

OSI Food Solutions UK Limited

Report and Financial Statements

For the 52 weeks ended 30 December 2017

Registered Number 1372104

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OSI Food Solutions UK Limited**Report and Financial Statements
For the 52 weeks ended 30 December 2017**

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OSI Food Solutions UK Limited

Directors

The Board of Directors

M H Back
D G McDonald
S A De Meulenaere

Company Secretary

M H Back

Registered Office

Luneburg Way
Scunthorpe
North Lincolnshire
United Kingdom
DN15 8LP

OSI Food Solutions UK Limited

Strategic report for the 52 weeks ended 30 December 2017

Review of business

The principal activity of the Company has continued to be the manufacture and sale of meat products.

Development and performance during the year

During 2017, the Company recorded a profit on ordinary activities before taxation of £2,877,000 (2016: £2,721,000). An interim dividend of £2,000,000 (2016: £2,000,000) was paid and the Directors do not recommend the payment of a final dividend (2016: £nil).

Key Performance Indicators ("KPI's")

The Company's key performance indicators are as follows:

	2017 £'000	2016 £'000
Turnover	159,340	137,830
Operating profit	2,963	2,820
% of sales	1.9%	2.0%
Pre-tax profit	2,877	2,721
% of sales	1.8%	2.0%

Turnover for the continuing operations in the period ended 30 December 2017 increased by 15.6% to £159.3m, compared with £137.8m in the previous period. In 2017, the Company faced challenging trading conditions but has remained focused, continuing to build on its core strengths as a provider of high quality food products. Raw material costs rose in 2017 compared with the previous period. The impact of this was passed on in higher sales prices.

The external commercial environment continues to put pressure on our prices and margins, but we believe that our continued investment in production facilities will enable us to grow turnover and profitability. Following the opening of the extension to the Scunthorpe factory the Company has a lower unit cost of manufacture and is in a strong position at the period end.

Future developments

It is anticipated that volumes sold in 2018 will be in line with 2017. The Company continues to seek new customers to utilise the extra capacity available.

Principal Risks and Uncertainties

The Company's operations expose it to a variety of financial risks that include commodity price risk, liquidity risk, interest rate cash flow risk and foreign exchange currency rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits.

Liquidity risk

The Company retains sufficient cash to ensure it has sufficient available funds for operations.

OSI Food Solutions UK Limited

Strategic report for the 52 weeks ended 30 December 2017 (continued)

Principal Risks and Uncertainties (continued)

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Fixed interest bearing liabilities include finance leases from third parties. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Foreign exchange currency rate risk

The Company has a policy to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows.

The directors will revisit the appropriateness of the above policies should the Company's operations change in size or nature.

On behalf of the Board



M H Back
Director

9 August 2018

OSI Food Solutions UK Limited

Directors' report for the 52 weeks ended 30 December 2017

The directors present their annual report and the audited financial statements of the Company for the 52 weeks ended 30 December 2017. The prior period is the 52 week period ended 31 December 2016.

Future developments

The future developments of the Company are included within the Strategic Report on page 3.

Directors

The directors who served during the period and up to the date of signing the financial statements are as follows:-

M H Back

P J Marsden (resigned 1 September 2017)

D G McDonald

S A De Meulenaere

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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK 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.

OSI Food Solutions UK Limited

Directors' report for the 52 weeks ended 30 December 2017 (continued)

Audit Requirement

For the period ending 30 December 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The accounts of the Company are included in the audited consolidated accounts of the ultimate UK parent company, Gands (U.K.) [02786695], who has issued a *guarantee in respect of liabilities of the Company arising in the period ended 30 December 2017*.

Employee involvement

The Company maintains its commitment to involving its employees in the Company's activities. This is achieved by monthly staff briefings covering the Company's financial and commercial performance. To encourage employee involvement a focused training programme is in place underpinned by the Company's participation in the 'Investors in People' scheme.

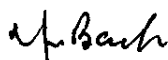
Employment of disabled persons

The Company is committed to the concept of equal employment opportunities for all and fair consideration is given to disabled persons, whether registered or not, for all job vacancies for which they are suitable applicants. Where possible, employees who become disabled in the Company's employment will be offered alternative employment and appropriate retraining.

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report.

On behalf of the Board



M H Back
Director

9 August 2018

OSI Food Solutions UK Limited

Statement of Comprehensive Income For the 52 weeks ended 30 December 2017

		52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
	Note		
TURNOVER	1	159,340	137,830
Cost of sales		(152,658)	(131,562)
GROSS PROFIT		6,682	6,268
Distribution costs		(1,571)	(1,434)
Administrative expenses		(2,148)	(2,014)
OPERATING PROFIT		2,963	2,820
Interest payable and similar charges	5	(86)	(99)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,877	2,721
Tax on profit on ordinary activities	6	(606)	(559)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL PERIOD		2,271	2,162

All amounts above relate to continuing operations.

Comprehensive income for the financial period is all attributable to the owners of the parent company.

OSI Food Solutions UK Limited

Statement of Financial Position as at 30 December 2017

Registered Number: 1372104

		30 December 2017	31 December 2016
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	8	9,452	10,317
CURRENT ASSETS			
Stocks	9	3,169	3,017
Debtors	10	2,873	827
Cash at bank and in hand		1,977	4,371
		8,019	8,215
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	11	(13,321)	(13,906)
NET CURRENT LIABILITIES		(5,302)	(5,691)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,150	4,626
CREDITORS: amounts falling due after more than one year	12	(73)	(802)
Provisions for liabilities	14	(343)	(361)
NET ASSETS		3,734	3,463
CAPITAL AND RESERVES			
Called up share capital	15	51	51
Revaluation reserve	16	48	54
Profit and loss account	16	3,635	3,358
TOTAL EQUITY		3,734	3,463

For the 52 week period ending 30 December 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The shareholder has not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 8 to 22 were approved by the board of directors and authorised for issue on 9 August 2018 and were signed on its behalf by:



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M H Back
Director

OSI Food Solutions UK Limited

Statement of Changes in Equity For the 52 weeks ended 30 December 2017

	Note	Share Capital £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
Balance at 3 January 2016		51	59	3,191	3,301
Profit for the period		-	-	2,162	2,162
Dividends to shareholder	7	-	-	(2,000)	(2,000)
Transfer from Revaluation Reserve		-	(5)	5	-
Balance at 31 December 2016		51	54	3,358	3,463
Profit for the period		-	-	2,271	2,271
Dividends to shareholder	7	-	-	(2,000)	(2,000)
Transfer from Revaluation Reserve		-	(6)	6	-
Balance at 30 December 2017		51	48	3,635	3,734

OSI Food Solutions UK Limited

Accounting policies for the 52 weeks ended 30 December 2017

General information

OSI Food Solutions UK Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP.

The nature of the Company's operations is given in the Strategic Report on page 3.

Principal accounting policies

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties.

Going concern

The balance sheet shows net current liabilities of £5,301,000 (2016: £5,691,000) mainly due to the prompt payment terms enjoyed with our principal customer, which compares to the 28 day terms operating with most suppliers.

The Directors, after reviewing the Company's budgets, investment plans and financing arrangements, consider that the Company has, at the date of this report sufficient financing available for the estimated requirements for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Gands (U.K.). The consolidated financial statements of Gands (U.K.) are publicly available from Companies House, Crown Way, Cardiff CF14 3UZ.

OSI Food Solutions UK Limited

Accounting policies for the 52 weeks ended 30 December 2017 (continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Sale of meat products

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of meat products are recognised when goods are delivered and legal title has passed and the Company has no continuing managerial involvement associated with ownership or effective control of the goods sold.

Tangible fixed assets

Tangible fixed assets are measured at cost or deemed cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write down the cost or valuation of tangible fixed assets to their estimated residual values on a straight-line basis over the period of their expected useful economic lives, as follows:

Freehold land	Nil
Freehold buildings	Over 33 years
Additions to freehold buildings	Over the remaining depreciation period of the main building
Plant and machinery	Between 3 to 10 years
Assets held under finance leases	Over the useful life

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Major spare parts that are expected to be used in more than one period, or that can only be used for one asset, are capitalised as tangible fixed assets. All other spare parts are classified as stocks.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

OSI Food Solutions UK Limited

Accounting policies for the 52 weeks ended 30 December 2017 (continued)

Capital grants

Capital grants relating to tangible fixed assets are treated as deferred income and released to profit or loss over the anticipated useful lives of the relevant assets.

Capitalisation of finance costs

Finance costs directly incurred in the construction of freehold buildings are capitalised and are being written off over the expected useful economic life of the building. All other finance costs, not incurred in the construction of fixed assets, are written off to profit or loss in the period in which they are incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition:

Raw meat and packaging	Purchase cost on a first-in, first-out basis.
Engineering spare parts	Purchase cost on an average basis.
Finished products	Cost of direct materials and labour, plus attributable overheads, based on a weekly level of activity.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

OSI Food Solutions UK Limited

Accounting policies for the 52 weeks ended 30 December 2017 (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 tax is based on taxable profit for the year. Taxable profit differs from profit on ordinary activities 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 date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in 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.

OSI Food Solutions UK Limited

Accounting policies for the 52 weeks ended 30 December 2017 (continued)

Taxation (continued)

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 a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted

Leases

The Company as Lessee – Finance Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Company substantially all of the risks and rewards incidental to ownership (“finance leases”). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

The Company as Lessee – Operating Leases

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Pensions

During the period, the Company contributed to a money purchase pension scheme, the OSI Food Solutions UK Limited Group Personal Pension Plan. Contributions payable for the period are charged to profit or loss.

Foreign currencies

Transactions denominated in currencies other than the functional currency (foreign currency) are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rate of exchange prevailing at the reporting date. All exchange differences arising are taken to profit or loss.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation method, rates and useful life of fixed assets

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement by the directors to ensure that assets match the future economic benefits embodied in them.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017

1. Turnover

There is only one class of business which is the manufacture and sale of meat products.

An analysis of turnover by destination is given below:

	52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
United Kingdom	159,086	137,180
Rest of EU	254	650
	<u>159,340</u>	<u>137,830</u>

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting):

	52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
Depreciation of tangible fixed assets:		
- owned assets	1,159	1,130
- leased assets	431	431
Stock - amounts expensed to cost of sales	143,033	122,423
Release of deferred income (grants)	(20)	(21)
Auditors' remuneration:		
- audit services	30	29
Foreign exchange losses	9	55
Operating lease costs:		
- Plant and machinery	61	61
- Other	100	113
	<u>100</u>	<u>113</u>

3. Directors' emoluments

	52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
Aggregate emoluments (including benefit in kind)	-	147
Contributions to money purchase pension scheme	-	10
	<u>-</u>	<u>157</u>

The total emoluments, including contributions to money purchase pension scheme, of the highest paid director were £nil (2016: £157,000).

The number of directors for whom retirement benefits are accruing under money purchase pension schemes is 0 (2016: 1).

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

4. Employee information

The average monthly number of persons employed by the Company during the period, including executive directors, is analysed below:

	52 weeks to 30 December 2017	52 weeks to 31 December 2016
By activity:	Number	Number
Administration	21	20
Manufacturing	151	147
	<u>172</u>	<u>167</u>

Staff costs (for the above persons):

	52 weeks to 30 December 2017	52 weeks to 31 December 2016
	£'000	£'000
Wages and salaries	4,545	4,194
Social security costs	445	420
Other pension costs (see note 19)	122	124
	<u>5,112</u>	<u>4,738</u>

5. Interest payable and similar charges

	52 weeks to 30 December 2017	52 weeks to 31 December 2016
	£'000	£'000
Interest payable on bank overdrafts	16	-
Interest payable on finance leases	61	99
	<u>77</u>	<u>99</u>

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

6. Tax on profit on ordinary activities

Analysis of tax charge in the period

	52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
Current tax:		
UK corporation tax and group relief on profits of the period	624	579
Total current tax	624	579
Deferred tax:		
Origination and reversal of timing differences	(18)	1
Restatement for reduction in the corporation rate to 17%	-	(21)
Total deferred tax (note 14)	(18)	(20)
Tax on profit on ordinary activities	606	559

Factors affecting the tax charge in the period

The tax charge for the period is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
Profit on ordinary activities before taxation	2,877	2,721
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20.25%)	554	544
Effects of:		
Expenses not deductible for tax purposes	56	40
Income not taxable	(4)	(4)
Re-measurement of deferred tax	-	(21)
Total tax charge for the period	606	559

7. Dividends

	52 weeks to 30 December 2017 £'000	52 weeks to 31 December 2016 £'000
Interim paid: £39.604 (2016: £39.604) per £1 ordinary share	2,000	2,000

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

8. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	8,054	18,545	1,736	28,335
Additions	8	618	99	725
At 30 December 2017	8,062	19,163	1,835	29,060
Accumulated Depreciation				
At 1 January 2017	4,802	11,712	1,504	18,018
Charge for the period	236	1,215	139	1,590
At 30 December 2017	5,038	12,927	1,643	19,608
Net Book Value				
At 30 December 2017	3,024	6,236	192	9,452
At 31 December 2016	3,252	6,833	232	10,317

Assets held under finance leases

Included within the net book value is £2,478,000 (2016: £2,909,000) relating to plant and machinery held under finance lease agreements.

Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £336,000 (2016: £336,000). Depreciation relating to capitalised interest amounted to £10,000 (2016: £10,000).

Valuation

The land and buildings were valued by Edmond Shipway, Chartered Quantity Surveyors, on 28 March 1990, on a replacement cost basis, at £5,405,000. The cost of the land and buildings at 30 December 2017 was £7,792,000 (2016: £7,784,000) and their net book value, based on historic cost, was £2,976,000 (2016: £3,198,000).

Value of land not depreciated

Included in freehold land and buildings is £360,000 (2016: £360,000) of land that is not depreciated.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

9. Stocks

	30 December 2017 £'000	31 December 2016 £'000
Raw materials and consumables	1,018	1,040
Finished goods	2,151	1,977
	<u>3,169</u>	<u>3,017</u>

A provision of £23,000 (2016: £23,000) is held against consumables.

10. Debtors

	30 December 2017 £'000	31 December 2016 £'000
Amounts falling due within one year:		
Trade debtors	2,365	292
Amounts owed by group undertakings	58	56
Other debtors	131	122
Prepayments and accrued income	319	357
	<u>2,873</u>	<u>827</u>

There are no impairment losses included within trade debtors.

11. Creditors: amounts falling due within one year

	30 December 2017 £'000	31 December 2016 £'000
Trade creditors	9,982	10,989
Amounts owed to group undertakings	1,880	1,398
Obligations under finance leases (note 13)	708	909
Corporation tax and group relief	336	287
Other creditors	-	-
Other taxation and social security	113	107
Accruals and deferred income	302	216
	<u>13,321</u>	<u>13,906</u>

12. Creditors: amounts falling due after more than one year

	30 December 2017 £'000	31 December 2016 £'000
Obligations under finance leases (note 13)	-	708
Accruals and deferred income	73	94
	<u>73</u>	<u>802</u>

Obligations under finance leases represent a finance lease repayable over five year period and carries interest at 4.4%.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

13. Maturity of long-term creditors

Finance lease

	30 December 2017 £'000	31 December 2016 £'000
Due within one year	708	909
Due within one to two years	-	708
	<u>708</u>	<u>1,617</u>

Deferred income - grant

	30 December 2017 £'000	31 December 2016 £'000
To be released within one year	20	20
To be released within one to two years	20	20
To be released within two to five years	53	60
To be released in over five years	-	14
	<u>93</u>	<u>114</u>

14. Provisions for liabilities

Deferred tax:

	30 December 2017 Provided £'000	31 December 2016 Provided £'000
Excess of capital allowances over depreciation	343	361
	<u>343</u>	<u>361</u>
	£'000	
At 1 January 2017	361	
Credited to the profit and loss account (note 6)	(18)	
At 30 December 2017	<u>343</u>	

The standard rate of Corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19.25%. The standard UK Corporation Tax rate will reduce from 19% to 17% from 1 April 2020. The deferred tax balances in the financial statements have been calculated using a rate of 17% as this was the rate enacted in law at the balance sheet date for the period in which the deferred tax balance is forecast to be utilised. The changes are not anticipated to have a material impact on the Company's financial statements in future periods.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

15. Called up share capital

Allotted, called and fully paid:

	30 December 2017 £'000	31 December 2016 £'000
50,500 (2016: 50,500) ordinary shares of £1 each	51	51

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

16. Reserves

Revaluation reserve (in respect of land and buildings) (note 8)

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Retained earnings

Cumulative profit and loss net of distributions to owners.

17. Commitments under operating leases

The Company as lessee

The total future minimum lease payments under non-cancellable operating leases for vehicles, plant and machinery are as follows:

	30 December 2017 £'000	31 December 2016 £'000
Amounts due:		
Within 1 year	419	418
Between 1 and 5 years	304	412
Beyond 5 years	43	-
	<u>766</u>	<u>830</u>

18. Contingent liabilities

In November 2015 the OSI Group LLC renewed global loan facilities with various international banks. Total borrowings under these facilities as at 30 December 2017 were £769,000,000 (31 December 2016: £805,000,000). All borrowings are secured by fixed and floating charges over the majority of assets and undertakings of companies within the group. These charges are supported by unlimited cross guarantees and by fixed charges and pledges over the shares of the Company. In addition, the Company has entered into cross guarantees in respect of borrowings of other companies in the OSI Group LLC group. The directors do not expect any material loss to the Company to arise in respect of the guarantees.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

19. Pensions

The Company contributes to a money purchase pension scheme, the OSI Food Solutions UK Limited Group Personal Pension Plan. The charge for the period was £122,000 (2016: £124,000). At the period end, the amount of contributions prepaid or outstanding in accruals was £nil (2016: £nil).

20. Related party transactions

The Company has taken advantage of the exemptions under FRS 102 section 33 not to disclosure transactions entered into between fellow wholly owned subsidiaries of OSI Group LLC.

The Company had the following transactions in the ordinary course of business, unless otherwise stated, with other entities related by virtue of their membership of the same group of companies:

Period ended 30 December 2017	Purchases from related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	20,574	1,736
Period ended 31 December 2016	Purchases from related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	21,416	1,157

Pickstock Telford Ltd is a joint venture company of OSI Group LLC in which a 50% shareholding is held.

21. Immediate and ultimate parent company and controlling party

The immediate parent undertaking of the Company is OSI Food Solutions UK Holdings Limited, a company incorporated in England, by virtue of its 100% shareholding in the Company. The directors regard OSI Group LLC, a company incorporated in the United States of America, to be the Company's ultimate parent undertaking and ultimate controlling party, by virtue of its shareholding in the intermediate parent undertaking.

The largest and smallest group in which the results of OSI Food Solutions UK Limited are consolidated and publicly available is that of Gands (U.K.), the UK parent company. Copies of Gands (U.K.)'s financial statements are publicly available from Companies House, Crown Way, Cardiff CF14 3UZ. The largest group for which group financial statements are prepared is OSI Group LLC; however the financial statements of OSI Group LLC are not publicly available.

22. Capital commitments

Capital commitments at the balance sheet date amounted to £248,000 (2016: £67,000).