

**AAK (UK) LIMITED**  
**(formerly AarhusKarlshamn UK Limited)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

REGISTERED NUMBER: 1585686

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COMPANIES HOUSE

# **Directors' report and financial statements**

## **for the year ended 31 December 2014**

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## **AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**

### **STRATEGIC REPORT**

The directors present their strategic report for the company and the audited financial statements for the year ended 31 December 2014.

#### **REVIEW OF THE BUSINESS**

In the year the company made a profit for the financial year of £5,207,000 (2013 profit: £3,025,000) and accordingly £5,207,000 (2013:£3,025,000) has been transferred to reserves.

On 16 May 2014 the company changed its name to AAK UK Limited as part of a group re-branding programme.

2014 has been yet another challenging year, but has seen improvement year on year. Vegetable oil prices remained lower during the year but general consumption in core markets is still lower than in previous years.

AAK Foods, a division of the Company, again performed well in the year, delivering better results than 2013.

The Company is part of a Group headed by AAK AB based in Sweden. The Group's core business of refining of vegetable oils for the food manufacturing, foodservice and bakery sectors continued to provide a diversified range of products. Performance of the core business was as expected despite continued difficult external economic pressures in UK and export markets. The business is working with some success to develop stronger partnerships with its customers providing added value and service in addition to providing the products required by customers in a changing market. Significant investment in the Hull site has also been made with the addition of a new deoderiser at a cost of £8.5m in the year.

During the year, a restructure at Hull was announced and associated costs are included in exceptional costs.

The outlook for 2015, given the current global economic position, remains hard to predict. The Group's strategy of a diversified product range is expected to protect the business from the potential risk of a downturn in any specific product market. 2015 will again be a year of continued consolidation and investment in the existing businesses, in the face of increasing UK competition.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from suppliers, both nationally and internationally, this risk is mitigated by having a strong relationship with key customers and striving to provide excellent customer service, and a high quality product. The costs of our key raw materials are subject to fluctuation based on international market prices and have to be monitored closely with significant variances over a long period being passed onto our customers.

# **AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**

## **STRATEGIC REPORT**

### **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out in association with the AAK AB (parent) central treasury function located in Sweden, the risks are managed locally in line with the procedures laid down by the group function:

#### **Market Risk**

The group operates across Europe, Middle East and the US and is therefore exposed to currency risk in relation to the Euro and Dollar. The company operates a Euro and Dollar bank account in the UK and effectively tries to manage its risk of exposure to foreign exchange by equalizing its assets and liabilities denoted in these currencies on a monthly basis.

#### **Credit Risk**

Credit risk arises from exposure to outstanding receivables. The Group's policy is to insure all its debt through credit insurance. The company also manages its credit exposure through defined credit limits with its trading counterparties.

#### **Liquidity Risk**

The business is subject to the risk that will not have sufficient borrowing facilities to fund its existing business and any future plans for growth. The company has access to facilities managed centrally via a Group Treasury function. The company manages its liquidity through both short and long terms cash flow forecasts.

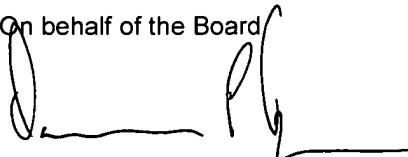
### **KEY PERFORMANCE INDICATORS AND MANAGEMENT OF BUSINESS PERFORMANCE**

The key performance indicators that are monitored on a Group wide and regional basis are earnings before interest, return on capital employed and cash flow.

#### **Budgeting and forecast reviews**

Monthly results are reviewed against budget and significant variances are investigated to give the Board a clear view of the current trading position of the company. Forecasts are updated on a monthly basis to monitor performance against expectation more closely.

On behalf of the Board



DP Taylor  
Director

King George Dock  
Kingston-Upon-Hull  
East Yorkshire  
Hull HU9 5PX  
1 June 2015

## **AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited) DIRECTORS' REPORT**

### **PRINCIPAL ACTIVITIES**

The principal activity of AAK (UK) Limited (formerly AarhusKarlshamn UK Limited) continued to be that of processing edible vegetable oils.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 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.

### **DIVIDEND**

During the year a dividend of £nil was paid. (2013: £30,000,000) The directors do not recommend the payment of a final dividend.

### **DIRECTORS**

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

D M Craven (resigned 30/9/2014)  
T A Stephenson  
D P Taylor (appointed 30/9/2014)

### **CHARITABLE CONTRIBUTIONS**

The company made charitable contributions amounting to £13,025 (2013: £3,960).

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**DIRECTORS' REPORT**

**EMPLOYMENT OF DISABLED PERSONS**

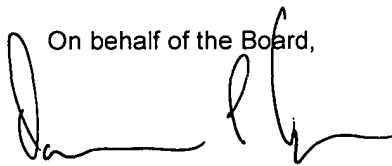
The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment of disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

**EMPLOYEE INVOLVEMENT**

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its performance. The company encourages the involvement of employees by means of encouraging training and regular meetings between management and staff in order to provide a common awareness on the part of the staff of the financial and economic circumstances affecting the company's performance.

**DISCLOSURE OF INFORMATION TO 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 all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board,  
  
DP Taylor  
Director

King George Dock  
Kingston-Upon-Hull  
East Yorkshire  
Hull HU9 5PX  
1 June 2015

# ***Independent auditors' report to the members of AAK (UK) Limited (formerly AarhusKarlshamn UK Limited)***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, AAK (UK) Limited (formerly AarhusKarlshamn UK Limited)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.
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### **What we have audited**

AAK (UK) Limited (formerly AarhusKarlshamn UK Limited)'s financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, 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.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

# ***Independent auditors' report to the members of AAK (UK) Limited (formerly AarhusKarlshamn UK Limited)***

## ***continued***

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Peter Adams (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Hull  
1 June 2015



**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<i>Note</i>	<b>2014</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Turnover</b>	<b>2</b>		<b>257,441</b>		<b>279,366</b>
Cost of sales			<u>(230,795)</u>		<u>(256,210)</u>
Gross profit			<b>26,646</b>		<b>23,156</b>
Distribution costs		<b>(8,771)</b>		<b>(9,277)</b>	
Administrative expenses					
Excluding exceptional items	<b>3</b>	<b>(8,862)</b>		<b>(9,125)</b>	
Exceptional items	<b>7</b>	<b>(885)</b>		<b>(245)</b>	
Administrative expenses including exceptional items		<b>(9,747)</b>		<b>(9,370)</b>	
			<u><b>(18,518)</b></u>		<u><b>(18,647)</b></u>
<b>Operating profit</b>	<b>3</b>		<b>8,128</b>		<b>4,509</b>
Interest receivable	<b>8</b>		<b>9</b>		<b>-</b>
Interest payable and similar charges	<b>9</b>		<b>(1,701)</b>		<b>(1,158)</b>
<b>Profit on ordinary activities before taxation</b>			<u><b>6,436</b></u>		<u><b>3,351</b></u>
Tax on profit on ordinary activities	<b>10</b>		<u><b>(1,229)</b></u>		<u><b>(328)</b></u>
<b>Profit for the financial year</b>			<u><b>5,207</b></u>		<u><b>3,023</b></u>

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been prepared.

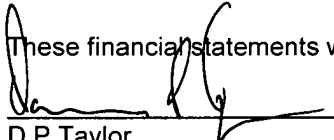
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

All results relate to continuing operations.

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**BALANCE SHEET AT 31 DECEMBER 2014**

	Note	2014	2013
		£'000	£'000
<b>Fixed assets</b>			
Intangible fixed assets:			
Goodwill		1,976	2,221
Negative goodwill		(30)	(35)
	11		
Tangible fixed assets	12	1,946	2,186
Investments	13	35,571	33,028
		5,287	5,287
		<u>42,803</u>	<u>40,501</u>
<b>Current assets</b>			
Stocks	14	26,246	30,222
Debtors	15	61,521	55,080
Cash at bank and in hand		197	452
		<u>87,964</u>	<u>85,754</u>
<b>Creditors: amounts falling due within one year</b>			
	16	(52,107)	(55,317)
<b>Net current assets</b>		<u>35,857</u>	<u>30,437</u>
<b>Total assets less current liabilities</b>		<b>78,660</b>	<b>70,938</b>
<b>Creditors: amounts falling due after more than one year</b>			
	17	(38,719)	(36,400)
<b>Provisions for liabilities</b>			
Deferred taxation	18	(2,579)	(2,383)
<b>Net assets</b>		<u>37,362</u>	<u>32,155</u>
<b>Capital and reserves</b>			
Called up share capital	19	23,600	23,600
Profit and loss account	20	13,762	8,555
<b>Total shareholders' funds</b>	21	<u>37,362</u>	<u>32,155</u>

These financial statements were approved by the Board of Directors on 1 June 2015

 Director

D P Taylor

AAK UK Limited

Registered number: 1585686

The notes on pages 9 to 21 form part of these financial statements.

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES**

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom on the basis of the following accounting policies which have been applied consistently in dealing with items which are considered material:

**1.1 Basis of accounting**

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

**1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**1.3 Turnover**

Turnover comprises sales of products and services to third parties at amounts invoiced net of trade discounts excluding taxes on turnover.

Turnover from the sale of products is recognised upon transfer to the customer of the significant risks and rewards of ownership. This is generally upon signing of the goods receipts note, except that sales of inventory located at customers' premises and available for customers' immediate use are recognised when notification is received that the product has been used.

Appropriate provision for returns and trade discounts are deducted from turnover.

**1.4 Foreign currencies**

Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date, any profits or losses arising being included in the result for the year together with any profits or losses arising from transactions in foreign currencies during the year. Forward currency contracts entered into by the company are recognised at fair value within debtors and creditors as appropriate. Movements in fair value are recognised in the profit and loss account in the year in which they arise.

**1.5 Intangible fixed assets and amortisation**

Goodwill representing the excess of fair value of the consideration over the fair value of the separable net assets acquired is capitalised and amortised on a straight line basis over its useful economic life up to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

Any excess of the fair value of the separable net assets acquired over the fair value of consideration (negative goodwill) is shown in intangible assets and amortised over its useful economic life up to 20 years.

Trademarks and other intangible assets are initially recorded at cost and amortised on a straight line basis over their estimated useful economic lives.

**1.6 Investments in subsidiary undertakings**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONTINUED)**

**1 ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, which includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation, with the exception of land, which is not depreciated. The following annual depreciation rates, which reflect the expected useful lives of the assets concerned, are applied to the cost of the fixed assets on a straight line basis:

Freehold property	20 years
Leasehold buildings	Over the period of the lease
Plant and machinery	10 – 15 years
Furniture, fixtures and fittings	3 – 7 years

**1.8 Forward contract position**

Company activities involve entering into forward contracts for the purchase and sale of commodities and foreign exchange. The contracted cost of open material and currency forward contracts are compared with the equivalent value of open forward sales contracts or open market value where applicable ('marked to market') with the difference being included within debtors or creditors as appropriate.

Fair valuation of all forward commodity contracts in accordance with FRS 26 is appropriate on the basis that all forward contracts whether for sales or purchases can be settled with the other contracted party on a net cash settlement basis and the company has a practice of settling such contracts net.

**1.9 Stock and work in progress**

Stocks are stated at the lower of cost and net realisable value. Finished goods value includes direct cost and an appropriate allocation of overheads. Net realisable value is the estimated selling price less all further costs to be incurred prior to sale.

**1.10 Pension scheme**

The company operates non-contributory money purchase pension schemes through life assurance companies which hold fund contributions independent from company finances. Company pension contributions are accounted for on an accruals basis.

**1.11 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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.

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

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised.

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONTINUED)**

**1.12 Leasing and hire purchase**

Where leases entail taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

**1.13 Operating leases**

The rental cost of operating leases is charged against profit on a straight line basis over the period of the lease.

**2 TURNOVER**

Turnover represents amounts invoiced during the year, excluding value added tax, analysed by geographical area as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>199,947</b>	206,720
Rest of Europe	<b>51,931</b>	66,356
Rest of the World	<b>5,563</b>	6,290
	<b><u>257,441</u></b>	<b><u>279,366</u></b>

**3 OPERATING PROFIT**

This is stated after charging/(crediting) the following:	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of owned tangible fixed assets	<b>3,562</b>	3,521
Depreciation of assets held under finance leases	<b>200</b>	170
Net Amortisation	<b>240</b>	240
Operating lease charges:		
- Plant and machinery	<b>263</b>	246
- Other	<b>998</b>	851
Net fair value gains on open forward contracts	<b>(703)</b>	(210)
	<b><u>          </u></b>	<b><u>          </u></b>

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONTINUED)**

**4 AUDITORS REMUNERATION**

	2014 £'000	2013 £'000
Fees payable to the company's auditors and its associates for the audit of the company's financial statements	49	50
Fees payable to the company's auditors and its associates for the audit of financial statements on behalf of:		
Book&Claim Limited	5	5
AAK Hull Limited	2	2
Fees payable to the company's auditors and its associates in respect of:		
Taxation and compliance services	9	8
All taxation and advisory services not included above	21	19

**5 REMUNERATION OF DIRECTORS**

	2014 £'000	2013 £'000
Aggregate emoluments	432	380
Company contributions to money purchase pension schemes	103	155
	<u>535</u>	<u>535</u>
Members of money purchase pension scheme	<u>2</u>	<u>2</u>

During the year, both directors exercised 10,000 stock options (2013: 5,000)

The emoluments of the highest paid director were £231,862 (2013: £216,024). The highest paid director was a member of a money purchase pension scheme under which payments into the scheme amounted to £47,103 (2013: £61,155).

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONTINUED)**

**6 STAFF NUMBERS AND COSTS**

The monthly average number of employees, including directors, of the Company during the year, analysed by category, was as follows:

	<b>2014</b>	2013
Production	<b>370</b>	364
Sales	<b>40</b>	63
Administration	<b>37</b>	38
	<u><b>447</b></u>	<u>465</u>

The aggregate payroll costs of these employees were as follows:

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Wages and salaries	<b>16,659</b>	15,506
Social security costs	<b>1,659</b>	1,517
Other pension costs	<b>1,227</b>	1,174
	<u><b>19,545</b></u>	<u>18,197</u>

**7 EXCEPTIONAL ITEMS**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Restructuring	<u><b>885</b></u>	<u>245</u>

During the year the restructuring programme continued at the Hull site with the ongoing implementation of lean manufacturing involving investment in more efficient plant which is reducing manual handling.

**8 INTEREST RECEIVABLE**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Interest receivable	<u><b>9</b></u>	<u>-</u>

**9 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	2013
	<b>£'000</b>	£'000
On overdrafts and inter group loans repayable within five years	<b>1,653</b>	1,101
On finance leases	<b>48</b>	57
	<u><b>1,701</b></u>	<u>1,158</u>

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONTINUED)**

**10 TAX ON PROFIT ON ORDINARY ACTIVITIES**

<b>Analysis of tax charge in the year</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Current tax</b> (see note below):		
UK corporation tax charge on profit for the year	1,062	1,858
Adjustments in respect of prior years	(28)	28
<b>Total current tax</b>	<u>1,034</u>	<u>1,886</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	307	(1,033)
Adjustments in respect of prior years	(90)	(178)
Impact of change in tax rate	(22)	(347)
<b>Total deferred tax</b> (see note 16)	<u>195</u>	<u>(1,558)</u>
<b>Tax on profit on ordinary activities</b>	<u>1,229</u>	<u>328</u>

**Factors affecting tax charge for the year:**

The tax assessed for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Current tax reconciliation:		
Profit on ordinary activities before taxation	6,436	3,351
Current tax at 21.49% (2013: 23.25%)	1,383	779
Expenses not deductible for tax purposes	15	65
Depreciation in excess of capital allowances	38	(48)
Other short term timing differences	(27)	1,080
Income not taxable for tax purposes	(347)	(18)
Adjustments in respect of prior year	(28)	28
<b>Total current tax charge</b>	<u>1,034</u>	<u>1,886</u>

As a result of changes in the UK main corporation tax rate to 21% that was substantively enacted on 2 July 2013 and that was effective from 1 April 2014, and to 20% that was also substantively enacted on 2 July 2013 and that will be effective from 1 April 2015, the relevant deferred tax balances have been re-measured.



**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
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**11 INTANGIBLE FIXED ASSETS**

	Trademarks £'000	Goodwill £'000	Negative Goodwill £'000	Total £'000
<b>COST:</b>				
At 1 January 2014	363	4,896	(888)	4,371
<b>At 31 December 2014</b>	<b>363</b>	<b>4,896</b>	<b>(888)</b>	<b>4,371</b>
<b>ACCUMULATED AMORTISATION:</b>				
At 1 January 2014	363	2,675	(853)	2,185
Provided during the year	-	245	(5)	240
<b>At 31 December 2014</b>	<b>363</b>	<b>2,920</b>	<b>(858)</b>	<b>2,425</b>
<b>NET BOOK VALUE:</b>				
<b>At 31 December 2014</b>	<b>-</b>	<b>1,976</b>	<b>(30)</b>	<b>1,946</b>
At 31 December 2013	-	2,221	(35)	2,186

**12 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery £'000	Furniture, Fixtures and fittings £'000	Total £'000
<b>COST:</b>					
At 1 January 2014	4,029	9,969	109,256	8,192	131,446
Additions	33	698	4,235	1,514	6,480
Disposals	-	-	(368)	-	(368)
<b>At 31 December 2014</b>	<b>4,062</b>	<b>10,667</b>	<b>113,123</b>	<b>9,706</b>	<b>137,558</b>
<b>ACCUMULATED DEPRECIATION:</b>					
At 1 January 2014	266	8,150	84,424	5,578	98,418
Provided during the year	46	214	3,062	440	3,762
Eliminated on disposals	-	-	(193)	-	(193)
<b>At 31 December 2014</b>	<b>312</b>	<b>8,364</b>	<b>87,293</b>	<b>6,018</b>	<b>101,987</b>
<b>NET BOOK VALUE:</b>					
<b>At 31 December 2014</b>	<b>3,750</b>	<b>2,303</b>	<b>25,830</b>	<b>3,688</b>	<b>35,571</b>
At 31 December 2013	3,763	1,819	24,832	2,614	33,028

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 £'000	2013 £'000
Plant and machinery	845	701

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
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**13 FIXED ASSET INVESTMENTS**

	<b>2014 £'000</b>
<b>Cost or valuation</b>	
At 1 January 2014 and 31 December 2014	<u><b>5,287</b></u>
<b>Net book value</b>	
At 31 December 2013 and 31 December 2014	<u><u><b>5,287</b></u></u>

Subsidiary undertakings

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Rowallan Creamery	Ordinary £1	100%
Allied Foods Limited	Ordinary £1	100%
AarhusKarlshamn Limited (formerly Midsummer Foods Limited)	Ordinary £1	100%
Nutritionelle Limited	Ordinary £1	100%
Book&Claim Limited	Ordinary £1	100%

The aggregate of the share capital and reserves as at 31 December 2014 and the profit and loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>	<b>Profit £'000</b>
Rowallan Creamery	4,805	-
Allied Foods Limited	5,681	-
Nutritionelle Limited	10	-
Book&Claim Limited	5,628	1,338

AarhusKarlshamn Limited (formerly Midsummer Foods Limited) had aggregate share capital and reserves of £2 and no profit or loss in the period. The Directors believe the carrying value of the investments is supported by their underlying net assets.

**14 STOCKS**

	<b>2014 £'000</b>	<b>2013 £'000</b>
Raw materials	<b>17,451</b>	22,274
Work in progress	<b>285</b>	232
Finished goods	<b>8,509</b>	7,716
	<u><u><b>26,245</b></u></u>	<u><u><b>30,222</b></u></u>

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15 DEBTORS**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	<b>33,982</b>	34,881
Amounts owed by group undertakings	<b>5,420</b>	4,194
Amounts owed by group undertakings under forward contracts	<b>2,907</b>	2,498
Forward contract position (see note 1.8)	<b>8,050</b>	4,802
Other debtors and prepayments	<b>11,162</b>	8,705
	<b><u>61,521</u></b>	<b><u>55,080</u></b>

Amounts owed by fellow group companies are interest free, carry no security and are repayable on demand.

**16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases and lease purchases	<b>333</b>	456
Trade creditors	<b>19,487</b>	20,442
Amounts owed to group undertakings	<b>10,773</b>	11,244
Amounts owed by group undertakings under forward contracts	<b>2,438</b>	5,779
Corporation tax	<b>210</b>	578
Forward contract position	<b>5,258</b>	737
Accruals and other creditors	<b>13,608</b>	16,079
	<b><u>52,107</u></b>	<b><u>55,315</u></b>

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

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Amounts owed to group undertakings	<b>38,208</b>	36,101
Net obligations under finance leases and hire purchase contracts	<u><b>511</b></u>	<u>299</u>
	<u><b>38,719</b></u>	<u><b>36,400</b></u>

Loans are not secured by way of charges over group assets. Interest is charged at variable rates. Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Authorised:</b>		
Between one and five years	<u><b>511</b></u>	<u>299</u>

**18 DEFERRED TAXATION**

The amounts provided for deferred taxation are set out below:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
At beginning of the year	<b>2,383</b>	3,941
Profit and loss account (note 8)	<b>196</b>	(1,558)
<b>At end of the year</b>	<u><b>2,579</b></u>	<u>2,383</u>

The provision for deferred taxation is made up as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Accelerated capital allowances	<b>2,131</b>	2,265
Other timing differences	<u><b>448</b></u>	<u>118</u>
<b>Total deferred tax liability</b>	<u><b>2,579</b></u>	<u>2,383</u>

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**19 SHARE CAPITAL**

	2014 £'000	2013 £'000
<b>Authorised:</b>		
25,000 (2011: 25,000) Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<b>Allotted, called up and fully paid:</b>		
23,600 (2011: 23,600) Ordinary shares of £1 each	<u>23,600</u>	<u>23,600</u>

**20 RESERVES**

	Profit and Loss Account £'000
At 1 January 2014	8,555
Profit for the financial year	5,207
Profit and loss account at 31 December 2014	<u>13,762</u>

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014 £'000	2013 £'000
Opening shareholders' funds	32,155	59,132
Profit for the financial year	5,207	3,025
Dividends (Note 21)	-	(30,000)
Closing shareholders' funds	<u>37,362</u>	<u>32,157</u>

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22 DIVIDENDS**

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Dividends paid on equity capital	<u>-</u>	<u>30,000</u>

**23 COMMITMENTS**

Capital commitments at 31 December 2014, for which no provision has been made in these financial statements were as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Contracted	<u>90</u>	<u>171</u>

The company was committed at 31 December 2014 to the following payments within the next year in respect of operating leases analysed by the date of expiry of lease.

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Expiry date:</b>				
Within one year	<b>593</b>	<b>262</b>	582	257
After more than five years	<b>405</b>	-	405	-
Total	<u><b>998</b></u>	<u><b>262</b></u>	<u>987</u>	<u>257</u>

**24 CASH FLOW STATEMENT**

The company is a wholly owned subsidiary company of a group headed by AAK AB (formerly AarhusKarlshamn AB), a company incorporated in Sweden and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'.

**25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The largest higher Group of undertakings for which Group financial statements are drawn up and of which the Company is a member is AAK AB (formerly AarhusKarlshamn AB), a Company incorporated in Sweden, the address of which is AAK AB, Skeppsgatan 19, SE-211 19 Malmö, Sweden. The Company's ultimate controlling party is also AAK AB.

The Company's immediate parent Company and controlling party is AAK (UK) Limited, a Company registered in England and Wales.

The Company's ultimate parent Company and controlling party is AAK AB, a Company incorporated in Sweden, the address of which is AAK AB, Skeppsgatan 19, SE-211 19 Malmö, Sweden.

**AAK (UK) LIMITED (formerly AarhusKarlshamn UK Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**26 SUBSIDIARY UNDERTAKINGS**

The following companies were subsidiary undertakings of the company at 31 December 2014. All are registered in England and Wales.

Company	Class of shares	Principal activity	Proportion held
Rowallan Creamery Limited	Ordinary £1	Holding company	100%
Allied Foods Limited	Ordinary £1	Non trading	100%
AarhusKarlshamn Limited (formerly Midsummer Foods Limited)	Ordinary £1	Non trading	100%
Nutritionelle Limited	Ordinary £1	Non trading	100%
Book&Claim Limited	Ordinary £1	Trading agent	100%

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

**27 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', not to disclose related party transactions with fellow Group Companies. The exemption is available as its financial information is included in the consolidated financial statements of the ultimate parent company, AAK AB (formerly AarhusKarlshamn AB), a company incorporated in Sweden.