	1,414
Cash	116	36
	<u> </u>	<u> </u>
Total market value of assets	9,357	9,811
Present value of scheme liabilities	(13,982)	(15,021)
	<u> </u>	<u> </u>
Defined benefit pension plan deficit	(4,625)	(5,210)
	<u> </u>	<u> </u>

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2018	2017
	£000	£000
<i>Recognised in the Income Statement</i>		
Current service cost	<u>2</u>	<u>4</u>
Recognised in arriving at operating profit	<u>2</u>	<u>4</u>
Expected return on pension assets	(246)	(240)
Interest on pension scheme liabilities	<u>372</u>	<u>403</u>
Total other finance expense	<u>126</u>	<u>163</u>
<i>Recognised in the Statement of Comprehensive Income</i>		
Actual return less expected return on pension scheme assets	(757)	852
(Loss) arising from changes in assumptions underlying the present value of scheme liabilities	1,156	(560)
Experience gain on defined benefit obligation	-	148
Gains from changes to demographic assumptions	<u>89</u>	<u>473</u>
Past service cost	<u>(106)</u>	<u>-</u>
Total	<u>382</u>	<u>913</u>

Notes to the financial statements

at 31 December 2018

22. Pensions (continued)

Changes in the present value of the defined benefit pension obligation are analysed as follows:

	2018 £000	2017 £000
Defined benefit obligation at 1 January	15,021	15,142
Current service cost	2	4
Past Service Cost	106	-
Interest cost	372	403
Benefits paid	(275)	(468)
Experience gain on defined benefit obligations	-	(148)
Changes to demographic assumptions	(89)	(473)
Actuarial gain on liabilities	(1,156)	560
Member contributions	1	1
Defined benefit obligation at 31 December	13,982	15,021

Changes in the fair value of plan assets are analysed as follows:

	2018 £000	2017 £000
Fair value of plan assets at 1 January	9,811	9,077
Expected gain on scheme assets	246	240
Actuarial (loss)/gain on assets	(757)	852
Benefits paid	(275)	(468)
Employer contribution	331	109
Member contributions	1	1
Fair value of plan assets at 31 December	9,357	9,811

Analysis of movement in the scheme deficit during the year:

	2018 £000	2017 £000
Scheme deficit at 1 January	(5,210)	(6,065)
Current service cost	(2)	(4)
Past service cost	(106)	-
Actuarial gain/(loss)	488	913
Contributions paid	331	109
Other finance charge	(126)	(163)
Scheme deficit at 31 December	(4,625)	(5,210)

Defined contribution scheme

Pension contributions in respect of the defined contribution scheme to which S&B Herba Foods Limited is the principal employer totalled £445,713 (2017: £354,493).

Notes to the financial statements

at 31 December 2018

23. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

The company purchased and sold goods with Boost Nutrition C.V., a company based in Belgium in which the company's ultimate parent company has a 49% stake. Goods supplied during the year under this arrangement amounted to £693,454 (2017: £577,620) and the balance due to the company at the financial period end was £nil (2017: £51,170). Goods sold during the year under this arrangement amounted to £390,586 (2017: £368,788) and the balance due from the company at the financial period end was £nil (2017: £43,734).

24. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is Ebro Foods S.A., which is incorporated in Spain.

The financial statements of Ebro Foods S.A., which represents the smallest and largest group in which the company is consolidated, are available from Ebro Foods S.A., Paseo de Castellana, 20, 28046 Madrid, Spain.