

FAGE UK LIMITED

Report and Financial Statements

31 December 2018



Directors

N P Amos
A K Filippou
C Koloventzos
A Alexopoulos

Secretary

Intertrust (UK) Limited

Auditor

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

Bankers

Citibank
25 Canada Square
London
E14 5LB

Registered Office

35 Great St Helens
London
EC3A 6AP

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2018.

Principal activity, review of the business and key performance indicators

The company's principal activity is the wholesale distribution of yoghurt to retail supermarkets.

The company achieved a turnover of £37,579,361 (2017: £39,006,099). Turnover decreased by 4% in 2018 due to increased discounts given to customers.

Gross profit increased by 17% to £7,197,477, due to lower cost prices.

The key financial and other performance indicators during the year were as follows:

	2018	2017	Change
	£	£	%
Turnover	37,579,361	39,006,099	(4%)
Gross profit	7,197,477	6,167,458	17%
Current assets as a % of current liabilities ('quick ratio')	139%	133%	6%

Future developments


The directors are optimistic for 2019. The continuing impact of new products and expansion of the customer base should continue to fuel growth.

Principal risks and uncertainties

The company operates in a highly competitive marketplace giving rise to a number of challenges. The superior quality of our products, investment in sales and marketing, high consumer loyalty and our excellent service record combine to enable us to compete effectively.

This report was approved by the board on 13th November 2019 and signed on its behalf.


C Kolovenczos
Director


N P Amos
Director

Directors' report

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

Results and dividends

The profit for the year, after taxation, amounted to £288,065 (2017 - £304,858).

The directors do not recommend a payment of a dividend.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The directors believe that the company is well placed to manage its business risks; has considerable resources including cash balances; and accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

Directors

The directors who served the company during the year were as follows:

N P Amos

A K Filippou

C Koloventzos

A Alexopoulos

Disclosure of information to the auditor

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

Auditors

Nyman Libson Paul resigned as auditors in the period and were replaced by Ernst & Young LLP. The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13th November 2019 and signed on its behalf.



C Koloventzos
Director



N P Amos
Director

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK.. 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 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 are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of FAGE UK LIMITED

OPINION

We have audited the financial statements of Faeg UK Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 15, 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 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 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 on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report 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 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.

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.

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.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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.

Ernst & Young LLP

Rachel Savage (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 18/11/2019

Statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	2	37,579,361	39,006,099
Cost of sales		<u>(30,381,884)</u>	<u>(32,838,641)</u>
Gross profit		7,197,477	6,167,458
Distribution costs		(6,013,721)	(5,024,961)
Administrative expenses		<u>(807,963)</u>	<u>(751,625)</u>
Operating profit	3	375,793	390,872
Interest payable and expenses	6	-	(812)
Profit on ordinary activities before taxation		375,793	390,060
Tax on profit on ordinary activities	7	<u>(87,728)</u>	<u>(85,202)</u>
Profit for the year and total comprehensive income		<u>288,065</u>	<u>304,858</u>

All results relate to continuing activities.

There are no recognised gains and losses other than those included above and therefore no separate statement of other comprehensive income is provided.

The notes on pages 11 to 17 form part of these financial statements.


Statement of financial position

at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	8	104,431	180,464
		<u>104,431</u>	<u>180,464</u>
Current assets			
Stocks	9	987,596	1,357,011
Debtors: amounts falling due within one year	10	5,171,026	4,860,139
Cash at bank and in hand		718,509	62,605
		<u>6,877,131</u>	<u>6,279,755</u>
Creditors: amounts falling due within one year	11	(4,965,098)	(4,731,820)
Net current assets		<u>1,912,033</u>	<u>1,547,935</u>
Net assets		<u>2,016,464</u>	<u>1,728,399</u>
Capital and reserves			
Called up share capital	12	20,000	20,000
Profit and loss account		1,996,464	1,708,399
Shareholder's equity		<u>2,016,464</u>	<u>1,728,399</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13th November 2019.


C Koloventzos
Director


N P Amos
Director

Statement of changes in equity

for the year ended 31 December 2018

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 1 January 2017	20,000	1,403,541	1,423,541
Profit for the year	-	304,858	304,458
At 1 January 2018	20,000	1,708,399	1,728,399
Profit for the year	-	288,065	288,065
At 31 December 2018	20,000	1,996,464	2,016,464

Notes to the financial statements

at 31 December 2018

1. Accounting policies

Statement of compliance

FAGE UK LIMITED is a limited liability company incorporated in England. The Registered Office is 35 Great St Helens London EC3A 6AP

The financial statements are prepared in compliance with FRS 102 as it applies to the company for the year ended 31 December 2018.

Basis of preparation and change in accounting policy

The financial statements have been prepared under the historic cost convention.

The financial statements are prepared in sterling which is the functional currency of the company.

The nature of operations and its principal activity are set out in the Directors' report.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publically available financial statements, which give a true and fair view, in which that member is consolidated. FAGE UK LIMITED is a qualifying entity as its results are consolidated into the financial statements of FAGE International SA, a company incorporated in Luxembourg. The consolidated accounts are publically available and may be obtained from www.international.FAGE.eu.

As a qualifying entity the Company has taken advantage of the following exemptions;

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows includes the Company's cash flows (FRS 102 paragraph 1.12 (b)).
- From disclosing transactions with entities which are part of the group in these financial statements (FRS 102.33.1A)

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 have had the most significant effect on amounts recognised in the financial statements and are the key sources of estimation uncertainty:

Stock provisioning

When calculating the stock provision, management considers the nature and condition of the stock as well as applying assumptions around anticipated saleability of goods.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience.

Accruals

The company makes an estimate of accruals at the year end based on invoices received after the year end and work undertaken which has not been invoiced based on quotations or estimates of amounts that may be due for payment.

1. Accounting policies (continued)**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts and rebates.

The company's activity is the wholesale distribution of yoghurt to retail supermarkets. Revenue is recognised on delivery to customers.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its estimated useful lives as follows:

Plant & machinery	–	15%
Fixtures & fittings	–	15%
Motor vehicles	–	25%

The carrying values of tangible fixed assets are reviewed for impairment where events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its recoverable value. The impairment loss is recognised immediately in the company's trading results.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other taxable profits.

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

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot rate at the beginning of the month in which the transaction occurred.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All resulting differences are recognised in the comprehensive income statement in administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash at banks and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income statement in administrative expenses.

1. Accounting policies (continued)

Leasing commitments

Rentals payable under operating leases are charged in the Income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pension

Contributions to defined contribution schemes are recognised in the Income statement in the period in which they become payable.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Turnover relates solely to the sale of yoghurt in the United Kingdom.

3. Operating profit

	2018 £	2017 £
Depreciation of tangible fixed assets	104,194	99,710
Auditor's remuneration		
- Audit services	23,496	18,500
- Taxation services	7,000	-
Exchange differences	(5,637)	(53,187)
Operating lease – land and buildings	<u>78,921</u>	<u>78,369</u>

4. Staff costs

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

	2018 £	2017 £
Wages and salaries	820,470	871,553
Social security costs	90,123	101,294
Other pension costs	8,792	4,429
	<u>919,385</u>	<u>977,276</u>

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

	2018	2017
Management, administration and sales staff	14	14
Warehouse staff	10	10
	<u>24</u>	<u>24</u>

5. Directors' remuneration

	2018	2017
	£	£
Aggregate remuneration in respect of qualifying services	227,781	221,684
In respect of the highest paid director:		
	2018	2017
	£	£
Aggregate remuneration in respect of qualifying services	227,781	221,684

No directors are accruing benefits under a defined contribution pension scheme (2017: none).

The parent company consider the directors of the company to be the key management personnel who have authority and responsibility for planning, directing and controlling the activities of the company.

6. Interest payable and similar charges

	2018	2017
	£	£
Finance leases and hire purchase contracts	-	812
	-	812

7. Taxation

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018	2017
	£	£
<i>Current tax:</i>		
UK corporation tax on profit for the year	87,475	85,202
Total current tax (note 7(b))	87,475	85,202
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(11,984)	-
Adjustment in respect of previous periods	10,976	-
Effect of changes in tax rates	1,261	-
Total deferred tax	253	-
Total tax per income statement	87,728	85,202

7. Taxation (continued)**b) Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	375,793	390,060
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 19% (2017 – 19.25%)	71,401	75,073
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4,091	1,373
Capital allowances in advance of depreciation	-	10,392
Adjustment in respect of previous periods	10,976	-
Tax rate changes	1,260	-
Other adjustments	-	(1,636)
Tax charge for the period	87,728	85,202

c) Deferred tax

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

	2018 £	2017 £
Fixed asset timing differences	253	-
	253	-
		£
At 1 January 2018		-
Adjustment in respect of previous periods		10,976
Deferred tax charge in income statement		(10,723)
At 31 December 2018 (note 11)		253

(d) Factors that may affect future charges

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation rate to 17% from 1 April 2020 was enacted during the year ended 31 December 2016. The impact of these reductions have been appropriately reflected in these financial statements

8. Tangible fixed assets

	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:				
At 1 January 2018	33,961	127,121	415,159	576,241
Additions	-	27,950	3,805	31,755
Disposals	-	(24,593)	(243,328)	(267,921)
At 31 December 2018	33,961	130,478	175,636	340,075
Depreciation:				
At 1 January 2018	11,354	68,693	315,730	395,777
Charge for the year	4,524	26,620	73,050	104,194
Disposals	-	(24,593)	(239,735)	(264,328)
At 31 December 2018	15,878	70,720	149,045	235,643
Net book amount:				
At 31 December 2018	18,083	59,758	26,590	104,431
At 1 January 2018	22,607	58,428	99,429	180,464

9. Stocks

	2018 £	2017 £
Goods for resale	987,596	1,357,011
	<u>987,596</u>	<u>1,357,011</u>

10. Debtors

	2018 £	2017 £
Trade debtors	4,981,656	4,595,728
Other debtors	114,524	154,028
Prepayments	74,846	110,383
	<u>5,171,026</u>	<u>4,860,139</u>

11. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	279,861	32,600
Amounts owed to group undertakings	3,641,391	3,278,919
Corporation tax	87,475	42,202
Deferred tax	253	-
Other tax and social security	33,876	32,020
Other creditors	18,524	11,535
Accruals	903,718	1,334,485
	<u>4,965,098</u>	<u>4,731,820</u>

12. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

13. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than one year	75,676	124,555
Later than 1 year and not later than 5 years	-	16,325
Total	<u>75,676</u>	<u>140,880</u>

14. Related party transactions

The company forms part of a wholly owned group for which consolidated financial statements are publicly available. Accordingly the company has taken advantage of the exemptions provided by FRS 102 not to disclose transactions with other group entities including its parent and fellow subsidiary undertakings.

15. Ultimate parent undertaking and controlling party

During the year the company's ultimate parent company was FAGE International S.A., a company incorporated in Luxembourg. FAGE International S.A. is under the control of Messrs Ioannis and Kryiakos Filippou.