REGISTERED NUMBER: 02226904 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Period 1 June 2018 to 31 December 2018

for

COUNTY CONFECTIONERY LIMITED

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COMPANIES HOUSE

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

COUNTY CONFECTIONERY LIMITED

Contents of the Financial Statements
for the period 1 June 2018 to 31 December 2018

COUNTY CONFECTIONERY LIMITED

Company Information
for the period 1 June 2018 to 31 December 2018

DIRECTORS:	M D Brian D K Brian R M Cooke M G F Forrester U Moes M Wodskou M L Weber
REGISTERED OFFICE:	Unit 5 Penbeagle Industrial Estate St Ives Cornwall TR26 2JH
REGISTERED NUMBER:	02226904 (England and Wales)
AUDITOR:	Ernst & Young LLP Statutory Auditors The Paragon Counterslip Bristol BS1 6BX

COUNTY CONFECTIONERY LIMITED

Strategic Report
for the period 1 June 2018 to 31 December 2018

The directors present their strategic report for the period 1 June 2018 to 31 December 2018.

The principal activity of the company is the manufacture of fudge and chocolate confectionery.

REVIEW OF BUSINESS
On 28 September 2018 an equity deal completed on a 100% share purchase by NIC Enterprises Limited. The company has aligned its year end with its ultimate parent, Orkla ASA, to 31 December. As a result the comparative figures shown below are not wholly comparable.

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

	7 months to 31 Dec 2018 £	12 months to 31 May 2018 £
Turnover	3,404,273	8,688,232
Total operating profit/(loss)	(32,222)	(1,327,895)
Profit/(loss) after tax	67,081	(1,372,292)
Shareholders funds	1,607,540	1,540,459
One-off early repayment costs on term debts	104,136	-

The Board are reporting a profit after tax for the short 7-month period ending 31 December 2018 of £67,081.

The equity deal secured sustainability for the company, repaying all existing debt in full including all term debts; this resulted in the company incurring early payment costs on term debts which are included within the £198,670 finance costs for the period.

Since the year end the company has delivered 100% of sales orders for the chocolate Easter season, along with generating the projected profit, assuring customers of the company's reliability and ability to deliver. A new stage gate system has been implemented, resulting in clearer and better-defined time frames for workflow between the company and customers. The internal recruitment drive for all seasonal workers was successful, with zero agency labour for the season. A change in the workflow on the factory floor has improved space and efficiencies specifically for the chocolate department.

The Board anticipates completing the expansion plans and delivering the projected growth by injecting the funds required to complete the original expansion plans and beyond.

PRINCIPAL RISKS AND UNCERTAINTIES
Price risk
The financial review of the loss-making year highlighted eroding margins from high commodity raw materials such as butter and a price management strategy was immediately implemented.

Following the implementation of this strategy, one large fudge contract would not accept a price increment and this contract ceased on renewal; the capacity has been replaced by higher margin products.

The price management strategy shows margins in line with projections and on track for a current year profit. A strong Board focus on price management and margins continues as a key focus area.

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

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

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

'No deal Brexit'
The directors continually review and evaluate the risks that the company is facing. The company's operations expose it to a variety of financial risks that include the effects of exposure to price, credit liquidity and cash flow risk, along with foreign currency and legislation risk. The full business implications of Brexit remain uncertain, which will be the case for some time, and any risks arising will be a key focus area for management in the next financial year. Currency fluctuations, trading arrangements, employment issues and other risks that become apparent over time will be monitored by management and mitigation put in place where possible.

ON BEHALF OF THE BOARD:

....
R M Cooke - Director

Date: 25 Sept 2019

Report of the Directors
for the period 1 June 2018 to 31 December 2018

The directors present their report with the financial statements of the company for the period 1 June 2018 to 31 December 2018.

DIVIDENDS
No dividends were declared or paid during the period ended 31 December 2018 (31 May 2018: dividends paid of £45,000).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 June 2018 to the date of this report.

M D Brian
D K Brian

Other changes in directors holding office are as follows:

R M Cooke - appointed 28 September 2018
M G F Forrester - appointed 28 September 2018
U Moes - appointed 28 September 2018
M Wodskou - appointed 28 September 2018

M L Weber was appointed as a director after 31 December 2018 but prior to the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT
The company has chosen to disclose information in the Strategic Report regarding future developments and principal risks and uncertainties.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

ON BEHALF OF THE BOARD:

....
R M Cooke - Director

Date: 25 Sept 2019

Independent Auditor's Report to the Members of County Confectionery Limited

Opinion
We have audited the financial statements of County Confectionery Limited (the 'company') for the period ended 31 December 2018 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK" (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 period 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.

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 in the Strategic Report and the Report of the Directors, but does not include 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 our 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 this 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 Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of
County Confectionery Limited

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

Date: 27/9/19

COUNTY CONFECTIONERY LIMITED

Income Statement
for the period 1 June 2018 to 31 December 2018

	Notes	Period 1/6/18 to 31/12/18 £	Year Ended 31/5/18 £
TURNOVER	3	3,404,273	8,688,232
Cost of sales		(2,919,504)	(8,538,285)
GROSS PROFIT		484,769	149,947
Administrative expenses		(537,944)	(1,521,232)
		(53,175)	(1,371,285)
Other operating income		20,953	43,390
OPERATING LOSS	6	(32,222)	(1,327,895)
Interest payable and similar expenses	7	(185,839)	(77,831)
LOSS BEFORE TAXATION		(218,061)	(1,405,726)
Tax on loss	8	285,142	33,434
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		67,081	(1,372,292)

The notes form part of these financial statements

COUNTY CONFECTIONERY LIMITED

Statement of Comprehensive Income
for the period 1 June 2018 to 31 December 2018

	Period 1/6/18 to 31/12/18 £	Year Ended 31/5/18 £
PROFIT/(LOSS) FOR THE PERIOD	67,081	(1,372,292)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	67,081	(1,372,292)

The notes form part of these financial statements

COUNTY CONFECTIONERY LIMITED (REGISTERED NUMBER: 02226904)

Balance Sheet
31 December 2018

	Notes	31/12/18 £	31/5/18 £
FIXED ASSETS			
Tangible assets	10	5,607,909	5,859,001
Investments	11	201	201
		5,608,110	5,859,202
CURRENT ASSETS			
Stocks	12	1,609,760	865,782
Debtors	13	1,208,234	1,334,869
Cash at bank and in hand		247,993	45,732
		3,065,987	2,246,383
CREDITORS			
Amounts falling due within one year	14	(1,188,639)	(3,735,148)
NET CURRENT ASSETS/(LIABILITIES)		1,877,348	(1,488,765)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,485,458	4,370,437
CREDITORS			
Amounts falling due after more than one year	15	(5,774,622)	(2,441,540)
PROVISIONS FOR LIABILITIES	19	(103,296)	(388,438)
NET ASSETS		1,607,540	1,540,459
CAPITAL AND RESERVES			
Called up share capital	20	580	580
Share premium		89,758	89,758
Revaluation reserve		206,156	207,337
Capital redemption reserve		580	580
Retained earnings		1,310,466	1,242,204
SHAREHOLDERS' FUNDS		1,607,540	1,540,459

The financial statements were approved by the Board of Directors on 25 Sep 2019 and were signed on its behalf by:

R M Cooke - Director

The notes form part of these financial statements

COUNTY CONFECTIONERY LIMITED

**Statement of Changes in Equity
for the period 1 June 2018 to 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 June 2017	580	2,657,337	89,758
Changes in equity			
Transfer between reserves	-	2,159	-
Total comprehensive loss	-	(1,372,292)	-
Dividends	-	(45,000)	-
Balance at 31 May 2018	580	1,242,204	89,758
Changes in equity			
Transfer between reserves	-	1,181	-
Total comprehensive income	-	67,081	-
Balance at 31 December 2018	580	1,310,466	89,758

	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 June 2017	209,496	580	2,957,751
Changes in equity			
Transfer between reserves	(2,159)	-	-
Total comprehensive loss	-	-	(1,372,292)
Dividends	-	-	(45,000)
Balance at 31 May 2018	207,337	580	1,540,459
Changes in equity			
Transfer between reserves	(1,181)	-	-
Total comprehensive income	-	-	67,081
Balance at 31 December 2018	206,156	580	1,607,540

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

To align the reporting date with the wider group the company elected to shorten its reporting date to 31 December 2018, so that the current period represents the 7 months to 31 December 2018. The comparatives are not entirely comparable as they represent the 12 months to 31 May 2018.

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

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

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the exemptions, available under paragraphs 1.11 and 1.12 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", from the requirements of: Section 7 Statement of Cash Flows; Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A,

Preparation of consolidated financial statements
The financial statements contain information about County Confectionery Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Orkla ASA, which are publicly available.

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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

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

continued...

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost. Such costs include costs directly attributable to making the asset capable of operating as intended. Subsequent to initial recognition, tangible assets are stated at cost less accumulated depreciation and accumulated impairment.

Tangible fixed assets are depreciated at the following annual rates in order to write off each asset, other than land and properties under construction, over its estimated useful life:

Buildings	- 2% straight line basis
Plant and machinery - chocolate moulds	- 33% straight line basis
Plant and machinery - other	- 10% - 15% reducing balance basis
Fixtures and fitting	- 15% straight line basis
Motor vehicles	- 25% straight line basis

Impairment of fixed assets

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

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

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

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

Government grants

Grants are initially credited to deferred revenue. Grants toward capital expenditure are released to the profit and loss account over the expected useful life of the asset. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Investments in subsidiaries

Investments in subsidiary undertakings are measured at cost less impairment.

continued...

2. **ACCOUNTING POLICIES - continued**

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately 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" of FRS102 to all of its financial instruments.

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

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

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

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

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

continued...

2. **ACCOUNTING POLICIES - continued**

Taxation

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

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

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

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

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

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

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

Hire purchase and leasing commitments

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Pension costs and other post-retirement benefits

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

continued...

2. ACCOUNTING POLICIES - continued

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

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

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

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

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

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

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
United Kingdom	2,730,762	7,523,855
Europe	314,502	684,725
Rest of world	359,009	479,652
	3,404,273	8,688,232

continued...

4. EMPLOYEES AND DIRECTORS

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Wages and salaries	1,135,964	1,882,431
Social security costs	90,185	155,360
Other pension costs	13,821	19,539
	1,239,970	2,057,330

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

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
Production	83	65
Administration and support	25	28
	108	93

5. DIRECTORS' EMOLUMENTS

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Directors' remuneration	64,592	91,511
Directors' pension contributions to money purchase schemes	2,205	3,780

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

Money purchase schemes	2	2

6. OPERATING LOSS

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

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Hire of plant & machinery	15,617	19,186
Depreciation - owned assets	276,522	498,898
Loss on disposal of fixed assets	17,373	72,703
Auditors' remuneration	17,600	10,000
Foreign exchange differences	2	(4,591)
Grant income	(25,311)	(43,390)

continued...

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Bank interest	1,966	9,552
Bank loan interest	29,785	29,332
Other loan interest	63,939	-
Hire purchase and lease contract interest	90,149	41,731
Interest payable on other finance liabilities	-	(2,784)
	185,839	77,831

Included in interest payable (for the current period only) are non-recurring early termination charges for bank loans of £16,530, other loans of £14,653 and hire purchase contracts £72,953.

Interest of £37,652 (31 May 2018: £nil) was payable on the loan financed by the ultimate controlling party, Orkla ASA.

8. TAXATION

Analysis of the tax credit
The tax credit on the loss for the period was as follows:

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Current tax:		
UK corporation tax	-	(44,464)
UK corporation tax adjustment to prior periods	-	5,085
Total current tax	-	(39,379)
Deferred tax:		
Timing differences	(285,142)	5,945
Tax on loss	(285,142)	(33,434)

continued...

8. **TAXATION - continued**

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

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Loss before tax	(218,061)	(1,405,726)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(41,432)	(267,088)
Effects of:		
Expenses not deductible for tax purposes	68	9
Income not assessable for tax purposes	(3,981)	-
Deferred tax expense/(credit) relating to changes in tax rates or laws	9,525	1,912
Increase from tax losses for which no deferred tax asset was recognised	-	231,733
Decrease from tax losses recognised as a deferred tax asset	(249,322)	-
Total tax credit	(285,142)	(33,434)

9. **DIVIDENDS**

	Period 1/6/18 to 31/12/18	Year Ended 31/5/18
	£	£
Ordinary shares of £1 each		
Interim	-	45,000

continued...

10. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 June 2018	2,707,312	5,017,818	525,443	62,762	8,313,335
Additions	44,622	27,814	-	-	72,436
Disposals	-	(184,927)	(11,992)	(15,490)	(212,409)
Reclassification/transfer	-	(38,772)	38,772	-	-
At 31 December 2018	2,751,934	4,821,933	552,223	47,272	8,173,362
DEPRECIATION					
At 1 June 2018	105,319	1,933,906	382,740	32,369	2,454,334
Charge for period	31,615	207,890	31,724	5,293	276,522
Eliminated on disposal	-	(140,085)	(11,992)	(13,326)	(165,403)
At 31 December 2018	136,934	2,001,711	402,472	24,336	2,565,453
NET BOOK VALUE					
At 31 December 2018	2,615,000	2,820,222	149,751	22,936	5,607,909
At 31 May 2018	2,601,993	3,083,912	142,703	30,393	5,859,001

Included in cost of freehold property is freehold land of £190,584 (31 May 2018: £190,584) which is not depreciated.

The company's freehold property was revalued on 1 June 2015 by an independent valuer, Alder King Property Consultants. The company elected to treat this valuation as deemed cost on transition to FRS102. Had this class of asset been measured on a historical cost basis, the carrying amount would have been £2,416,590 (31 May 2018: £2,415,944).

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	31/12/18 £	31/05/18 £
Plant and machinery	-	2,113,894
Fixtures and fittings	-	6,918
Motor vehicles	22,936	27,395
	22,936	2,148,207

11. **FIXED ASSET INVESTMENTS**

	Shares in group undertaking £
COST	
At 1 June 2018 and 31 December 2018	201
NET BOOK VALUE	
At 31 December 2018	201
At 31 May 2018	201

continued...

11. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Anglesey Fudge Company Limited
Registered office: Unit 5, Penbeagle Industrial Estate, St. Ives, Cornwall, TR26 2JH
Nature of business: Dormant company

Class of shares:	% holding
Ordinary	100.00

	31/12/18	31/5/18
	£	£
Aggregate capital and reserves	100	100

County Chocolates Limited
Registered office: Unit 5, Penbeagle Industrial Estate, St. Ives, Cornwall, TR26 2JH
Nature of business: Dormant company

Class of shares:	% holding
Ordinary	100.00

	31/12/18	31/5/18
	£	£
Aggregate capital and reserves	30,100	30,100

County's Limited
Registered office: Unit 5, Penbeagle Industrial Estate, St. Ives, Cornwall, TR26 2JH
Nature of business: Dormant company

Class of shares:	% holding
Ordinary	100.00

	31/12/18	31/5/18
	£	£
Aggregate capital and reserves	1	1

12. STOCKS

	31/12/18	31/5/18
	£	£
Raw materials	863,294	701,503
Finished goods and goods for resale	746,466	164,279
	1,609,760	865,782

The amount of stock recognised as an expense in profit or loss during the period was £1,345,789 (31 May 2018: £4,648,013).

continued...

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/18	31/5/18
	£	£
Trade debtors	1,005,222	1,231,687
Amounts owed by group undertakings	169,732	-
Other debtors	-	57,916
Directors' current accounts	-	3,586
Prepayments	33,280	41,680
	1,208,234	1,334,869

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/18	31/5/18
	£	£
Bank loans and overdrafts (see note 16)	-	657,640
Hire purchase contracts (see note 17)	5,133	414,758
Trade creditors	793,333	617,133
Amounts owed to group undertakings	1,351	101
PAYE	45,513	27,893
VAT	140,425	272,839
Other creditors	80,340	1,496,433
Accrued expenses	74,796	212,431
Deferred government grants	47,748	35,920
	1,188,639	3,735,148

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

	31/12/18	31/5/18
	£	£
Bank loans (see note 16)	-	514,480
Other loans (see note 16)	5,187,652	-
Hire purchase contracts (see note 17)	20,314	956,118
Other creditors	29,358	400,863
Deferred government grants	537,298	570,079
	5,774,622	2,441,540

Other loans relates to funds received from the ultimate controlling party, Orkla ASA. The amount owed is due for repayment on 15 January 2023. Interest is accrued on a monthly basis and the rate is determined monthly by Orkla ASA as being equal to the six month interbank rate plus a margin of 1.00% and a risk mark-up. The amount owed is unsecured.

16. LOANS

An analysis of the maturity of loans is given below:

	31/12/18	31/5/18
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	494,995
Bank loans	-	162,645
	-	657,640

continued...

16. LOANS - continued

	31/12/18	31/5/18
	£	£
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	425,983
Other loans - 2-5 years	5,187,652	-
	5,187,652	425,983
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	-	88,497

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31/12/18	31/5/18
	£	£
Net obligations repayable:		
Within one year	5,133	414,758
Between one and five years	20,314	956,118
	25,447	1,370,876

	Non-cancellable operating leases	
	31/12/18	31/5/18
	£	£
Within one year	13,739	11,375
Between one and five years	34,817	45,126
	48,556	56,501

18. SECURED DEBTS

The following secured debts are included within creditors:

	31/12/18	31/5/18
	£	£
Hire purchase contracts	25,447	-

Hire purchase contracts are secured over the assets to which they relate.

continued...

19. PROVISIONS FOR LIABILITIES

	Accelerated capital allowances	Tax losses	Property revaluation	Deferred tax total
	£		£	£
Balance as at 1 June 2018	363,083	-	25,355	388,438
Movement in the year	(62,064)	(223,078)	-	(285,142)
Balance as at 31 December 2018	301,019	(223,078)	25,355	103,296

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/18	31/5/18
			£	£
580	Ordinary	£1	580	580

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,821 (31 May 2018: £19,539).

22. CONTINGENT LIABILITIES

The company has previously received grant funding for various projects, the latest being the expansion of the company premises. There is a potential issue over whether any of the grant funding is repayable as a result of the change in ownership of the company. The company is currently investigating this with the grant providers. No provision has been made in the accounts for potential repayment of grants received as the matter is uncertain and the company cannot reliably estimate the level of funding that could become repayable.

23. RELATED PARTY DISCLOSURES

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

During the period D K Brian, a director, had net expenditure paid on his behalf by the company through his director loan account of £2,425 (31 May 2018: £6,868). At the balance sheet date the amount due to D K Brian was £nil (31 May 2018: £14,406), which is included in Debtors: amounts falling due within one year.

During the period M D Brian, a director, had net expenditure paid on his behalf by the company through his director loan account of £3,149 (31 May 2018: £3,586). At the balance sheet date the amount due from M D Brian was £nil (31 May 2018: £3,586), which is included in Creditors: amounts falling due within one year.

During the year the company sold goods of £1,012,888 (31 May 2018: £2,226,671) to Orchard Valley Foods Limited, a company under the control of the immediate parent company, and purchased goods of £1,592 (31 May 18: £10,387) from Orchard Valley Foods Limited. At the balance sheet date the amount due from Orchard Valley Foods was £169,732 (31 May 2018: £521,543), which is included in Debtors: amounts falling due within one year.

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24. **ULTIMATE CONTROLLING PARTY**

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

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