

**ABI HOLDINGS LIMITED**  
**(REGISTERED NO. 2387461)**

**Directors' Report and Financial Statements for the**  
**Period from 1 April 2014 to 31 March 2015**



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## STRATEGIC REPORT

The directors present their Strategic report for the Group and Company for the year ended 31 March 2015.

### BUSINESS REVIEW

The Company's significant subsidiary, Britannia Industries Limited, which is predominantly engaged in the business of bakery products, increased its sales turnover by over 14% during the year over the previous comparable period of 12 months ended 31 March 2014. During the year, the functional currency of the Group's significant subsidiary, Britannia Industries Limited has witnessed a 7% depreciation against GBP. While Cake and Rusk categories have seen growth in mid-teens, Bread category has experienced growth of mid to high single digits over the last five years. Strengthening and expansion of sales and distribution network which started last year continued this year with vigour and resulted in significant improvement in key metrics such as direct coverage. In addition, this year the Company put consumer activation on the front burner to buttress its iconic brands. This was accomplished by associating with marquee properties in Cricket and Cinema. These activities made the presence of the Company's brands even more salient thereby helping establish that special connect with consumers critical for securing repeat business.

The Company's pillar brands - Good Day, NutriChoice, MarieGold, 50-50 and Milk Bikis continued their growth through product superiority, impactful advertising, activations and by staying price competitive. The two biggest strength areas of our Company - Indulgence and Health saw heightened activity. The year 2014-15 saw a renewed vigour with which our Company focused on regaining thought leadership by bringing "first of its kind" organoleptically superior offerings into the market. Good Day Chunkies brought the world's best cookie experience to India and NutriChoice Heavens made Health more delightful. IPL partnerships and activations, competitive pricing strategy and new advertising initiatives also made sure that our brands Good Day and NutriChoice continued their leadership within their respective categories. The year also saw the relaunch of the Company's iconic Bourbon.

The Group's Diary business continues to drive development of a differentiated portfolio and in line with the overarching corporate strategy and have been working on further strengthening the organoleptic performance of its products. To remain competitive in the market the Company is continuously extracting benefits from an integrated sales and distribution system and diversified sourcing. In the coming year, the Group will implement various initiatives in all areas of operations to create an efficient and robust supply chain and build cold chain capabilities to enhance sales and service to the trade and final consumers. The business will identify more opportunities to reduce recipe cost and optimize Growth momentum continued and escalated in the emerging categories – Breads, Cakes and Rusks. The Group, through market place vigilance and consistent investment, will tap into opportunities and strengthen its presence further.

While the business environment continued to be intensely competitive, consumers continued to buy and consume more of our brands, more often. The Company focused on balancing cost, quality and aspiration in its brand to improve consumer affordability at every price point.

Net profit of the group for the period ended 31 March 2015 was £34,360,291 compared with £18,188,870 in the previous period, a growth of 89%. During the year, Britannia Industries sold its land and building in Padi, Chennai resulting in a profit of £17,240,859.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The primary risk to the business will be on account of adverse changes in the Indian economy. Volatility in commodity prices is another risk.

## **KEY PERFORMANCE INDICATORS**

In a challenging economic environment and intensely competitive market, profit from operations increased by 37%, the turnover has increased by 22% and the cash profit has increased by 88% during the year.

The Group expects growth to track back to the 12% to 14% level. This is mainly because the cycle of "higher disposable income - higher aspiration - higher consumption - higher job creation - higher disposable income" is expected to be restored.

## **FUTURE DEVELOPMENTS**

The Company's R&D function will continue to focus on consumer insight based unique, differentiated yet relevant organoleptic superior innovations, renovation of the portfolio for better value and organoleptics, science based healthier products and claim validation, product portfolio for the new product categories & adjacencies for the launch in coming years leading to sustainable profitable share growth for the Company.

By Order of the Board



A.K Hirjee  
Director



Jayant Gadgil  
Director

Registered Office:

34 Ely Place

London

EC1N 6TD

Date: 18 December 2015

## **DIRECTORS' REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2015**

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2015.

### **RESEARCH AND DEVELOPMENT**

The Group's Research and development team continues to play a very vital role in Company's goal to deliver profitable growth by developing superior organoleptic products, while keeping the focus on value engineering of the product and packaging. This year was marked with various new launches and restage of two pillar brands – Tiger Glucose and Bourbon biscuits. The R&D team developed truly differentiated, highly indulgent and best tasting "Good Day Chunkies" with 30% melting chocolate chips and range of healthier cookies "NutriChoice Heavens" made with oats, cranberry, almond and banana. The packaging team delivered differentiated packaging for these innovations in the market with embossed cartons for better shelf display and premium appeal.

### **RESULTS AND DIVIDENDS**

The Group's profit for the period amounted to £ 34,360,291 (previous year: £18,188,870).

The Group paid a dividend amounting to £ 7,089,416.

### **DIRECTORS INDEMNITY**

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilized by the directors.

### **DIRECTORS**

The directors who held office during the year and up to the date of the report were as follows :

Patrick Kennedy Cassels (resigned 5 September 2015)

A K Hirjee

Stephen Richard Page

Jayant Gadgil

Rajiv Batra (appointed 11 August 2015)

### **DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and

The directors have also taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**DIRECTORS' REPORT AND ACCOUNTS  
FOR THE PERIOD ENDED 31 MARCH 2015 (CONTINUED)**

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KMPG LLP will therefore continue in office.

This report was approved by the Board and signed on its behalf by.

By Order of the Board



A.K Hirjee  
Director



Jayant Gadgil  
Director

Registered Office:  
34 Ely Place  
London  
EC1N 6TD  
Date: 18 December 2015

## 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 elected to prepare the Group and parent company 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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABI HOLDINGS LIMITED**

We have audited the financial statements of ABI Holdings Limited for the year ended 31 March 2015 set out on pages 10 to 52. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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.



**Matters on which we are required to report by exception**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*Marcus Tyldsley*

**Marcus Tyldsley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

Date: *21 January 2016*

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT

	Note	For 12 months period ended 31 March 2015 £	For 12 months period ended 31 March 2014 £
Group turnover		838,226,796	686,927,907
Change in stocks of finished goods and work in progress		3,277,402	1,157,736
Other operating income / expense		9,122,025	8,900,640
<b>Group operating income</b>		<b>850,626,223</b>	<b>696,986,283</b>
Raw materials and consumables		509,097,830	420,700,898
Conversion charges		52,617,394	45,601,308
Staff costs	18	31,441,600	26,375,885
Depreciation		17,441,125	8,366,677
Amortization of goodwill		492,333	1,226,667
Other operating charges		165,458,463	140,786,449
<b>Total operating expenses</b>		<b>776,548,745</b>	<b>643,057,884</b>
<b>Group operating profit</b>			
Continuing operations:		74,077,478	53,928,399
Share of operating profit / (loss) in associate		22,640	(27,389)
<b>Operating Profit including joint venture and associates</b>		<b>74,100,118</b>	<b>53,901,010</b>
Profit on sale of assets		17,240,859	970,647
<b>Profit on ordinary activities before interest and taxation</b>		<b>91,340,977</b>	<b>54,871,657</b>
Interest payable and similar charges	24	(481,853)	(924,056)
Other non operating income and expense	36	9,483,098	2,408,010
<b>Profit on ordinary activities before taxation</b>		<b>100,342,222</b>	<b>56,355,611</b>
Tax on profit on ordinary activities	27	(30,159,868)	(19,197,139)
<b>Profit on ordinary activities after taxation</b>		<b>70,182,354</b>	<b>37,158,472</b>
Equity minority interest		(35,822,063)	(18,969,602)
<b>Retained profit for the financial year</b>	14	<b>34,360,291</b>	<b>18,188,870</b>

The notes on pages 15 to 52 form part of these financial statements

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2015 £	As at 31 March 2014 £
<b>FIXED ASSETS:</b>			
Intangible assets – Goodwill	4	5,959,702	5,804,922
Tangible assets	5	84,269,484	85,258,152
<b>Investments:</b>			
Unconsolidated subsidiary undertakings	6	680	680
Investments in associates	6	116,833	87,740
Participating interests	6	130,243	130,243
		<b>90,476,942</b>	<b>91,281,737</b>
<b>CURRENT ASSETS:</b>			
Inventory	7	43,559,258	42,272,351
Debtors	8	82,427,241	48,967,824
(including £ 9,740,568 (previous year £ 5,929,498) due after more than one year)			
Investments	6	56,498,657	21,159,415
Cash at bank and in hand	17	27,623,291	11,435,240
Other current assets		1,392,467	1,292,118
(including £1,312,039 (previous year £ 1,219,083) due after more than one year)			
		<b>211,500,914</b>	<b>125,126,948</b>
Creditors : Amounts falling due within one year	9	(114,343,179)	(92,399,666)
<b>NET CURRENT ASSETS</b>		<b>97,157,735</b>	<b>32,727,282</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Creditors: Amounts falling due after more than one year	10	(11,666,923)	(9,620,103)
Provisions for liabilities and charges	11	(16,230,309)	(15,935,312)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>159,737,445</b>	<b>98,453,604</b>
Pension liability	19	(1,933,020)	(1,435,974)
<b>NET ASSETS</b>		<b>157,804,425</b>	<b>97,017,630</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	4,995,785	4,995,785
Share premium	14	20,782,967	20,782,967
Foreign exchange translation reserve	14	521,142	(8,919,504)
Retained profit	14	58,757,305	32,357,278
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>13</b>	<b>85,057,199</b>	<b>49,216,526</b>
Minority interests	15	72,747,226	47,801,104
<b>CAPITAL EMPLOYED</b>		<b>157,804,425</b>	<b>97,017,630</b>

The notes on pages 15 to 52 form part of these financial statements

Signed for and on behalf of the board on 18 December 2015

  
A.K Hirjee  
Director

  
Jayant Gadgil  
Director

Registered Office:  
34 Ely Place  
London  
EC1N 6TD


COMPANY BALANCE SHEET

	Note	As at 31 March 2015 £	As at 31 March 2014 £
<b>FIXED ASSETS</b>			
Investment in subsidiary undertaking	6	26,634,986	26,634,986
<b>CURRENT ASSETS</b>			
Cash at bank		5,188	5,042
Amount owed by group undertakings		40,049	40,049
		45,237	45,091
Creditors : Amounts falling due within one year	9	(80,478)	(79,998)
<b>NET CURRENT LIABILITIES</b>		(35,241)	(34,907)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		26,599,745	26,600,079
Creditors : Amounts falling due after more than one year	10	(2,442,487)	(2,400,522)
<b>NET ASSETS</b>		24,157,258	24,199,557
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	4,995,785	4,995,785
Share premium account	14	19,057,931	19,057,931
Retained profit	14	103,542	145,841
<b>TOTAL SHAREHOLDER'S FUNDS</b>		24,157,258	24,199,557

The notes on pages 15 to 52 form part of these financial statements

The financial statements were approved by the Board and signed on its behalf by

  
A.K Hirjee  
Director

  
Jayant Gadgil  
Director

Date: 18 December 2015

Registration number 02387461

## CONSOLIDATED CASH FLOW STATEMENT

		For the period from 1 April 2014 to 31 March 2015	For the period from 1 April 2013 to 31 March 2014
	Note	£	£
<b>Net Cash inflow from Operating Activities</b>	16	<b>84,274,538</b>	<b>74,853,438</b>
<b>Return on investments and servicing of finance</b>			
Interest paid		(357,857)	(972,337)
Interest element of finance lease payments		(7,561)	(5,029)
Other non operating income		8,361,881	2,284,833
Equity dividend on minority holding in subsidiaries		(7,641,055)	(5,036,055)
		<b>355,408</b>	<b>(3,728,588)</b>
<b>Taxation</b>		<b>(31,683,206)</b>	<b>(19,454,624)</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(10,944,797)	(14,052,618)
Proceeds from sale of tangible fixed assets		18,373,934	1,068,215
		<b>7,429,137</b>	<b>(12,984,403)</b>
<b>Dividends</b>			
Dividend paid to shareholders		(7,089,416)	(5,426,113)
Dividend distribution tax paid by subsidiary		(2,637,015)	(1,738,112)
		<b>(9,726,431)</b>	<b>(7,164,225)</b>
<b>Cash flow before use of liquid resources and financing</b>		<b>50,649,446</b>	<b>31,521,598</b>
<b>Management of liquid resources</b>			
Purchase of current asset investments		(206,890,531)	(70,765,222)
Sale of current asset investments		172,436,163	61,717,502
		<b>(34,454,368)</b>	<b>(9,047,720)</b>
<b>Financing</b>			
Repayment of short term borrowings		(2,449,351)	(23,296,579)
Decrease in long term borrowings		1,564,981	109,346
Proceeds from share allotment		-	1,359,912
Capital element of finance lease payments		56,061	(8,047)
		<b>(828,309)</b>	<b>(21,835,368)</b>
<b>Increase in cash in the year</b>	17	<b>15,366,769</b>	<b>638,510</b>

**RECONCILIATION OF CONSOLIDATED NET CASH FLOW TO MOVEMENT IN CONSOLIDATED NET DEBT / CASH**

		For the period from 1 April 2014 to 31 March 2015	For the period from 1 April 2013 to 31 March 2014
	Note	£	£
<b>Increase in cash in the year</b>	<b>17</b>	<b>15,366,769</b>	<b>638,510</b>
Decrease in debt		884,370	23,187,234
Cash inflow from management of liquid resources		34,454,368	9,047,719
Foreign currency exchange variances on opening debt balances		1,262,313	3,175,869
<b>Increase in (debt) / cash resulting from cash flows</b>		<b>51,967,820</b>	<b>36,049,332</b>
Non cash movement in debts		(634,802)	257,347
Increase in net debt for the year		51,333,018	36,306,679
<b>Net debt at the beginning of the year</b>		<b>17,575,988</b>	<b>(18,730,692)</b>
<b>Net debt at the end of the year</b>	<b>17</b>	<b>68,909,006</b>	<b>17,575,987</b>

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	For the period from 1 April 2014 to 31 March 2015	For the period from 1 April 2013 to 31 March 2014
	£	£
<b>Profit for the financial year</b>		
Group	34,337,651	18,216,259
Share of associates	22,640	(27,389)
<b>Total profit</b>	<b>34,360,291</b>	<b>18,188,870</b>
Currency translation difference on foreign currency net investment	9,440,646	(7,605,198)
Total actuarial (losses)/ gains	(330,917)	43,824
Unrealised gain on current investments available for sale	(634,803)	257,347
<b>Total recognised gains and losses relating to the year</b>	<b>42,835,217</b>	<b>10,884,843</b>

## NOTES TO THE ACCOUNTS

### 1. Accounting policies

#### **Basis of preparation**

The financial statements are prepared on the going concern basis under the historical cost convention as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the most important accounting policies is set out below.

#### **Basis of consolidation**

The consolidated financial information of the ABI Holdings Limited and its subsidiaries ("the Group") incorporates the financial statements of the Company and all its subsidiaries, being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting rights. Profits or losses on any intra-group transactions, to the extent they are reflected in the book value of the assets to be included in the consolidation are eliminated in full. Intra-group debtors and creditors are also eliminated.

The principal subsidiaries, joint ventures and associates as set out in note 23 are included in the consolidation based on unaudited financial statements.

Under section 408 of the Companies Act, 2006 the Company is exempt from the requirement to present its own profit and loss accounts.

#### **Acquisitions and disposals**

The results of subsidiaries acquired or sold during the year are consolidated for the periods from, or to, the date on which control passed. Excess purchase consideration relating to the acquisition of the subsidiaries is capitalised as goodwill within intangible fixed assets and is amortised over its estimated life from 5 to 20 years. The unamortised goodwill balance is reviewed for impairment if there are any indicators for impairment. Goodwill relating to associates is included within the carrying value of goodwill in the balance sheet. The unamortised balance is reviewed for impairment on a regular basis.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or disposal. Negative goodwill in excess of the fair value of the net assets acquired is credited to the profit and loss account through amortisation over the periods expected to benefit. Where it is not possible to complete the determination of fair values by the date on which the first post acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are incorporated in the financial statements for the first full financial year following the acquisition.

#### **Investments in associates**

In the consolidated financial statements, investments in associates, being investments over which the Group exercises significant influence and normally owns between 20% and 50% of the voting equity, are accounted for using the equity method.

The consolidated profit and loss account includes the Group's share of associates' profits/losses, whilst the Group's share of the net assets of the associates is shown in the consolidated balance sheet, based upon the most recent audited financial statements or unaudited interim financial information.

## NOTES TO THE ACCOUNTS

The following Associated undertakings are excluded from consolidation as they are not significant:

Name	Country of incorporation
Vasana Agrex and Herbs Private Limited	India
Snacko Biscuits Private Limited	India
Associated Biscuits (Malaysia) Sdn Bhd	Malaysia

**Other investments**

Fixed asset investments, other than investments in subsidiaries and associates, are recorded at costless provision for impairment. Current asset investments primarily comprise short term unit trusts, liquidity funds and fixed and floating rate debt securities. These are stated at lower of cost or net realisable value. Stocks of shares which are quoted on stock exchanges are valued at lower of cost or net realisable value. Cost includes purchase price, cost of registration and any other directly related costs.

**Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

*(c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or



## NOTES TO THE ACCOUNTS

loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

### **Derivative financial instruments**

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to profit and loss account.

### **Fair value estimation**

The fair value of the interest rate swaps and currency swaps is based on the market price of comparable instruments at the balance sheet date if they are publicly traded. The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date. The fair values of short-term deposits, loans and overdrafts with a maturity of less than 12 months are assumed to approximate to their book values.

### **Tangible fixed assets**

The initial cost of tangible fixed assets comprises its purchase price, inward duties and non-refundable purchase taxes, adjusted for VAT credit, where available, and any directly attributable costs of bringing an asset to the working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the profit and loss account in the period in which the costs are incurred.

## NOTES TO THE ACCOUNTS

### Intangible fixed assets and amortisation

Intangible fixed assets comprise of goodwill. The management assesses on an annual basis whether there is any indication that an asset may be impaired. If any such indication exists the company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. In case of new acquisitions the goodwill recognised, if any, is tested for impairment after completion of one full financial year from the date of acquisition. Goodwill is amortised over its estimated life from 5 to 20 years.

### Leases

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such leases are capitalised at the inception of lease at lower of the fair value and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Assets acquired as leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to profit and loss account on accrual basis.

Assets taken on finance lease are depreciated over its estimated useful life or the lease term whichever is lower.

### Assets in the course of construction

Assets in the course of construction are capitalised in the capital work-in-progress account. Upon completion, the cost of construction is transferred to the appropriate category of tangible fixed assets. Costs associated with the commissioning of an asset are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

### Depreciation

Freehold land is not depreciated. Leasehold land and buildings are depreciated over the period of the lease, except in case of Strategic Food International Co LLC, where the building is situated on land taken on lease which is renewable each year but the building is depreciated over a period of 20 years.

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment.

During the year ended 31 March 2015, the management based on internal technical evaluation reassessed the remaining useful life of assets primarily consisting of buildings and Plant and machinery with effect from 1 April 2014, accordingly the useful life of certain assets required a change from the previous estimates. The earlier and revised useful lives are as follows-

Building- 60 years (Earlier useful life-20 to 30 years)  
Plant and machinery – 7.5 to 15 years (Earlier useful life-10 to 30 years)  
Office equipment (Included in Computers) – 3 to 5 years (Earlier useful life- 4 to 6 years)  
Furniture and fixtures – 10 years (Earlier useful life-4 to 16 years)  
Vehicles – 8 years (Earlier useful life-5 years)  
Leasehold land- Lease period  
Moulders, cutters and spare parts (Included in Plant and machinery) - 1 year

Had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended 31 March 2015 would have been lower by £ 6,311,155.

## NOTES TO THE ACCOUNTS

### Impairment

The carrying amount of tangible fixed assets, investments in associates, available for sale investments and goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Recoverable amount is higher of net realisable value and value in use. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is charged to the profit and loss account. For other tangible fixed assets, the recoverable amount of an asset is also considered on the basis of its net realisable value, where it is possible to assess the amount that could be obtained from the sale of an asset in an arm's length transaction, less the cost of disposal.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the relevant cash-generating unit.

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

### Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

### Inventory

Inventories are valued at the lower of cost and estimated net realisable value, after providing for obsolescence, where appropriate.

Raw materials, packing material and stores and spares are valued at cost, computed on a moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of credit on value added taxes, where applicable.

Materials in process are valued at input material cost plus conversion cost as applicable.

Finished goods are valued at lower of net realisable value and prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition.

### Government grants

The grant is treated as a deferred credit of which a proportion would be credited to revenue annually. The amount of the deferred credit is shown under Creditors – Amounts falling due after more than one year in the balance sheet.

### Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated, but have 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 Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

## NOTES TO THE ACCOUNTS

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### Share-based payment

Employee Stock options outstanding are valued using Black Scholes valuation option – pricing model. The change on account of the fair value of the options is taken to the consolidated profit and loss account.

### Foreign currency forward contracts

The Company has designated certain foreign exchange forward contracts (relating to foreign currency receivables) outstanding as on 31 March 2015 based on underlying contracts.

### Retirement Benefit Schemes

The Group operates a number of retirement benefit schemes, the assets of which are (where funded) held in separately administered funds. The retirement benefit schemes are generally funded by payments from employees and the relevant companies, taking account of the recommendations of independent qualified actuaries.

For defined benefit schemes, the amount charged to the profit and loss account in respect of retirement benefit costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantial percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet. Actuarial gains and losses are adjusted to general reserve.

For defined contribution schemes, the amount charged to the profit and loss account in respect of Retirement benefit costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The Group also operates a compensated absence scheme for its employees which is payable on termination / retirement whichever is earlier. The Group's liability towards compensated absence is estimated based on actuarial valuation and is not funded. The liability as ascertained actuarially is provided for in full in the books.

Details of the Group's Retirement benefit schemes are provided in note 19.

### Provisions

A provision is recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when reimbursement is virtually certain.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation the likelihood of outflow of resources is remote, no provision or disclosure is made.

## NOTES TO THE ACCOUNTS

### Revenue recognition

Turnover represents the net invoice value of goods and services provided to third parties after deduction of sales taxes and duties, and are recognised when all significant risks and rewards of ownership of the asset sold are transferred.

Dividends are recognised when received.

Royalty and interest income is recognised on accrual basis.

### **Government term loan (Included under Creditors amounts falling due after more than one year) and deferred income (Al Sallan Food Industries Co SAOG) (Refer Note 29)**

Carrying values: The carrying value of the interest free Government term loan is determined as the present value of the loan adopting the interest rate that reflects the current cost of similar borrowing on similar terms from a commercial bank. The carrying balance relating to the Government term loan comprises its fair value plus a component of unamortised deferred income that represents the difference between the carrying value and the present value of the loan adopting the interest rate that the loan attracts.

Finance charge: The effective interest charge arises as a result of accounting for the fair value of the government term loan and therefore represents the actual interest incurred for the year plus an amount arising from the movement in the carrying value of the loan in the year.

Deferred income: The amount of deferred income relating to the government term loan is released to the statement of income in such a way as to spread the income over the effective interest charge to which it relates.

### Foreign currency translation

In the financial statements of individual Group companies, transactions in currencies other than the local functional currency are translated into local currency at the exchange rates ruling at the date of transaction or, where forward exchange contracts are in place, at contractual rates. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated into local currency at year end exchange rates, or at a contractual rate if applicable.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## NOTES TO THE ACCOUNTS

For the purposes of consolidation, the results of those entities for which the British Pound ("GBP") is not the reporting currency are translated into GBP at the closing rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date.

Gains and losses arising on the translations are taken directly to the foreign exchange translation reserve.

### Capital instruments

Ordinary shares are included in shareholders' funds.

### Receivables

Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating charges. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating charges in the income statement.

### Trade creditors and borrowings

Where financial instruments issued by the Group include contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group) is classified as a financial liability.

Financial liability is recognised initially at its fair value plus, in the case of financial asset or financial liability not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, an entity shall measure all financial liabilities at amortised cost using the effective interest method.

### Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### Capital Subsidy

Capital subsidy related to depreciable fixed assets is treated as deferred income and recognised in the profit & loss account on a systematic basis over the useful life of the asset.

## 2. Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

## NOTES TO THE ACCOUNTS

### 3. Overview of the direct tax regime

The following is an overview of the salient features of the direct tax regime relevant to the taxation of the Group:

#### Indian direct tax regime

Companies are subject to Indian income tax on a stand-alone basis. There is no concept of tax consolidation or group relief in India;

Companies are charged tax on profits of assessment years which run from 1 April to 31 March. For each assessment year, a company's profits will be subject to either regular income tax or Minimum Alternate Tax ("MAT"), whichever is greater;

Regular income tax is charged on book profits (prepared under Indian GAAP) adjusted in accordance with the provisions of the Indian Income Tax Act. Typically the required adjustments generate significant timing differences in respect of the depreciation of fixed assets; relief for provisions and accruals, the use of tax losses brought forward and pension costs; Regular income tax is charged at 30% (plus a surcharge of 10% and cess of 3%) for the year ended 31 March 2015 and 31 March 2014.

MAT is charged on book profits (prepared under Indian GAAP) but typically with a limited number of adjustments. MAT is charged at 18.5% (plus a surcharge of 10% and cess of 3%) for the year ended 31 March 2015 and 31 March 2014.

There are various tax exemptions or tax holidays available to companies in India. The most important to the Company is the industrial undertakings' exemption.

#### Britannia Dairy Private Limited

Deferred tax assets arising on account of timing differences on depreciation, unabsorbed depreciation and carry forward business losses have not been recognised as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets will be realised.

#### Oman direct tax regime

The tax rate applicable to Al Sallan Food Industries Company SAOC (ASFI) is 12%.

ASFI income tax assessments for the year 2010 to 2014 have not been agreed with the Secretariat General for Taxation at the Ministry of Finance. Management believes that additional taxes, if any, that may become payable on finalisation of the assessments in respect of these open years would not be material to the ASFI financial position as at 31 March 2015.

The future tax benefit from carried forward losses together with other timing differences amounting to £ 1,781,427 (Previous Year: £ 1,728,919) is not recognised as a deferred tax asset during the current year. The management has decided not to consider the potential deferred tax benefit because of the uncertainty relating to the extension of the period of tax exemption and until future profitability can be consistently demonstrated.

Factors affecting the tax charge are detailed in Note 27.

## NOTES TO THE ACCOUNTS

## 4. Intangible Assets – Goodwill Group

	Goodwill 2015 £
<b>At Cost</b>	
At 1 April 2014 at opening rates	13,517,465
Foreign currency translation impact	1,368,506
<b>At 31 March 2015</b>	<b>14,885,971</b>
<b>Accumulated Amortisation</b>	
At 1 April 2014 at opening rates	7,712,543
Foreign currency translation impact	635,774
Charge for the year	577,952
<b>At 31 March 2015</b>	<b>8,926,269</b>
<b>Net book amount</b>	
At 31 March 2015	<b>5,959,702</b>
At 31 March 2014	<b>5,804,922</b>

## 5. Tangible Assets Group

	Plant and Machinery	Furniture and fixtures	Vehicles	Buildings	Leasehold land	Freehold land	Computers (including software)	Sub total	Capital work in progress	Total
At cost										
At 1 April 2014	95,965,297	2,809,093	386,227	27,913,269	3,083,490	7,196,720	6,967,034	144,321,130	10,771,861	155,092,991
Translation Difference	8,067,622	222,234	34,208	2,365,903	221,457	516,871	558,592	11,986,887	773,639	12,760,526
Additions	7,457,167	925,004	146,621	7,640,443	-	536,890	569,233	17,275,358	(6,330,560)	10,944,798
Disposals	(5,862,668)	(56,061)	(75,466)	(641,465)	-	(2,156)	(30,187)	(6,668,003)	-	(6,668,003)
<b>At 31 March 2015</b>	<b>105,627,418</b>	<b>3,900,270</b>	<b>491,590</b>	<b>37,278,150</b>	<b>3,304,947</b>	<b>8,248,325</b>	<b>8,064,672</b>	<b>166,915,372</b>	<b>5,214,940</b>	<b>172,130,312</b>
<b>Accumulated depreciation</b>										
At 1 April 2014	53,530,310	1,761,830	212,898	9,966,073	149,550	-	4,214,178	69,834,839	-	69,834,839
Translation Difference	4,624,028	147,019	20,681	922,761	10,742	-	317,757	6,042,988	-	6,042,988
Charge for the period	14,754,777	223,165	77,623	1,392,896	34,499	-	1,034,969	17,517,929	-	17,517,929
Disposals	(5,083,207)	(37,733)	(21,562)	(383,801)	-	-	(8,625)	(5,534,928)	-	(5,534,928)
<b>At 31 March 2015</b>	<b>67,825,908</b>	<b>2,094,281</b>	<b>289,640</b>	<b>11,897,929</b>	<b>194,791</b>	<b>-</b>	<b>5,558,279</b>	<b>87,860,828</b>	<b>-</b>	<b>87,860,828</b>
<b>Net book amount</b>										
At 31 March 2015	37,801,510	1,805,989	201,950	25,380,221	3,110,156	8,248,325	2,506,393	79,054,544	5,214,940	84,269,484
At 31 March 2014	42,434,987	1,047,263	173,329	17,947,196	2,933,940	7,196,720	2,752,856	74,486,291	10,771,861	85,258,152
<b>Assets held under finance leases included in above</b>										
Cost	-	-	57,139	-	-	-	-	57,139	-	57,139
Accumulated depreciation	-	-	17,249	-	-	-	-	17,249	-	17,249
<b>Net book amount</b>	-	-	39,890	-	-	-	-	39,890	-	39,890



## NOTES TO THE ACCOUNTS

## (i) Buildings include

- (a) Net Book Value £ 200,525 (Previous year: £ 277,012) constructed on land leased from the government(U.A.E) which is renewable each year in relation to Strategic Food International Co LLC.
- (b) Net Book Value £ 1,467,284 (Previous year: £ 1,403,757) constructed on land Leased from the Public Establishment for Industrial Estates (Sohar Industrial Estate) for a period of 25 years from 1st January 1994 which is renewable thereafter for a further period of 25 years in relation to Al Sallan Food Industries Co SAOG.

- (ii) The Net book value of tangible assets included in note 5 pertaining to Al Sallan Food Industries Co SAOG amounts to £ 4,212,108 (Previous year: £ 4,091,394). Substantially all the tangible assets are mortgaged as security against the government term loan and other term loans amounting to £ 3,150,187 (Previous year: £ 2,972,172).

## (iii) Depreciation:

Depreciation charge for the year	17,517,929
Transfer from capital subsidy	(76,804)
<b>Net depreciation charge for the year</b>	<b>17,441,125</b>

## 6. Investments

## Group

	2015 £	2014 £
<b>Unconsolidated subsidiary undertakings #</b>		
Investments at cost	680	680
	<b>680</b>	<b>680</b>
<b>Investment in associates</b>		
Investment at cost	51,533	48,080
Share of reserves	65,300	39,660
	<b>116,833</b>	<b>87,740</b>
<b>Participating interests</b>		
Investment at cost in participating interests	130,243	130,243
	<b>130,243</b>	<b>130,243</b>

# Investments in unconsolidated subsidiary undertaking:

	Face Value	Equity shares Nos	2015 Book value	% Holding	2014 Book value
Associated Biscuits (Malaysia) Sdn Bhd	M \$1	680	680	100%	680
			<b>680</b>		<b>680</b>

# This undertaking is not consolidated because it is not significant.

## NOTES TO THE ACCOUNTS

## Investments in associates:

	Face Value	Equity shares Nos	Book value £	2015 % Holding
Klassik Foods Private Limited	INR 100	3,390	113,221	26%
Nalanda Biscuit Company Limited	INR 10	87,500	3,612	35%
			<b>116,833</b>	

	Face Value	Equity shares Nos	Book value £	2014 % Holding
Klassik Foods Private Limited	INR 100	3,390	105,896	26%
Nalanda Biscuit Company Limited	INR 10	87,500	(18,156)	35%
			<b>87,740</b>	

## Other participating interests:

	Face Value	Equity shares Nos	2015 Book value £	Holding %	2014 Book value £
English Biscuit Manufacturers (Private) Limited	Pakistani Rs. 10	392,100	130,243	40%	130,243
			<b>130,243</b>		<b>130,243</b>

## Current asset investments:

	2015 £	2014 £
Quoted	2,694,587	3,979,096
Unquoted	53,804,070	17,180,319
	<b>56,498,657</b>	<b>21,159,415</b>

Current asset investments include surplus funds available within the Group invested in mutual fund securities in the Indian capital markets.

	2015 £	2014 £
At 1 April at opening rates	<b>21,159,415</b>	<b>14,274,685</b>
Foreign currency translation impact	1,519,677	(2,420,337)
Additions	206,890,531	70,765,222
Disposals	(172,436,163)	(61,717,502)
(Deficit)/surplus on fair valuation transferred to equity	(634,803)	257,347
<b>At 31 March</b>	<b>56,498,657</b>	<b>21,159,415</b>

## NOTES TO THE ACCOUNTS

## Fixed assets investment

## Company

	Subsidiary Undertaking £
At 1 April 2014 and 31 March 2015	26,634,986

The Company holds more than 10% of the equity of the following companies:

Name of company	Country of incorporation	Description of shares held	Proportion of nominal value of ordinary shares held		Nature of business
			2015	2014	
Subsidiary undertakings:					
Associated Biscuits International Limited	England	Ordinary shares of £1	100%	100%	Investment Holding Company
Associated * Biscuits (Malaysia) Sdn.bhd	Malaysia	Ordinary shares of M\$1	100%	100%	Selling Agents
Britannia Industries Ltd*	India	Ordinary shares of 10 INR	50.75%	50.75%	Food Manufacture
Bannatyne Enterprises Pte Limited*	Singapore	Ordinary shares of S\$1	100%	100%	Holding Company
Dowbiggin Enterprises Pte Limited*	Singapore	Ordinary shares of S\$1	100%	100%	Holding Company
Nacupa Enterprises Pte Limited*	Singapore	Ordinary shares of S\$1	100%	100%	Holding Company
Spargo Enterprises Pte Limited*	Singapore	Ordinary shares of S\$1	100%	100%	Holding Company
Valletort Enterprises Pte Limited*	Singapore	Ordinary shares of S\$1	100%	100%	Holding Company

\* Shares held by Associated Biscuits International Limited.

## Other participating interests:

English Biscuit* Manufacturers (Private Ltd)	Pakistan	Ordinary shares of 10 Pakistani rupees	40%	40%	Biscuit Manufacture
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\* Shares held by Associated Biscuits International Limited. Associated Biscuits International Limited has no representation on the Board of Directors of English Biscuit Manufacturers (Private) Ltd and has no influence in policy making hence it is not treated as an associated undertaking.

## NOTES TO THE ACCOUNTS

### 7. Inventory Group

	2015 £	2014 £
<b>Stocks and work in progress</b>		
Raw materials	19,082,241	22,432,070
Work in progress	38,811	37,066
Finished products	21,998,482	17,154,364
Loose tools	2,439,724	2,648,851
	<b>43,559,258</b>	<b>42,272,351</b>

### Company

	2015 £	2014 £
	Nil	Nil

### 8. Debtors

	2015 £	2014 £
Trade debtors	25,003,102	20,920,753
Less: Provision for impairment of receivables (Refer note 32)	(537,106)	(504,646)
	24,465,996	20,416,107
Amounts owed by associates	156,323	145,849
Other debtors	56,817,788	27,791,745
Prepayments and accrued income	987,134	614,123
	<b>82,427,241</b>	<b>48,967,824</b>

Total debtors include prepayments and accrued income of £ 1,340,069 (2014: £ 204,188) and other debtors of £ 9,740,568 (2014: £ 5,929,498) due after more than one year in respect of the Group and, in respect of the Company of £ Nil (2014: £ Nil).

Concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large and unrelated. Due to this, management believes there is no further credit risk provision required in excess of normal provision for doubtful receivables.

Other debtors include advances to suppliers, deposits with statutory authorities, advance payments of sales tax and excise duties and loans to employees.

NOTES TO THE ACCOUNTS

Company

	2015	2014
	£	£
Amount owed by group undertakings	40,049	40,049

9. Creditors – Amounts falling due within one year  
Group

	2015	2014
	£	£
Bank borrowings due within one year or on demand #	10,620,507	12,194,075
Trade creditors	35,853,576	28,736,665
Finance lease obligations	25,874	11,064
Other tax and social security payable	5,729,621	4,919,140
Other creditors	22,077,172	14,284,507
Accruals	40,036,429	32,254,215
	<b>114,343,179</b>	<b>92,399,666</b>

# includes:

- (i) Interest free term loans from Government of Oman through Oman Development Bank.
- (ii) Term loans from Royal Bank of Scotland and Bank of America bearing interest rates of 3 months applicable LIBOR + markup and one year applicable LIBOR + markup respectively as agreed with the bank

Company

	2015	2014
	£	£
Other creditors – both owed to group undertaking and others.	<b>80,478</b>	<b>79,998</b>

## NOTES TO THE ACCOUNTS

10. Creditors - Amounts falling due after more than one year  
Group

	2015 £	2014 £
Bank borrowings due after more than one year	4,592,438	2,824,593
Other Creditors	6,610,905	6,330,806
Finance lease obligations	78,701	34,199
Deferred income *	384,879	430,505
	<b>11,666,923</b>	<b>9,620,103</b>

\*During the year ended 31 March 2013, Britannia Industries Limited received an amount of £ 605,780 towards capital subsidy for the Hajipur factory, Bihar. Out of this, an amount of £ 76,804 has been recognised as income (net off with depreciation) in the consolidated profit & loss account and the outstanding amount of £384,879 (previous year: £ 430,505) has been classified here.

## Company

	2015 £	2014 £
Amounts owed to group undertakings	2,442,487	2,400,522
	<b>2,442,487</b>	<b>2,400,522</b>

The amounts owed are unsecured, interest free and are unlikely to be repaid in the foreseeable future.

## Bank borrowings (Group)

	2015 £	2014 £
<b>Bank Annual repayable</b>		
Within one year	10,620,507	12,194,075
Within two to five years	4,592,438	2,824,593
	<b>15,212,945</b>	<b>15,018,668</b>

## Finance lease commitments– Vehicles (Group)

	2015 £	2014 £
<b>Annual commitments under non-cancellable finance leases expiring:</b>		
Within one year	25,874	11,064
Within two to five years	78,701	34,199
	<b>104,575</b>	<b>45,263</b>

Also see note 29

## NOTES TO THE ACCOUNTS

## 11. Provisions for liabilities and charges

	Deferred tax*	Excise and sales tax	Others #	Total
At 1 April 2014	894,748	8,751,334	6,289,230	15,935,312
Foreign currency translation impact	64,261	628,524	451,695	1,144,480
Charged to profit and loss account	(3,474,639)	2,869,883	(206,994)	(811,750)
Utilised in year	-	(28,030)	(9,703)	(37,733)
<b>At 31 March 2015</b>	<b>(2,515,630)</b>	<b>12,221,711</b>	<b>6,524,228</b>	<b>16,230,309</b>

# Represents provisions made for probable liability/claims arising out of commercial transactions with vendors/others. Further disclosure is not made since it can be prejudicial to the interest of the Company.

Provisions pertaining to excise and sales tax matters and others include probable liabilities arising out of pending disputes and litigations with various regulatory authorities and commercial transactions with vendors and third parties. The timing of the outflow of these matters depends on the position in law and settlement is not expected to exceed 2-3 years in most cases.

## NOTES TO THE ACCOUNTS

12. Called up share capital  
Company

	2015 £	2014 £
Allotted, called up and fully paid		
2,497,891 Ordinary "A" shares of £1 each	2,497,891	2,497,891
2,497,891 Ordinary "B" shares of £1 each	2,497,891	2,497,891
1 Ordinary "C" share of £1 each	1	1
2 Ordinary "D" shares of £1 each	2	2
	<b>4,995,785</b>	<b>4,995,785</b>

The allotted, called up and fully paid share capital has been translated at historic rates of exchange.

Ordinary "A" shares and Ordinary "B" shares have identical rights attached as regards dividends, the right to return of capital and to participate in the assets of the Company on a winding-up or other repayment of capital and to attend and vote at general meetings of the Company.

The Ordinary "C" share rank pari passu with each of the "A" Ordinary and "B" Ordinary shares as above but shall not have any right to attend and vote at general meetings of the Company.

The Ordinary "D" shares on a winding-up or other repayment of capital, have the rights to receive repayment in full of the capital paid up or credited as paid up on such "D" shares but no other rights to income or benefit from any capitalisation or to participate in the assets of the Company on a winding-up or other repayment of capital nor to attend and vote at general meetings of the Company.

## 13. Consolidated statement of movement in shareholders' funds

	2015 Group £	Company £
Profit for the year	34,360,291	7,047,117
Dividends*	(7,089,416)	(7,089,416)
<b>Retained profit/ (loss)</b>	<b>27,270,875</b>	<b>(42,299)</b>
Movement in foreign currency translation reserve	9,440,646	-
Actuarial losses	(330,917)	-
Share based payments	94,872	-
Unrealized gain on current investments available for sale	(634,803)	-
<b>Net addition to/(reduction in) shareholders' funds</b>	<b>35,840,673</b>	<b>(42,299)</b>
Opening shareholders' funds	49,216,526	24,199,557
<b>Closing shareholders' funds</b>	<b>85,057,199</b>	<b>24,157,258</b>

\*The board of directors of the Britannia industries Limited had declared dividend on 21 May 2014, the same was paid in the year 2014-15.



## NOTES TO THE ACCOUNTS

	Group	2014 £	Company £
Profit for the year	18,188,870		5,383,698
Dividends	(5,426,113)		(5,426,113)
Share Premium	1,553,285		-
<b>Retained profit/ (loss)</b>	<b>14,316,042</b>		<b>(42,415)</b>
Movement in foreign currency translation reserve	(7,605,198)		-
Actuarial gain	43,824		-
Share application money pending allotment	(277,635)		-
Unrealised gain on current investments available for sale	257,347		-
<b>Net addition to/(reduction in) shareholders' funds</b>	<b>6,734,380</b>		<b>(42,415)</b>
Opening shareholders' funds	42,482,146		24,241,972
Closing shareholders' funds	49,216,526		24,199,557

## 14. Reserves Group

	Share premium £	Foreign currency translation reserve £	Profit and Loss £
As at 1 April 2014	20,782,967	(8,919,504)	32,357,278
Addition during the year	-	-	-
Profits for the year	-	-	34,360,291
Foreign currency translation reserve movement	-	9,440,646	-
Dividends	-	-	(7,089,416)
Share based payments	-	-	94,872
Actuarial losses	-	-	(330,917)
Unrealized gain on current investments available for sale	-	-	(634,803)
<b>As at 31 March 2015</b>	<b>20,782,967</b>	<b>521,142</b>	<b>58,757,305</b>

**NOTES TO THE ACCOUNTS**  
**Company**

	Share premium Account £	Profit and loss account £
Balance at 1 April 2014	19,057,931	145,841
Profit for the financial year	-	7,047,117
Dividend	-	(7,089,416)
<b>Balance at 31 March 2015</b>	<b>19,057,931</b>	<b>103,542</b>

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

The parent company's profit for the year was £ 7,047,117 (Previous year: £ 5,383,698).

**15. Minority interest**

	2015 £	2014 £
At beginning of the period	47,801,104	40,278,934
Foreign currency translation reserve	(3,253,063)	(6,399,579)
Retained profit for the period	35,840,240	18,957,804
Dividend received (including dividend distribution tax)	(7,641,055)	(5,036,055)
<b>At the end of the period</b>	<b>72,747,226</b>	<b>47,801,104</b>

**16. Cash flow from operating activities**

Reconciliation of operating profit to net cash inflow from operating activities:

	2015 £	2014 £
<b>Continuing operations</b>		
Operating profit	91,340,977	54,871,656
Depreciation charge (note 5)	17,441,125	8,366,677
Profit on sale of assets	(17,240,859)	(970,647)
Goodwill amortization	577,952	1,312,286
Decrease/ (Increase) in inventory	1,749,108	(4,586,363)
Increase in debtors	(28,794,361)	(2,248,254)
Decrease in other current assets	1,113,667	117,678
Increase in creditors	17,177,736	17,393,368
Other non-cash changes	909,193	597,037
<b>Net cash inflow from continuing operations</b>	<b>84,274,538</b>	<b>74,853,438</b>

**17. Reconciliation of movement in net debt**

	As at 1 April 2014	Cash flow	Foreign exchange fluctuation	Other non cash changes	As At 31 March 2015
Cash in hand and at bank	11,435,240	15,366,769	821,285	-	27,623,294
Debt due within one year	(12,194,075)	2,449,351	(875,783)	-	(10,620,507)
Debt due after one year	(2,824,592)	(1,564,981)	(202,865)	-	(4,592,438)
	<b>(3,583,427)</b>	<b>16,251,139</b>	<b>(257,363)</b>	<b>-</b>	<b>12,410,349</b>
Current asset investments	21,159,415	34,454,368	1,519,677	(634,803)	56,498,657
<b>o</b>	<b>17,575,988</b>	<b>50,705,507</b>	<b>1,262,313</b>	<b>(634,803)</b>	<b>68,909,006</b>

## NOTES TO THE ACCOUNTS

## 18. Employees and directors

## Group

	12 months period ended 31 March 2015	12 months period ended 31 March 2014
<b>The average number of persons employed</b> (including executive directors)		
Management staff	783	803
Workers	4,239	3,949
	<b>5,022</b>	<b>4,752</b>

## Group

	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
<b>Staff costs for the group during the period</b>		
Wages and salaries	28,707,536	25,488,452
Share based payments	94,872	-
Other pension costs	1,144,956	887,433
Voluntary retirement scheme	1,494,236	-
	<b>31,441,600</b>	<b>26,375,885</b>

## Directors

	£	£
Aggregate emoluments	1,127,493	1,030,153
Highest paid director – emoluments	508,236	413,405
Defined retirement benefit schemes	22,920	28,035
Company contributions to money pension schemes	-	19,086

All the employees are based outside of the United Kingdom.

Contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded from the above.

## Company

	£	£
<b>Directors</b>		
Aggregate emoluments	Nil	Nil

## NOTES TO THE ACCOUNTS

## 19. Retirement benefits

The Group operates retirement benefit schemes for the majority of its employees in India and for employees with certain subsidiaries outside India.

## (a) Defined contribution schemes

**Provident fund**

The Central Provident Fund relates to all workers and staff of the Britannia Industries Limited and its subsidiaries ("Group"). The amount contributed by the respective companies is designated at 12% of the basic salary, together with an additional contribution of 12% of salary made by the employee. The benefit is paid to the employee on their retirement or resignation from the Company. The Government funds these payments, thus the Group has no additional liability beyond the contributions that it makes, regardless of whether the central fund is in surplus or deficit. It is not possible to assess the Group's own level of assets or liabilities within the Provident Fund as it is effectively a multi-employer scheme. On this basis, it is accounted for as a defined contribution scheme. No information regarding the overall level of surplus or deficit in the fund is publicly available.

The Managers and officers provident fund trust was established by the Company and is managed by the trustees. Any shortfall in interest liability between the minimum amount guaranteed by the Government and the interest earned by the fund is the liability of the Company. As on 31 March 2015 there is no differential liability on this account.

**Pension fund**

The Pension Fund Trust was established by the Company, BIL and is managed by the Trustees. The employee makes no contribution to this fund but the employer makes a contribution of 15% of salary each month in respect of the members. The scheme is applicable to all the managers and officers of the Company who have been employed upto the date of 15 September 2005 and any manager or officer employed after this date, if he has opted for the membership of the scheme (others are offered compensatory salary). On retirement, subject to completion of the vesting period as per the rules of the trust, the member becomes eligible for a pension. This is paid from an annuity purchased in the name of the member from the trust funds. Several members, who became eligible to receive the pension benefit after 31st March 2003, have objected to the basis on which the trust has offered to purchase the annuity (also refer note 20(c))

## (b) Defined benefit schemes

## (i) Gratuity scheme

The Gratuity schemes are defined benefit schemes which are open to all BIL and its subsidiaries employees in India who have a minimum of five years of service with their employing company. These schemes are funded by the Group, either through cash contributions or provisions each year, based on actuarial valuations. Under these schemes, benefits are provided based on final basic pay. The assets of the schemes are held in separate funds and a full actuarial valuation of the schemes is carried out on an annual basis.

The financial assumptions used in the actuarial valuation are as follows:

	31 March 2015	31 March 2014	31 March 2013
Rate of increase in salaries	5%	5%	5%
Discount rate	7.92%	9.02%	8%
Mortality rates	LIC (2006-08)	LIC (94 - 96)	LIC (94 - 96)
Average remaining service	10 years	10 years	10 years
<b>Number of employees</b>	<b>4,429</b>	<b>4,181</b>	<b>4,037</b>

## NOTES TO THE ACCOUNTS

The Assets in the Scheme and the expected rate of return were:

	Long term rate of return expected	2015 £	Long term rate of return expected	2014 £
Equities	N/A	-	N/A	-
Government Securities	7.92%	477,036	9.02%	874,435
Deposits with Bank	7.92%	1,412,131	9.02%	1,342,980
Gratuity fund with LIC of India	7.92%	108,472	9.02%	86,153
<b>Total market value of assets</b>		<b>1,997,639</b>		<b>2,303,568</b>
Present value of scheme liabilities		2,319,554		2,165,328
Surplus/(Deficit) in the scheme		(321,915)		138,240
Related deferred tax liability		-		-
<b>Net gratuity (deficit)/ surplus</b>		<b>(321,915)</b>		<b>138,240</b>

The fund assets are as per the audited financial statements of the fund for the year ended 31 March, 2015 and the present value of scheme liabilities have been considered as per the actuarial valuation carried out at 31 March 2015.

## Analysis of movement in fair value of planned assets

	2015 £	2014 £
Balance at the beginning of the year	2,303,572	2,609,936
Foreign exchange fluctuation	165,443	(442,526)
Movement during the year		
- Expected Return on plan assets	223,995	188,567
- Contributions	60,675	214,075
- Benefits paid	(723,131)	(256,975)
- Loss on plan assets	(32,914)	(9,505)
<b>Balance at the end of the year</b>	<b>1,997,640</b>	<b>2,303,572</b>

## Analysis of the amount charged to operating profit:

	2015 £	2014 £
Current service cost	150,061	143,585
Past service cost	-	-
<b>Total Operating Charge</b>	<b>150,061</b>	<b>143,585</b>

## NOTES TO THE ACCOUNTS

**Analysis of the amount (credited) / charged to other finance income:**

	2015	2014
	£	£
Expected return on pension scheme assets	(223,995)	(188,567)
Interest on pension scheme liabilities	211,026	174,524
	<b>(12,969)</b>	<b>(14,043)</b>

**Analysis of amount recognised in statement of total recognised gains and losses (STRGL):**

	2015	2014
	£	£
Actual return less expected return on pension scheme assets	(32,914)	(9,505)
Experience gains and losses arising on the scheme liabilities	(364,297)	56,024
<b>Actuarial gain/ (loss) recognised in STRGL</b>	<b>(397,211)</b>	<b>46,519</b>

**Movement in liability during the year:**

	2015	2014
	£	£
<b>Balance at beginning of the year</b>	<b>(138,240)</b>	<b>(62,693)</b>
<b>Movement during the year:</b>		
Current service cost	150,061	143,585
Contributions	(60,675)	(214,075)
Other finance income	(12,970)	(14,043)
Actuarial loss / (gain)	397,211	(46,519)
Foreign currency translation difference	(13,472)	55,505
<b>Balance at end of the year</b>	<b>321,915</b>	<b>(138,240)</b>

**(ii) Compensated Absences:**

The compensated absence scheme is available for all employees of the Company at the time of retirement or leaving the Company either on resignation or termination except for workers whose liability is encashed on an annual basis. The liability towards this scheme is not funded and a provision is recorded in the accounts based on a full actuarial valuation carried out on an annual basis. Actuarial gains and losses are adjusted to general reserve. The actuarial valuation is carried out on an annual basis.

## NOTES TO THE ACCOUNTS

The financial assumptions used in the actuarial valuation are as follows:

	2015	2014	2013
Rate of increase in salaries	5%	5%	5%
Discount rate	8.14%	9.02%	8%
Mortality rate	LIC (2006-08)	LIC (94 – 96)	LIC (94 – 96)
Average future working life	10 years	10 years	10 years
<b>Number of employees</b>	<b>3,990</b>	<b>3,884</b>	<b>3,784</b>

Analysis of the amount charged to operating profit:

	2015 £	2014 £
Current service cost	86,229	80,360
<b>Total Operating Charge</b>	<b>86,229</b>	<b>80,360</b>

Analysis of the amount credited / charged to other finance income:

	2015 £	2014 £
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	89,501	69,955
	<b>89,501</b>	<b>69,955</b>

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	2015 £	2014 £
Actual Return less expected return on pension scheme assets	-	-
Experience(gains) and losses arising on the scheme liabilities	(41,678)	2,695
Changes in assumptions underlying the present value of the scheme liabilities	-	-
<b>Actuarial loss / (gain) recognised in STRGL</b>	<b>(41,678)</b>	<b>2,695</b>

Movement in Liability during the year

	2015 £	2014 £
<b>Balance at beginning of the year</b>	<b>901,492</b>	<b>1,022,048</b>
<b>Movement during the year:</b>		
Current service cost	86,229	80,360
Contributions	-	-
Other finance income	89,501	69,955
Actuarial (loss) / gain	41,672	(2,695)
Foreign currency translation difference	(148,849)	(268,176)

## NOTES TO THE ACCOUNTS

Balance at end of the year	970,045	901,492
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## (iii) Medical benefit scheme

The Company operates a medical benefit scheme for specified employees at or above the grade of General Manager. The eligible employees are entitled to claim reimbursement of medical expenses incurred by them during their life time. These amounts are payable on submission of actual medical bills by the employees and employees are eligible to accumulate and claim such expenses incurred up to a period of 3 years subject to a maximum of one month basic pay for each year based on last drawn basic salary. The liability on this account is recorded on cash basis. The liability towards such scheme is not funded.

## (iv) Retirement benefit schemes for the Group's employees in the subsidiaries outside India.

## Strategic Food International Co LLC

The provision for staff terminal benefits is calculated in accordance with the UAE Federal Labor Law and is based on the liability that would arise if the employment of all the Company's staff were terminated on the balance sheet date. The number of employees as on 31 March 2015 is 111 (Previous year: 104). The provision as at 31 March 2015 is £ 309,054 (Previous year: £ 280,564).

## Al Sallan Food Industries Co SAOG

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Oman Social Insurance Scheme are recognised as an expense in the income statement as incurred.

Provision for non-Omani employee terminal benefits, which is an unfunded defined benefit retirement plan, is made in accordance with Oman Labour Law and is based on the liability that would arise if the employment of all employees were terminated at the balance sheet date.

The total number of employees as on 31 March 2015 is 482 (Previous year: 467). The provision as at 31 March 2015 is £ 227,738 (Previous year: £ 159,274).

## (v) History of plan

The history of the plan for the current and prior periods is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<i>Balance sheet</i>					
Present value of scheme liabilities	2,320	2,165	2,547	2,366	2,829
Fair value of scheme assets	1,998	2,304	2,610	2,475	2,958
<b>Surplus/(deficit)</b>	<b>(322)</b>	<b>139</b>	<b>63</b>	<b>109</b>	<b>129</b>

*Experience adjustments*

	2015 [£000/%]	2014 [£000/%]
Experience adjustments on scheme liabilities [as a percentage of scheme liabilities]	4%	7%
Experience adjustments on scheme assets [as a percentage of scheme liabilities]	5%	7%



## NOTES TO THE ACCOUNTS

### 20. Contingent liabilities and commitments

(a) Commitments for capital expenditure not provided for £ 11,556,076 (Previous year: £ 1,030,998).

(b) Contingent liabilities for:

(i) Bank guarantee, letter of credit and letter of comfort for £ 4,053,629 (Previous year: £ 2,192,757).

The Group provides guarantees within the normal course of business.

The Group has entered into guarantees advanced to the excise, sales tax authorities, electricity boards and certain trade related parties.

(ii) Claims / demands against the Group not acknowledged as debts including excise, income tax, sales tax and trade demands £ 4,999,116 (Previous year: £ 4,004,297).

The above does not include non quantifiable industrial disputes and other legal disputes pending before various judicial authorities.

Regarding items (i) to (ii) above, it is not practicable to disclose information in respect of the estimate of the financial effect, an indication of the uncertainties relating to outflow and the possibility of any reimbursement as the Group does not have the requisite information to make such disclosures.

(c) With respect to the matter related to the refund of excess contribution by Company's Covenanted Staff Pension Fund ("Fund") to the Company, the Honourable Supreme Court at its hearing on 12 May 2008 set aside the order of the Division Bench of the Honourable High Court, Kolkata and remanded the writ pending for disposal. Based on the directions of the courts, the Company was required to deposit £1,306,648 (previous year: £1,219,093) with a Nationalised Bank, which the Company has done under protest.

In other Writ Petitions filed by some of the pensioners in the Honourable Madras High Court, challenging the Deeds of Variation submitted in May 2005, the Honourable High Court has passed an interim order restraining the CIT, Kolkata from approving the Deeds of Variation pending disposal of the Writ Petitions.

Based on the interim order dated 1st January 2009 (i.e. on Defined Contribution basis) of the Honourable City Civil Court, Bangalore and the direction of the Honourable Supreme Court, the Company is paying pension to the eligible employees.

On September 21st, 2015, an adverse judgement is passed by the Honourable City Civil Court, Bangalore, in the matter of pension payable to its eligible beneficiaries. After consulting the eminent legal counsels, the Company has filed an appeal against the said order with the Honourable Karnataka High Court.

The Company believes, based on current knowledge and after consultation with eminent legal counsel that the resolution of the matter will not have material adverse effect on the financial statements of the Company.

## NOTES TO THE ACCOUNTS

## 21. Operating lease commitments - Building

	2015	2014
	£	£
<b>Annual commitments under non-cancellable operating leases expiring:</b>		
Within one year	25,874	23,135
Within two to five years	71,154	87,509
After five years	-	-
	<b>97,028</b>	<b>110,644</b>

With respect to one of the subsidiaries Al Sallan Food Industries Co SAOG:

The subsidiary has leased a plot of land for factory premises at Sohar from the Public Establishment for Industrial Estates ("PEIE") for a period of 25 years from 1 January 1994 which is renewable thereafter for a further period of 25 years.

## 22. Other related party transactions

## Group

	2015	2014
	£	£
<b>Purchase of goods/ services</b>		
Nalanda Biscuits Company Private Limited	8,383,249	6,438,459
<b>Sale of goods/consumables and ingredients</b>		
Nalanda Biscuits Company Private Limited	53,905	77,451
<b>Conversion charges paid</b>		
Klassik Foods Private Limited	440,940	422,458
<b>Key managerial personnel</b>		
Vinita Bali	-	413,405
Varun Berry	507,782	139,813
<b>Consideration received on share allotment under employee stock option scheme</b>		
Vinita Bali	-	1,360,918
<b>Consideration received for share application money (pending allotment) on exercise of options</b>		
Vinita Bali	-	-
<b>Shares allotted under employee stock option scheme for consideration received during the year (2012-13)</b>		
Vinita Bali	-	230,340
<b>Interest and Dividend Income</b>		
Klassik Foods Private Limited	2,156	-
The Bombay Burmah Trading Corporation Limited	228,556	-
<b>Inter Corporate Deposits Placed</b>		
The Bombay Burmah Trading Corporation Limited	4,312,371	-
<b>Outstanding as at year end</b>		
<b>Net receivable/ (payable)</b>		
Klassik Foods Private Limited	(12,937)	(6,035)

## NOTES TO THE ACCOUNTS

Nalanda Biscuits Company Private Limited	(60,373)	70,410
The Bombay Burmah Trading Corporation Limited	4,312,371	-

## Company

Britannia Brands Limited and Leila Lands Limited each own 50% of the shares in the Company and are therefore deemed to be related parties. No related party transactions were noted during the period.

## 23. Principal subsidiaries, joint ventures and associates

Name	Country of Incorporation	Shares Nature	Proportion by Group	Registered Number	Nature of business
Associated Biscuits International Limited	United Kingdom	Equity	100%	00069653	Investment Holding
Britannia Industries Limited	India	Equity	50.75%	L15412WB191 8PLC002964	Manufacturer
Bannatyne Enterprises Pte Limited	Singapore	Equity	100%	198305917K	Investment Holding
Dowbiggin Enterprises Pte Limited	Singapore	Equity	100%	98305863R	Investment Holding
Nacupa Enterprises Pte Limited	Singapore	Equity	100%	198305867Z	Investment Holding
Spargo Enterprises Pte Limited	Singapore	Equity	100%	198305825G	Investment Holding
Valetort Enterprises Pte Limited	Singapore	Equity	100%	198305864G	Investment Holding
Flora Investments Company Private Limited	India	Equity	100%	U65923MH198 3PTC030875	Investment
Gilt Edge Finance & Investments Private Limited	India	Equity	100%	U65923MH198 3PTC030884	Investment
Boribunder Finance & Investments Private Limited	India	Equity	100%	U65990MH198 3PTC030883	Investment
J B Mangharam Foods Private Limited	India	Equity	100%	U15100MH198 4PTC031983	Biscuit Manufacture
Manna Foods Private Limited	India	Equity	100%	U15400KA1994 PTC015687	Biscuit Manufacture
International Bakery Products Limited	India	Equity	100%	U15419TN1997 PLC037876	Biscuit Manufacture
Sunrise Biscuit Company Private Limited	India	Equity	99.16%	U15412AS1985 PTC002361	Biscuit Manufacture
Ganges Valley Foods Private Limited	India	Equity	51%	U15440WB199 2PTC054793	Biscuit Manufacture
Britannia And Associates (Mauritius) Private Limited	Mauritius	Equity	100%	067262C1/GBL	Investment company
Britannia and Associates (Dubai) Co. Pvt. Ltd.	Dubai	Equity	100%	OF3003	Investment company
Al Sallan Food Industries Co SAOG	Oman	Equity	65.46%	3157580	Biscuit Manufacture
Strategic Foods International Co LLC	Dubai	Equity	100%	40434	Biscuit Manufacture
Strategic Brands Holdings Ltd.	Dubai	Equity	100%	OF2998	Brand Holding Company
Daily Bread Gourmet Foods (India) Private Limited	India	Equity	100%	U01549KA2003 PTC031859	Bakery products
Britannia Employees Medical Welfare Association Private Limited	India	Limited by guarantee	100%	U91120MH199 2PTC242376	Medical
Britannia Employees General Welfare Association Private Limited	India	Limited by guarantee	100%	U85110MH199 2GAT243304	General
Britannia Employees Educational Welfare Association Private Limited	India	Limited by guarantee	100%	U85110MH199 2GAT242375	Educational
Britannia Dairy Private Limited	India	Equity	100%	U15201WB200 2PTC191511	Food Products

## NOTES TO THE ACCOUNTS

## Associates

Name	Country of incorporation	Shares Nature	Proportion	Registered Number	Nature of business
Nalanda Biscuits Company Limited	India	Equity	35%	U15120MH19 81PTC025662	Biscuit Manufacturer
Klassik Foods Private Limited	India	Equity	26.02%	U15410BR19 86PCL002262	Biscuit Manufacturer

## NOTES TO THE ACCOUNTS

## 24. Interest and similar charges

	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
Bank loans, overdrafts and other loans repayable within five years	16,710	429,056
Finance leases and hire purchase contracts	-	5,029
Other interest	324,010	230,642
Interest on long term loans	141,133	259,329
	<b>481,853</b>	<b>924,056</b>

## 25. Commodity forward contracts

At 31 March 2015, the Group's has the following outstanding contracts for the purchase of raw materials, classified as held for purposes other than trading:

	2015 £	2014 £
Forward commodity contracts	39,817	40,193
	<b>39,817</b>	<b>40,193</b>

## NOTES TO THE ACCOUNTS

## 26. Statutory external audit and audit related fees

The table below shows the fees payable to the Group's auditors, KPMG LLP and its affiliated firms for statutory external audit and audit related services.

	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
<b>Statutory external audit:</b>		
Audit of these financial statements	39,985	29,492
<b>Amounts receivable by the auditor and their associates in respect of:</b>		
Audit of financial statements of subsidiaries of the Company	113,605	77,707
	<b>153,590</b>	<b>107,199</b>
Other audit related services	21,562	20,117
	<b>175,152</b>	<b>127,316</b>

## 27. Income Tax expense - Group

	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
Current tax	33,634,507	19,585,760
Deferred tax	(3,474,639)	(388,621)
	<b>30,159,868</b>	<b>19,197,139</b>

## Analysis of current tax charge

	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
<b>Profit before tax</b>	100,342,222	56,355,611
Less: Share of associates' profit before tax	(22,640)	(27,389)
<b>Effective profit before taxes for tax calculation</b>	<b>100,319,582</b>	<b>56,328,222</b>
Profit on ordinary activities before tax multiplied by standard rate in the UK 21% (previous year 23%)	21,067,112	12,955,491
<b>Effects of:</b>		
Different tax rates for Indian and Singapore entities	12,984,470	6,090,942
Expenses not deductible for tax purposes	5,795,997	1,886,066
Income exempt from tax	(3,135,047)	(1,545,931)
Investment income chargeable at nil/lower tax rate	(3,145,085)	(195,888)
Short provision in earlier years	67,060	395,080
<b>Current tax charge</b>	<b>33,634,507</b>	<b>19,585,760</b>

## NOTES TO THE ACCOUNTS

	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
The tax charge comprises:		
<b>Current tax</b>		
UK corporation tax	-	-
Double tax relief	-	-
Foreign tax (Indian & Singapore taxes)	33,634,507	19,585,760
Adjustments in respect of prior years		
UK corporation tax	-	-
Foreign tax	-	-
<b>Total current tax</b>	<b>33,634,507</b>	<b>19,585,760</b>
<b>Deferred tax</b>		
Origination & reversal of timing differences		
United Kingdom	-	-
Foreign tax (Indian tax)	(3,474,639)	(388,621)
<b>Total deferred tax</b>	<b>(3,474,639)</b>	<b>(388,621)</b>
<b>Deferred tax</b>		
	12 months period ended 31 March 2015 £	12 months period ended 31 March 2014 £
At 1 April	894,748	1,547,382
Foreign currency translation impact	64,261	(264,013)
Credit / (charge) to profit and loss	(3,474,639)	(388,621)
<b>At 31 March</b>	<b>(2,515,630)</b>	<b>894,748</b>
<b>Analysis of the year end deferred tax balance</b>		
Difference between accumulated depreciation and amortisation and capital allowances	2,477,017	4,430,137
Other timing differences	(4,992,647)	(3,535,389)
	<b>(2,515,630)</b>	<b>894,748</b>

28. The Group owns 49% share in Al Fayafi General Trading Co LLC, which has ceased its operations in 2000. As a result, the investment was wholly provided for in 2000. However, the trade license of Al Fayafi General Trading Co LLC is not yet cancelled and management is considering alternatives.

## NOTES TO THE ACCOUNTS

## 29. Details of term loans availed by

## Al Sallan Food Industries Co SAOG (ASFI)

	2015 £	2014 £
<b>Creditors greater than one year</b>		
(i) Interest free loan from Government of Sultanate of Oman (facilitated by Oman development bank)	4,592,438	2,824,593
(ii) Interest bearing borrowings-Term loan from a commercial bank	-	-
	<b>4,592,438</b>	<b>2,824,593</b>
<b>Creditors less than one year</b>		
(i) Interest free loan from Government of Sultanate of Oman (facilitated by Oman development bank)	498,445	147,579
(ii) Interest bearing borrowings-Term loan from a commercial bank	-	-
	<b>498,445</b>	<b>147,579</b>
<b>Total term loans</b>	<b>5,090,883</b>	<b>2,972,172</b>

## (I) Interest free Government loan

(a) The total value of £ 3,137,883 (Previous year: £ 2,972,172) attributable to the Government term loan includes the fair value as determined in accordance with the method described in the policy on Government term loan to the financial statements of £ 2,717,808 (Previous year: £ 2,448,718) plus £ 420,075 (Previous year: £ 523,454) being the amount of unamortised deferred income arrived at using a commercial market borrowing rate.

(b) The loan is free of interest, granted by Oman Development Bank, acting as an agent for the Government of Sultanate of Oman. This loan is rescheduled as per the letter received from Ministry of Finance dated 10th January 2007 and the repayment period has been extended to 13 years which starts from 1st August 2006 and ends on 1st August 2018.

## NOTES TO THE ACCOUNTS

(c) The loan is secured by a first ranking mortgage on all the tangible assets of Al Sallan Food Industries Company SAOC.

(d) The balance loan value of £ 1,953,000 represents loan taken from ICICI Bank. The above term loan is secured by an exclusive charge over movable fixed assets and current assets, present and future and an exclusive charge by way of equitable mortgage on immovable fixed assets except leasehold land of J B Mangharam Foods Private Limited.

**Britannia and Associates (Mauritius) Pvt. Limited**

Term loan includes £ nil and £ 10,444,562 (Previous year: £ nil and £ 12,046,084) payable to Royal Bank of Scotland and Bank of America respectively. The loan has been given to Britannia and Associates (Mauritius) Private Limited to fund its acquisition and support working capital of Strategic Foods International LLC, Strategic Brands Holdings Limited and Al Sallan Food Industries Company SAOC and the amount has been guaranteed by Britannia Industries Limited.

## NOTES TO THE ACCOUNTS

## 30. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group	Loans and Receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Total
<b>Assets at 31 March 2015</b>					
Available-for-sale Investments	-	-	-	56,498,657	56,498,657
Derivative financial Instruments	-	-	-	-	-
Current asset investments	-	-	-	-	-
Debtors	82,427,241	-	-	-	82,427,241
Cash at bank and in hand	27,623,291	-	-	-	27,623,291
<b>Assets at 31 March 2014</b>					
Available-for-sale Investments	-	-	-	21,159,415	21,159,415
Derivative financial Instruments	-	-	-	-	-
Current asset investments	-	-	-	-	-
Debtors	48,967,824	-	-	-	48,967,824
Cash at bank and in hand	11,435,240	-	-	-	11,435,240

Group	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Liabilities at 31 March 2015</b>				
Creditors, Provision for Liabilities and Retirement benefits Liability	-	-	144,173,431	144,173,431
<b>Liabilities at 31 March 2014</b>				
Creditors, Provision for Liabilities and Retirement benefits Liability	-	-	119,391,055	119,391,055



## NOTES TO THE ACCOUNTS

## 31. Share based payments

During the financial year 2008-09, the Group introduced the Britannia Industries Limited Employees Stock Option Scheme (ESOS). Under the ESOS the remuneration / compensation committee can grant options over shares in the Company to employees and executive directors of the Company. Options are granted with a fixed exercise price equal to market price of the shares under option at the date of grant. The contractual life of the option is 1 year. Options granted under the ESOS can be exercised within a period of three years from the date of vesting. Exercise of an option is subject to continued employment. The Options are equity settled. Options are valued using the market values of the Company's shares as quoted on the National Stock Exchange. The fair value per option granted and other details are as follows:

	2015	2014
Grant date	26/05/2014	-
Expiry date	26/05/2017	-
Market price of shares at grant date	9.38	-
Exercise price	9.38	-
Number of employees	1	-
Shares under option	50,000	-
Vesting period (Years)	1	-
Expected volatility	22.56%	-
Option life (Years)	3	-
Expected life (Years)	3	-
Risk free rate	8.57%	-
Expected dividends expresses as a dividend yield	1.84%	-
Fair value per option	2.22	-

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on Government Securities of a term consistent with the assumed option life.

	2015 Weighted average exercise price	2015 Number of options	2014 Weighted average exercise price	2014 Number of options
Outstanding at the beginning of the period	-	-	5.04	325,000
Granted during the period	9.38	50,000	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	4.18	325,000
Lapsed during the period	-	-	-	-
Outstanding at the end of the period	9.38	50,000	-	-
Exercisable at the end of the period	-	-	-	-

## NOTES TO THE ACCOUNTS

**32. Movements on the provision for impairment of receivables are as follows:**

All trade debtors against which provision is made are over six months past due

	2015 £	2014 £
At 1 April	504,646	1,324,614
Opening translation difference	36,244	(224,594)
Unused provision reversed	(4,312)	(594,459)
Exchange difference on foreign currency translation	528	(915)
<b>At 31 March</b>	<b>537,106</b>	<b>504,646</b>

**33. Financial Risk management**

The Group's activities expose it to variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the treasury department under approved policies by identifying, evaluating and hedging financial risks in close co-operation with the Group's operating units. Principles are established for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**Interest Rate Risk:**

The Group's borrowings in India are generally short term in nature for fixed periods and at fixed interest rates. The borrowings not being material and the interest rates being fixed, changes in interest rates are not expected to have a significant impact on the Group's profitability.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's Credit risk is mainly attributable to trade receivables. Credit risk on trade receivables is considered to be limited as the credit sales are not significant and credit is extended only to institutions with high commercial standing with a credit period ranging from 30 – 60 days. The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and provisions are made as and when necessary. The outstanding balance on 31 March 2015 (net of provision) is considered as recoverable by the Group's management.

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The sources of foreign exchange risk are outstanding amounts payable for loans denominated in foreign currencies. The Group is also exposed to foreign exchange risk on its exports which is not significant. Most of these transactions are denominated in US dollars. Management has a system of monitoring open (i.e. unhedged) exposure limits on a periodic basis and depending on market conditions may opt to hedge against such risk by way of forward contracts/other instruments.

The outstanding dollar loan is invested in Businesses / Assets which are also pegged to the same currency at present.

## NOTES TO THE ACCOUNTS

The biscuit industry has been facing significant commodity price increases over the last few years. To the extent possible, the Group tries to mitigate price risk through favorable contractual terms as well as price increase or rationalization of cost. Over the period, the operating margins have been strengthened and market share maintained.

The Group's presentation currency is the Pound Sterling. The majority of the assets are located in India and the Indian Rupee is the functional currency for the Indian subsidiaries.

Set out below is the impact of a 10% change in the Indian Rupee on revenues and profit arising as a result of currency conversion on consolidation.

## At 31 March 2015

	Closing Exchange rate	Effect of 10% depreciation of Indian Rupee on turnover £	Effect of 10% depreciation of Indian Rupee on profits £
Indian Rupee	92.76	83,822,680	3,436,029

## At 31 March 2014

	Closing Exchange rate	Effect of 10% depreciation of Indian Rupee on turnover £	Effect of 10% depreciation of Indian Rupee on profits £
Indian Rupee	99.42	68,692,791	1,818,887

**Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to payables to suppliers. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

**34. Capital Risk Management**

Britannia Industries Limited's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash at banks and in hand. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

## NOTES TO THE ACCOUNTS

The gearing ratios at 31 March 2015 and at 31 March 2014 were as follows:

	2015 £	2014 £
Total Borrowings	15,317,520	15,063,932
Less: Cash at banks and in hand	(24,928,062)	(11,435,240)
<b>Net Debt</b>	<b>(9,610,542)</b>	<b>3,628,692</b>
Total Equity	157,804,425	97,017,630
<b>Total Capital</b>	<b>148,193,883</b>	<b>100,646,322</b>
<b>Gearing Ratio</b>	<b>(6.49)%</b>	<b>3.61%</b>

**35. Statutory reserve in respect of Strategic Food International Co LLC**

In accordance with the UAE Federal Law No. 8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to one-half of the paid-up share capital. Balance of the said reserve as at 31 March 2015 is £ 1,674,574 (Previous year: £ 1,178,117).

**36. Other non operating income and expense**

	12 months period ended 31 March 2015	12 months period ended 31 March 2014
	£	£
Dividend income	24,796	27,088
Bank and other interest	4,344,714	1,812,927
Profit on sale of investment	4,668,142	567,995
Other receipts	445,446	-
	<b>9,483,098</b>	<b>2,408,010</b>

**37. Shareholding pattern**

The issued and paid up share capital of ABI Holdings Limited is held equally by Leila Lands Limited, 4th Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius and by Britannia Brands Limited, 34 ELY Place, London, EC1N 6TD. These companies are investment holding companies. The ultimate holding company is The Bombay Burmah Trading Corporation Limited, India.

**38. Dividends**

	2015 £	2014 £
Final dividends paid in respect of prior year but not recognized as liabilities in that year	7,089,416	5,426,113

The aggregate amount of dividends proposed (excluding taxes on dividend) and not recognised as liabilities as at the year end is £ 10,188,073 (previous year: £ 7,129,044).