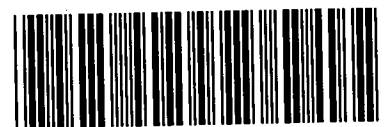


**ABI HOLDINGS LIMITED
(REGISTERED NO. 2387461)**

**Directors' Report and Financial Statements for the
Period from 1 April 2013 to 31 March 2014**

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STRATEGIC REPORT

The directors present their Strategic report for the Group and Company for the year ended 31 March 2014.

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 12% during the year over the previous comparable period of 12 months ended 31 March 2014. During the current period INR, the functional currency of Britannia Industries Limited has witnessed 20% depreciation against GBP, thus there is a reduction in the group's turnover by about 8%. The growth in the cake and rusk categories has been largely on account of superior and affordable products made available through a wider and more reliable retail footprint. Moreover, the additional marketing activity has led to more visibility and has helped maintain the growth momentum. The directors expect the current initiatives and growth to continue in the foreseeable future. The Company supported its brands aggressively and has focused on extracting the maximum out of its investment to improve returns.

The Company's pillar brands like Good Day, Marie Gold, 50 50, NutriChoice, Jim Jam, Bourbon and Milk Bikis continued to drive growth for the Company. The Jim Jam brand was restaged with new packaging and a new chocolate variant. New campaigns were created for Good Day (Happy Good Day to you), NutriChoice Digestive (Tasty Healthy Biscuits) and NutriChoice Cracker (The Honestly Good Biscuit). Britannia Cakes was also restaged with new packaging and new advertising. After a long hiatus, Britannia Industries Limited also re-established its connection with Cricket. This has boosted its visibility and impact in the marketplace.

The Group's Dairy operations were significantly impacted by the unprecedented milk inflation. Going forward, the Group will remain focused on driving and developing a differentiated portfolio, extracting benefits from an integrated sales and distribution system and diversified sourcing.

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 2014 was £18,188,870 compared with £ 13,134,077 in the previous period, a growth of 20%.

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.

The period of unprecedented inflationary pressures on the consumer food basket continued, as did commodity inflation for the food industry. Expecting the input prices to remain at current levels, the Group's profitability shall improve in the coming years.

KEY PERFORMANCE INDICATORS

In a challenging economic environment and intensely competitive market, profit from operations increased by 34%, the turnover has decreased by 8% and the cash profit has increased by 19% during the year.

The Group expects growth to track back to the 12% to 15% 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 group will continue to focus on technology and ingredients led innovations to create different, better and special products experiences. With those specificities the group is confident of prospects and further positive developments.

By Order of the Board



A.K Hirjee
Director



Jayant Gadgil
Director

Registered Office:
7th Floor
52/54 Gracechurch Street
London
EC3V 0EH

Date: 12th December, 2014

DIRECTORS' REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2014.

RESEARCH AND DEVELOPMENT

2013-14 was a transition year for R&D. Britannia Industries Limited, the Company's significant subsidiary, worked on consolidating their innovations projects portfolio. The new development projects integrated an 'Organoleptics8' principle based development program to help deliver new products which are based on consumer needs. Focus will continue to be placed on technology and ingredients led innovations.

RESULTS AND DIVIDENDS

The Group's profit for the period amounted to £18,188,870(previous year: £13,134,077).

The Group paid a dividend amounting to £5,426,113.

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

Patrick Kennedy Cassels
A K Hirjee
Stephen Richard Page
Jayant Gadgil

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are 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 are aware of that information.

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2014 (CONTINUED)**

AUDITORS

Our Auditors, KPMG Audit Plc has instigated an orderly wind down of their business. The Board has decided to put KPMG LLP forward to be appointed as auditors and resolutions concerning their appointment will be put to the forthcoming AGM of the Company.

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:
7th Floor
52/54 Gracechurch Street
London
EC3V 0EH

Date: 12th December, 2014

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 2014 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.

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 2014 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.

Jeremy Gledhill

Jeremy Gledhill (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

Date: 12th December 2014

CONSOLIDATED PROFIT & LOSS ACCOUNT

	Note	For 12 months period ended 31 March 2014 £	For 12 months period ended 31 March 2013 £
Group turnover		686,927,907	743,193,127
Change in stocks of finished goods and work in progress		1,157,736	928,812
Other operating income / expense		8,900,640	5,995,598
Group operating income		696,986,283	750,117,537
Raw materials and consumables		420,700,898	468,623,497
Conversion charges		45,601,308	50,832,738
Staff costs	18	26,375,885	27,279,153
Depreciation		8,366,677	8,860,121
Amortization of goodwill		1,226,667	1,427,834
Other operating charges		140,786,449	152,763,956
Total operating expenses		643,057,884	709,787,299
Group operating profit			
Continuing operations:		53,928,399	40,330,238
Share of operating profit / (loss) in associate		(27,389)	(36,409)
Operating Profit including joint venture and associates		53,901,010	40,293,829
Profit on sale of assets		970,647	961,975
Profit on ordinary activities before interest and taxation		54,871,657	41,255,804
Interest payable and similar charges	24	(924,056)	(5,107,362)
Other non operating income and expense	36	2,408,010	5,365,328
Profit on ordinary activities before taxation		56,355,611	41,513,770
Tax on profit on ordinary activities	27	(19,197,139)	(13,605,122)
Profit on ordinary activities after taxation		37,158,472	27,908,648
Equity minority interest		(18,969,602)	(14,774,571)
Retained profit for the financial year		18,188,870	13,134,077

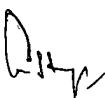
The notes on pages 15 to 52 form part of these financial statements

CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2014 £	As at 31 March 2013 £
FIXED ASSETS:			
Intangible assets – Goodwill	4	5,804,922	7,902,449
Tangible assets	5	85,258,152	95,059,265
Investments:			
Unconsolidated subsidiary undertakings	6	680	680
Investments in associates	6	87,740	138,636
Participating interests	6	130,243	130,243
		91,281,737	103,231,273
CURRENT ASSETS:			
Inventory	7	42,272,351	45,380,444
Debtors (including £ 5,929,498 (previous year £10,885,692) due after more than one year)	8	48,967,824	55,637,083
Investments	6	21,159,415	14,274,685
Cash at bank and in hand	17	11,435,240	13,001,134
Other current assets (including £ 1,219,083 (previous year £ 1,467,986) due after more than one year)		1,292,118	1,549,311
Derivative financial asset		-	682,653
		125,126,948	130,525,310
Creditors : Amounts falling due within one year	9	(92,399, 666)	(119,381,140)
NET CURRENT ASSETS		32,727,282	11,144,170
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	10	(9,620,103)	(10,711,787)
Provisions for liabilities and charges	11	(15,935,312)	(19,278,500)
		98,453,604	84,385,156
NET ASSETS EXCLUDING PENSION LIABILITY		98,453,604	84,385,156
Pension liability	19	(1,435,974)	(1,624,076)
NET ASSETS		97,017,630	82,761,080
CAPITAL AND RESERVES			
Called up share capital	12	4,995,785	4,995,785
Share premium	14	20,782,967	19,229,682
Share application money pending allotment	14A	-	277,636
Foreign exchange translation reserve	14	(8,919,504)	(1,314,307)
Retained profit	14	32,357,278	19,293,350
TOTAL SHAREHOLDERS' FUNDS	13	49,216,526	42,482,146
Minority interests	15	47,801,104	40,278,934
CAPITAL EMPLOYED		97,017,630	82,761,080

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

Signed for and on behalf of the board on 12th December, 2014



A.K Hirjee
Director



Jayant Gadgil
Director

Registered Office:
7th Floor, 52/54 Gracechurch Street, London, EC3V 0EH, Registration number 02387461

COMPANY BALANCE SHEET

	Note	As at 31 March 2014 £	As at 31 March 2013 £
FIXED ASSETS			
Investment in subsidiary undertaking	6	26,634,986	26,634,986
CURRENT ASSETS			
Cash at bank		5,042	5,492
Amount owed by group undertakings		40,049	40,049
		45,091	45,541
Creditors : Amounts falling due within one year	9	(79,998)	(202,197)
NET CURRENT (LIABILITIES)		(34,907)	(156,656)
TOTAL ASSETS LESS CURRENT LIABILITIES		26,600,079	26,478,330
Creditors : Amounts falling due after more than one year	10	(2,400,522)	(2,236,358)
NET ASSETS		24,199,557	24,241,972
CAPITAL AND RESERVES			
Called up share capital	12	4,995,785	4,995,785
Share premium account	14A	19,057,931	19,057,931
Retained profit	14A	145,841	188,256
TOTAL SHAREHOLDER'S FUNDS		24,199,557	24,241,972

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: 12th December, 2014

Registration number 02387461

CONSOLIDATED CASH FLOW STATEMENT

		For the period from 1 April 2013 to 31 March 2014	For the period from 1 April 2012 to 31 March 2013
	Note	£	£
Net Cash inflow from Operating Activities	16	74,853,438	62,865,269
Return on investments and servicing of finance			
Interest paid		(972,337)	(5,183,670)
Interest element of finance lease payments		(5,029)	(12,112)
Other non operating income		2,284,833	5,785,524
Equity dividend on minority holding in subsidiaries		(5,036,055)	(6,035,620)
		(3,728,588)	(5,445,878)
Taxation		(19,454,624)	(10,463,726)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(14,052,618)	(25,781,322)
Proceeds from sale of tangible fixed assets		1,068,215	1,160,131
		(12,984,403)	(24,621,191)
Dividends			
Dividend paid to shareholders		(5,426,113)	(5,775,429)
Dividend distribution tax paid by subsidiary		(1,738,112)	(1,994,879)
		(7,164,225)	(7,770,308)
Cash flow before use of liquid resources and financing		31,521,598	14,564,166
Management of liquid resources			
Purchase of current asset investments		(70,765,222)	(176,846,561)
Sale of current asset investments		61,717,502	193,774,055
		(9,047,720)	16,927,494
Financing			
Increase in short term borrowings		(23,296,579)	26,200,270
Decrease in long term borrowings		109,346	(4,136,837)
Repayment of secured debentures		-	(49,213,071)
Proceeds from share allotment		1,359,912	174,416
Proceeds from share application pending allotment		-	277,369
Proceeds from capital subsidy		-	605,610
Capital element of finance lease payments		(8,047)	(32,590)
		(21,835,368)	(26,124,833)
Increase/ (decrease) in cash in the year		638,510	5,366,827

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

		For the period from 1 April 2013 to 31 March 2014	For the period from 1 April 2012 to 31 March 2013
	Note	£	£
Increase/ (decrease) in cash in the year	17	638,510	5,366,827
Decrease in debt		23,187,234	27,149,637
Cash inflow from management of liquid resources		9,047,719	(16,927,494)
Foreign currency exchange variances on opening debt balances		3,175,869	(140,886)
Increase in (debt) / cash resulting from cash flows		36,049,332	15,448,084
Non cash movement in debts		257,347	429,276
Increase/ (decrease) in net debt for the year		36,306,679	15,877,360
Net debt at the beginning of the year		(18,730,692)	(34,608,052)
Net debt at the end of the year	17	17,575,987	(18,730,692)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	For the period from 1 April 2013 to 31 March 2014	For the period from 1 April 2012 to 31 March 2013
	£	£
Profit for the financial year		
Group	18,216,259	13,170,486
Share of associates	(27,389)	(36,409)
Total profit	18,188,870	13,134,077
Currency translation difference on foreign currency net investment	(7,605,198)	98,596
Total actuarial gains / (losses)	43,824	(224,512)
Unrealised gain on current investments available for sale	257,347	429,275
Total recognised gains and losses relating to the year	10,884,843	13,437,436

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

NOTES TO THE ACCOUNTS

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.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as mentioned below:

Building on freehold land – 20 to 30 years

Plant and machinery – 10 to 30 years

Data processing equipments – 4 to 6 years

Furniture and fixtures – 4 to 16 years

Motor vehicles - Period of lease or 5 years whichever is lower.

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 2014 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 2014 and 30% (plus a surcharge of 5% and cess of 3%) for the year 31 March 2013.

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 2014 and 18.5% (plus a surcharge of 5% and cess of 3%) for the year ended 31 March 2013.

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 AISallan Food Industries Company SAOC (ASFI) is 12%.

ASFI income tax assessments for the year 2009 to 2013 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 2014.

The future tax benefit from carried forward losses together with other timing differences amounting to £1,728,919 (Previous Year: £1,879,564) 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

	Goodwill 2014 £
At Cost	
At 1 April 2013 at opening rates	15,330,627
Foreign currency translation impact	(1,813,162)
At 31 March 2014	13,517,465
Accumulated Amortisation	
At 1 April 2013 at opening rates	7,428,178
Foreign currency translation impact	(1,027,921)
Charge for the year	1,312,286
At 31 March 2014	7,712,543
Net book amount	
At 31 March 2014	5,804,922
At 31 March 2013	7,902,449

5. Tangible Assets

	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 2013	104,013,632	3,168,249	438,437	29,017,034	2,945,140	2,103,707	7,435,073	149,121,272	17,841,495	166,962,767
Translation Difference	(15,439,195)	(491,928)	(61,263)	(4,202,795)	(499,360)	(356,693)	(1,190,241)	(22,241,475)	(3,025,103)	(25,266,578)
Additions	7,957,155	148,866	42,246	3,139,264	637,710	5,449,706	722,202	18,097,149	(4,044,531)	14,052,618
Disposals	(566,295)	(16,094)	(33,193)	(40,234)	-	-	-	(655,816)	-	(655,816)
At 31 March 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
Accumulated depreciation										
At 1 April 2013	55,283,545	1,990,737	207,918	10,358,461	91,664	-	3,971,177	71,903,502	-	71,903,502
Translation Difference	(7,768,229)	(304,346)	(26,201)	(1,224,228)	(15,541)	-	(592,862)	(9,931,407)	-	(9,931,407)
Charge for the period	6,520,938	91,533	47,275	851,957	73,427	-	835,863	8,420,993	-	8,420,993
Disposals	(505,944)	(16,094)	(16,094)	(20,117)	-	-	-	(558,249)	-	(558,249)
At 31 March 2014	53,530,310	1,761,830	212,898	9,966,073	149,550	-	4,214,178	69,834,839	-	69,834,839
Net book amount										
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
At 31 March 2013	48,730,087	1,177,512	230,519	18,658,573	2,853,476	2,103,707	3,463,896	77,217,770	17,841,495	95,059,265
Assets held under finance leases included in above										
Cost	-	-	53,310	-	-	-	-	53,310	-	53,310
Accumulated depreciation	-	-	16,094	-	-	-	-	16,094	-	16,094
Net book amount	-	-	37,216	-	-	-	-	37,216	-	37,216

NOTES TO THE ACCOUNTS

(i) Buildings include

- (a) Net Book Value £277,012 (Previous year: £523,804) 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 £1,403,757(Previous year: £1,639,422) 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 £4,091,394(Previous year: £4,786,971). Substantially all the tangible assets are mortgaged as security against the government term loan and other term loans amounting to £2,972,172(Previous year: £3,415,155)

(iii) Depreciation:

Depreciation charge for the year	8,420,993
Transfer from capital subsidy	(54,316)
Net depreciation charge for the year	<u>8,366,677</u>

6. Investments

Group

	2014	2013
	£	£
Unconsolidated subsidiary undertakings #		
Investments at cost	680	680
	680	680
Investment in associates		
Investment at cost	48,080	57,896
Share of reserves	39,660	80,740
	87,740	138,636
Participating interests		
Investment at cost in participating interests	130,243	130,243
	130,243	130,243

Investments in unconsolidated subsidiary undertaking:

	Face Value	Equity shares Nos	2014 Book value	% Holding	2013 Book value
Associated Biscuits (Malaysia) Sdn Bhd	M \$1	680	680	100%	680
			680		680

This undertaking is not consolidated because it is not significant.

NOTES TO THE ACCOUNTS

Investments in associates:

	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%
			87,740	

	Face Value	Equity shares Nos	Book value £	2013 % Holding
Klassik Foods Private Limited	INR 100	3,390	123,217	26%
Nalanda Biscuit Company Limited	INR 10	87,500	15,419	35%
			138,636	

Other participating interests:

	Face Value	Equity shares Nos	2014 Book value £	Holding %	2013 Book value £
English Biscuit Manufacturers (Private) Limited	Pakistani Rs. 10	392,100	130,243	40%	130,243
			130,243		130,243

Current asset investments:

	2014 £	2013 £
Quoted	3,979,096	4,526,088
Unquoted	17,180,319	9,748,597
	21,159,415	14,274,685

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

	2014 £	2013 £
At 1 April at opening rates	14,274,685	30,648,138
Foreign currency translation impact	(2,420,337)	124,766
Additions	70,765,222	176,846,561
Disposals	(61,717,502)	(193,774,055)
Surplus on fair valuation transferred to equity	257,347	429,275
At 31 March	21,159,415	14,274,685

NOTES TO THE ACCOUNTS

Fixed assets investment

Company

	Subsidiary Undertaking £
At 1 April 2013 and 31 March 2014	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
			2014	2013	
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%	50.92%	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

	2014	2013
	£	£
Stocks and work in progress		
Raw materials	22,432,070	23,126,388
Work in progress	37,066	79,759
Finished products	17,154,364	19,234,097
Loose tools	2,648,851	2,940,200
	42,272,351	45,380,444

Company

	2014	2013
	£	£
	Nil	Nil

8. Debtors

	2014	2013
	£	£
Trade debtors	20,920,753	25,066,509
Less: Provision for impairment of receivables (Refer note 32)	(504,646)	(1,324,614)
	20,416,107	23,741,895
Amounts owed by associates	145,849	175,627
Other debtors	27,791,745	31,053,887
Prepayments and accrued income	614,123	665,674
	48,967,824	55,637,083

Total debtors include prepayments and accrued income of £204,188(2013:£97,552) and other debtors of £5,929,498(2013:£10,788,140) due after more than one year in respect of the Group and, in respect of the Company of £ Nil (2013:£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.

Company

	2014	2013
	£	£
Amount owed by group undertakings	40,049	40,049

NOTES TO THE ACCOUNTS

9. Creditors – Amounts falling due within one year
Group

	2014 £	2013 £
Bank borrowings due within one year or on demand #	12,194,075	42,736,884
Trade creditors	28,736,665	24,905,489
Finance lease obligations	11,064	14,535
Other tax and social security payable	4,919,140	7,060,079
Other creditors	14,284,507	21,923,247
Accruals	32,254,215	22,740,906
	92,399,666	119,381,140

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

	2014 £	2013 £
Other creditors – both owed to group undertaking and others.	79,998	202,197

NOTES TO THE ACCOUNTS

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

	2014	2013
	£	£
Bank borrowings due after more than one year	2,824,593	3,269,627
Other Creditors	6,330,806	6,808,522
Finance lease obligations	34,199	49,660
Deferred income *	430,505	583,978
	9,620,103	10,711,787

*During the previous 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 £54,316 has been recognised as income (net off with depreciation) in the consolidated profit & loss account and the outstanding amount of £430,505 (previous year: £ 583,978) has been classified here.

Company

	2014	2013
	£	£
Amounts owed to group undertakings	2,400,522	2,236,358
	2,400,522	2,236,358

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

Bank borrowings (Group)

	2014	2013
	£	£
Bank Annual repayable		
Within one year	12,194,075	42,736,884
Within two to five years	2,824,593	3,269,627
	15,018,668	46,006,511

Finance lease commitments– Vehicles (Group)

	2014	2013
	£	£
Annual commitments under non-cancellable finance leases expiring:		
Within one year	11,064	14,535
Within two to five years	34,199	49,660
	45,263	64,195

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 2013	1,547,382	8,064,809	9,666,309	19,278,500
Foreign currency translation impact	(264,013)	(1,367,425)	(1,638,715)	(3,268,503)
Charged to profit and loss account	(388,621)	2,067,026	(302,007)	1,374,748
Utilised in year	-	(13,076)	(1,436,357)	(1,449,433)
At 31 March 2014	894,748	8,751,334	6,289,230	15,935,312

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

	2014 £	2013 £
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
2 Ordinary "C" share of \$0.50 each	1	1
2 Ordinary "D" shares of £1 each	2	2
	4,995,785	4,995,785

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

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

*The board of directors of the Britannia industries Limited had declared dividend on 24 May 2013, the same was paid in the year 2013-14.

NOTES TO THE ACCOUNTS

	Group	2013 Company
	£	£
Profit/ (loss) for the year	13,134,077	5,724,719
Dividends	(5,775,429)	(5,775,429)
Share Premium	171,751	-
Retained profit/(loss)	7,530,399	(50,710)
Movement in foreign currency translation reserve	98,595	-
Share based payments	144,135	-
Actuarial (losses)/gain	(224,512)	-
Share application money pending allotment	277,636	-
Unrealised gain on current investments available for sale	429,276	-
Net addition to/(reduction in) shareholders' funds	8,255,529	(50,710)
Opening shareholders' funds	34,226,617	24,292,682
Closing shareholders' funds	42,482,146	24,241,972

14. ReservesGroup

	Share premium £	Foreign currency translation reserve £	Profit and Loss £
As at 1 April 2013	19,229,682	(1,314,307)	19,293,350
Addition during the year	1,553,285	-	-
Profits for the year	-	-	18,188,870
Foreign currency translation reserve movement	-	(7,605,197)	-
Dividends	-	-	(5,426,113)
Actuarial losses	-	-	43,824
Unrealized gain on current investments available for sale	-	-	257,347
As at 31 March 2014	20,782,967	(8,919,504)	32,357,278

- 14A. During the previous year ended 31 March 2013, an amount of £ 227,636 has been received as advance against 75,000 stock options exercised by Managing Director of Britannia Industries Limited. The shares were allotted on 2 April 2013. The amount has been classified as share application money pending allotment in the consolidated balance sheet.

NOTES TO THE ACCOUNTS
Company

	Share premium Account £	Profit and loss account £
Balance at 1 April 2013	19,057,931	188,256
Profit for the financial year	-	5,383,698
Dividend	-	(5,426,113)
Balance at 31 March 2014	19,057,931	145,841

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 £5,383,698 (Previous year: £5,724,719).

15. Minority interest

	2014 £	2013 £
At beginning of the period	40,278,934	31,552,051
Foreign currency translation reserve	(6,399,579)	(12,068)
Retained profit for the period	18,957,804	14,774,571
Dividend received (including dividend distribution tax)	(5,036,055)	(6,035,620)
At the end of the period	47,801,104	40,278,934

16. Cash flow from operating activities

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

	2014 £	2013 £
Continuing operations		
Operating profit	54,871,656	41,255,804
Depreciation charge (note 5)	8,366,677	8,860,121
Profit on sale of assets	(970,647)	(961,975)
Goodwill amortization	1,312,286	1,427,834
Increase in inventory	(4,586,363)	6,915,508
Increase in debtors	(2,248,254)	(7,938,634)
Decrease in other current assets	117,678	(420,304)
Increase in creditors	17,393,368	13,825,511
Other non-cash changes	597,037	(98,596)
Net cash inflow from continuing operations	74,853,438	62,865,269

17. Reconciliation of movement in net debt

	As at 1 April 2013	Cash flow	Foreign exchange fluctuation	Other non cash changes	As At 31 March 2014
Cash in hand and at bank	13,001,134	638,510	(2,204,404)	-	11,435,240
Debt due within one year	(42,736,884)	23,296,579	7,246,230	-	(12,194,075)
Debt due after one year	(3,269,627)	(109,346)	554,380	-	(2,824,592)
	(33,005,377)	23,825,744	5,596,206	-	(3,583,427)
Current asset investments	14,274,685	9,047,720	(2,420,337)	257,347	21,159,415
	(18,730,692)	32,873,463	3,175,869	257,347	17,575,987

NOTES TO THE ACCOUNTS

18. Employees and directors

Group

	12 months period ended 31 March 2014	12 months period ended 31 March 2013
The average number of persons employed (including executive directors)		
Management staff	803	782
Workers	3,949	3,837
	4,752	4,619

Group

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
Staff costs for the group during the period		
Wages and salaries	25,488,452	25,864,581
Share based payments	-	144,135
Other pension costs	887,433	1,257,634
Voluntary retirement scheme	-	12,803
	26,375,885	27,279,153

Directors

	£	£
Aggregate emoluments	1,030,153	759,871
Highest paid director – emoluments	413,405	496,067
Defined retirement benefit schemes	28,035	26,194
Company contributions to money pension schemes	19,086	22,983

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

Directors	£	£
Aggregate emoluments	Nil	1,500

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 2014 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 2014	31 March 2013	31 March 2012
Rate of increase in salaries	5%	5%	5%
Discount rate	9.02%	8%	8.50%
	LIC	LIC	LIC
Mortality rates	(94 – 96)	(94 – 96)	(94 – 96)
Average remaining service	10 years	10 years	10 years
Number of employees	4,181	4,037	3,716

NOTES TO THE ACCOUNTS

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

	Long term rate of return expected	2014 £	Long term rate of return expected	2013 £
Equities	N/A		N/A	-
Government Securities	9.02%	874,435	8%	1,006,145
Deposits with Bank	9.02%	1,342,980	8%	1,506,074
Gratuity fund with LIC of India	9.02%	86,153	8%	97,717
Others	N/A	-	N/A	-
Total market value of assets		2,303,568		2,609,936
Present value of scheme liabilities		2,165,328		2,547,243
Surplus in the scheme		138,240		62,693
Related deferred tax liability				-
Net gratuity surplus		138,240		62,693

The fund assets are as per the audited financial statements of the fund for the year ended March 31, 2014 and the present value of scheme liabilities have been considered as per the actuarial valuation carried out at 31 March 2014.

Analysis of movement in fair value of planned assets

	2014 £	2013 £
Balance at the beginning of the year	2,609,936	2,475,503
Foreign exchange fluctuation	(442,526)	15,575
Movement during the year		
- Expected Return on plan assets	188,567	215,924
- Contributions	214,075	223,204
- Benefits paid	(256,975)	(310,738)
- Loss on plan assets	(9,505)	(9,532)
Balance at the end of the year	2,303,572	2,609,936

Analysis of the amount charged to operating profit:

	2014 £	2013 £
Current service cost	143,585	150,736
Past service cost	-	-
Total Operating Charge	143,585	150,736

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

	2014 £	2013 £
Expected return on pension scheme assets	(188,567)	(215,924)
Interest on pension scheme liabilities	174,524	205,701
	(14,043)	(10,223)

NOTES TO THE ACCOUNTS

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

	2014	2013
	£	£
Actual return less expected return on pension scheme assets	(9,505)	(9,532)
Experience gains and losses arising on the scheme liabilities	56,024	(127,832)
Actuarial gain/ (loss) recognised in STRGL	46,519	(137,364)

Movement in liability during the year:

	2014	2013
	£	£
Balance at beginning of the year	(62,693)	(111,415)
Movement during the year:		
Current service cost	143,585	150,736
Contributions	(214,075)	(223,204)
Other finance income	(14,043)	(10,223)
Actuarial loss / (gain)	(46,519)	137,364
Foreign currency translation difference	55,505	(5,951)
Balance at end of the year	(138,240)	(62,693)

(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.

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

	2014	2013	2012
Rate of increase in salaries	5%	5%	5%
Discount rate	9.02%	8%	8.50%
Mortality rate	LIC (94 – 96)	LIC (94 – 96)	LIC (94 – 96)
Average future working life	10 years	10 years	10 years
Number of employees	3,884	3,784	3,394

Analysis of the amount charged to operating profit:

	2014	2013
	£	£
Current service cost	80,360	89,206
Total Operating Charge	80,360	89,206

NOTES TO THE ACCOUNTS

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

	2014	2013
	£	£
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	69,955	76,367
	69,955	76,367

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

	2014	2013
	£	£
Actual Return less expected return on pension scheme assets	-	-
Experience(gains) and losses arising on the scheme liabilities	2,695	87,147
Changes in assumptions underlying the present value of the scheme liabilities	-	-
Actuarial loss / (gain) recognised in STRGL	2,695	87,147

Movement in Liability during the year

	2014	2013
	£	£
Balance at beginning of the year	1,022,048	893,620
Movement during the year:		
Current service cost	80,360	89,206
Contributions	-	(128,024)
Other finance income	69,955	76,367
Actuarial (loss) / gain	(2,695)	(87,147)
Foreign currency translation difference	(268,176)	178,026
Balance at end of the year	901,492	1,022,048

(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 2014 is 104 (Previous year: 97). The provision as at 31 March 2014 is £280,564 (Previous year: £335,271).

NOTES TO THE ACCOUNTS

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 2014 is 467(Previous year: 484).The provision as at 31 March 2014 is £159,274(Previous year: £159,532).

(v) History of plan

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

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
<i>Balance sheet</i>					
Present value of scheme liabilities	2,165	2,547	2,366	2,829	2,963
Fair value of scheme assets	2,304	2,610	2,475	2,958	2,977
Surplus/(deficit)	139	63	109	129	14

Experience adjustments

	2014 [£000/%]	2013 [£000/%]
Experience adjustments on scheme liabilities [as a percentage of scheme liabilities]	7%	5%
Experience adjustments on scheme assets [as a percentage of scheme liabilities]	7%	5%

20. Contingent liabilities and commitments

(a) Commitments for capital expenditure not provided for £ 1,030,998 (Previous year: £4,058,797).

(b) Contingent liabilities for:

(i) Bank guarantee, letter of credit and letter of comfort for £2,192,757(Previous year: £2,717,977).

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 £4,004,297(Previous year: £5,497,727).

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.

NOTES TO THE ACCOUNTS

- (c) In April 2007, the Commissioner of Income Tax ('CIT'), Kolkata issued a notice to the Company's Covenanted Staff Pension Fund ('BILCSPF') asking it to show cause why recognition granted to the Fund should not be withdrawn for refunding in the year 2004, the excess contribution of £ 1,219,093 (previous year:£ 1,467,986) received by it in earlier years. The Single Judge of the Honourable Calcutta High Court, on a Writ Petition, granted a stay restraining the CIT from proceeding with the show cause notice but with a direction to the Company to deposit £ 1,219,093 (previous year:£ 1,467,986)with a nationalised bank in the name of the Fund. On appeal, the Division Bench of the Honourable Calcutta High Court disposed off the Writ Petition pending before the Single Judge. The Fund filed a Special Leave Petition ('SLP') before the Honourable Supreme Court against the Order of the Division Bench. The Honourable Supreme Court at its hearing on 12 May 2008 set aside the Order of the Division Bench of the Honourable Calcutta High Court. As a condition of the stay order granted, the Company has, under protest, made the deposit as per the direction of the Honourable Calcutta High Court.

Pursuant to the directions of the Honourable Madras High Court, the CIT, Kolkata passed Orders rejecting the Deeds of Variation submitted in May 2005 by the Company's Pension Funds on technical grounds. The Company preferred Appeals before the Central Board of Direct Taxes ('CBDT'), New Delhi challenging the Orders of the CIT. CBDT passed Orders in the said Appeals in March 2011 directing the Company inter alia to submit Deeds of Variation incorporating the modifications in line with the directions made in the Orders effective 1 November 2004. The modified Deeds of Variation in line with the directions contained in the CBDT Orders have already been filed with the CIT, Kolkata, for its approval. In Writ Petitions filed by some of the Pensioners in the Honourable Madras High Court and by the Pensioners Welfare Association in the Honourable Calcutta High Court, the Honourable High Courts have passed interim orders restraining the CIT, Kolkata, from approving the Deeds of Variation pending disposal of the Writ Petitions.

A suit was filed by the Britannia Industries Limited Pensioners Welfare Association ('the Association') in the Honourable City Civil Court, Bangalore, where the Honourable Court passed interim orders on 1 January 2009 and 10 February 2009 directing the Funds to pay pension to the Members in accordance with the computation made and submitted by the Pension Funds to the Court. This computation was on a defined contribution basis, and is consistent with the pension offered by the Pension Funds to eligible employees at the time of their retirement / exit. Since then, the Funds have been complying with the said Order. In April 2010, the Honourable City Civil Court passed another interim order requiring the Funds to pay pension as per Rule 11(a) of the Pension Fund Rules, i.e. on "Defined Benefit Basis", and gave the Funds two months' time for complying with the Order. This was challenged by Britannia Industries Limited ("BIL" / Company") in an Appeal before the Honourable Karnataka High Court, the Honourable Karnataka High Court in April 2010 modified the Trial Court's Order so as to extend the time limit from two months to three months and in July 2010, further modified the Trial Court's Order directing inter alia that the Pension shall be paid as per Rule 11(a) from the date of filing of the Suit by the Association in the Honourable City Civil Court, Bangalore, i.e. with effect from 17 June 2008. The Company filed Special Leave Petitions (SLPs) in the Honourable Supreme Court against the above Order of the Honourable Karnataka High Court, Bangalore. The Honourable Supreme Court passed an Order in January 2011 disposing of the SLPs, and directing that the Pension Fund should continue to pay pension as per the interim order passed by the Bangalore City Civil Court on 1 January 2009 (i.e. on Defined Contribution basis) till disposal of the suit by the Trial Court. The proceedings in the main suit are currently in progress in the Honourable Bangalore City Civil Court and Sessions Judge. However, in the meanwhile the Association further filed an application stating certain members have joined the Association post retirement from BIL and are eligible for Pension and hence the Court should direct BIL and the Fund to pay pension to these employees, BIL and the Fund filed their objections to this Application on 31 August 2013.

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

	2014	2013
	£	£
Annual commitments under non-cancellable operating leases expiring:		
Within one year	23,135	25,399
Within two to five years	87,509	101,597
After five years	-	19,041
	110,644	146,037

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

	2014	2013
	£	£
Purchase of goods/ services		
Nalanda Biscuits Company Private Limited	6,438,459	2,365,512
Sale of goods/consumables and ingredients		
Nalanda Biscuits Company Private Limited	77,451	191,373
Conversion charges paid		
Klassik Foods Private Limited	422,458	429,983
Key managerial personnel		
Vinita Bali	413,405	496,067
Varun Berry	139,813	-
Consideration received on share allotment under employee stock option scheme		
Vinita Bali	1,360,918	174,416
Consideration received for share application money (pending allotment) on exercise of options		
Vinita Bali	-	277,369
Shares allotted under employee stock option scheme for consideration received during the previous year (2012-13)		
Vinita Bali	230,340	-
Outstanding as at year end		
<u>Net receivable/ (payable)</u>		
Klassik Foods Private Limited	(6,035)	32,703
Nalanda Biscuits Company Private Limited	70,410	111,432

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.

NOTES TO THE ACCOUNTS

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

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 items

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
Bank loans, overdrafts and other loans repayable within five years	429,056	548,549
Finance leases and hire purchase contracts	5,029	12,112
Other interest	230,642	294,799
Interest on long term loans	259,329	315,898
Interest - redeemable non-convertible bonus debentures	-	3,936,004
	924,056	5,107,362

25. Commodity forward contracts

At 31 March 2014, the Group's has the following outstanding contracts for the purchase of raw materials, classified as held for purposes other than trading:

	2014 £	2013 £
Forward commodity contracts	40,193	43,204
	40,193	43,204

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 2014 £	12 months period ended 31 March 2013 £
Statutory external audit:		
Audit of these financial statements	29,492	39,663
Amounts receivable by the auditor and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	77,707	93,680
	107,199	133,343
Other audit related services	20,117	21,802
	127,316	155,145

NOTES TO THE ACCOUNTS

27. Income Tax expense - Group

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
Current tax	19,585,760	12,980,120
Deferred tax	(388,621)	625,002
	19,197,139	13,605,122

Analysis of current tax charge

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
Profit before tax	56,355,611	41,513,770
Less: Share of associates' profit before tax	(27,389)	(36,409)
Effective profit before taxes for tax calculation	56,328,222	41,477,361
Profit on ordinary activities before tax multiplied by standard rate in the UK 23% (previous year 24%)	12,955,491	9,963,308
Effects of:		
Different tax rates for Indian and Singapore entities	6,090,942	3,527,337
Expenses not deductible for tax purposes	1,886,066	2,241,209
Income exempt from tax	(1,545,931)	(1,273,235)
Investment income chargeable at nil/lower tax rate	(195,888)	(965,602)
Shortprovision in earlier years	395,080	(512,897)
Current tax charge	19,585,760	12,980,120

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
The tax charge comprises:		
Current tax		
UK corporation tax	-	-
Double tax relief	-	-
Foreign tax (Indian & Singapore taxes)	19,585,760	13,305,818
Adjustments in respect of prior years		
UK corporation tax	-	(325,698)
Foreign tax	-	-
Total current tax	19,585,760	12,980,120
Deferred tax		
Origination & reversal of timing differences		
United Kingdom	-	-
Foreign tax (Indian tax)	(388,621)	625,002
Total deferred tax	(388,621)	625,002

NOTES TO THE ACCOUNTS

Deferred tax

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
At 1 April	1,547,382	918,640
Foreign currency translation impact	(264,013)	3,740
Credit / (charge) to profit and loss	(388,621)	625,002
At 31 March	894,748	1,547,382
Analysis of the year end deferred tax balance		
Difference between accumulated depreciation and amortisation and capital allowances	4,430,137	4,824,288
Other timing differences	(3,535,389)	(3,276,906)
	894,748	1,547,382

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.

29. Details of term loans availed by

Al Sallan Food Industries Co SAOG (ASFI)

	2014 £	2013 £
Creditors greater than one year		
(i) Interest free loan from Government of Sultanate of Oman (facilitated by Oman development bank)	2,824,593	3,244,398
(ii) Interest bearing borrowings-Term loan from a commercial bank	-	-
	2,824,593	3,244,398
Creditors less than one year		
(i) Interest free loan from Government of Sultanate of Oman (facilitated by Oman development bank)	147,579	170,757
(ii) Interest bearing borrowings-Term loan from a commercial bank	-	-
	147,579	170,757
Total term loans	2,972,172	3,415,155

(I) Interest free Government loan

(a) The total value of £2,972,172 (Previous year:£3,415,155) 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 £2,448,718(Previous year:£2,682,791) plus£ 523,454(Previous year:£732,364) 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.

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

Britannia and Associates (Mauritius) Pvt. Limited

Term loan includes £ nil and £ 12,046,084 (Previous year: £1,379,555 and £15,129,710) 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.

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
Assets at 31 March 2014					
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
Assets at 31 March 2013					
Available-for-sale Investments	-	-	-	14,274,685	14,274,685
Derivative financial Instruments	-	-	682,653	-	682,653
Current asset investments	-	-	-	-	-
Debtors	55,637,083	-	-	-	55,637,083
Cash at bank and in hand	13,001,134	-	-	-	13,001,134

Group	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities at 31 March 2014				
Creditors, Provision for Liabilities and Retirement benefits Liability	-	-	119,391,055	119,391,055
Liabilities at 31 March 2013				
Creditors, Provision for Liabilities and Retirement benefits Liability	-	-	150,411,526	150,411,526

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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:

	2014	2013
Grant date	-	27/05/2012
Expiry date	-	26/05/2015
Market price of shares at grant date	-	£ 6.4
Exercise price	-	£ 6.4
Number of employees	-	1
Shares under option	-	100,000
Vesting period (Years)	-	1
Expected volatility	-	22.16%
Option life (Years)	-	3
Expected life (Years)	-	3
Risk free rate	-	8.08%
Expected dividends expressed as a dividend yield	-	1.61%
Fair value per option	-	£ 1.38

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.

	2014	2014	2013	2013
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	5.04	325,000	3.85	375,000
Granted during the period	-	-	6.40	100,000
Forfeited during the period	-	-	-	-
Exercised during the period	4.18	325,000	3.01	150,000
Lapsed during the period	-	-	-	-
Outstanding at the end of the period	-	-	5.04	325,000
Exercisable at the end of the period	-	-	4.43	225,000

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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

	2014 £	2013 £
At 1 April	1,324,614	1,284,200
Opening translation difference	(224,594)	5,207
Provision for doubtful debtors	-	(14,194)
Unused provision reversed	(594,459)	-
Exchange difference on foreign currency translation	(915)	49,401
At 31 March	504,646	1,324,614

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 2014 (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.

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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 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

At 31 March 2013

	Closing Exchange rate	Effect of 10% depreciation of Indian Rupee on turnover £	Effect of 10% depreciation of Indian Rupee on profits £
Indian Rupee	82.56	74,319,313	1,313,408

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.

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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.

The gearing ratios at 31 March 2014 and at 31 March 2013 were as follows:

	2014 £	2013 £
Total Borrowings	15,063,932	46,070,707
Less: Cash at banks and in hand	(11,435,240)	(13,001,134)
Net Debt	3,628,692	33,069,573
Total Equity	97,017,630	83,345,060
Total Capital	100,646,322	116,414,633
Gearing Ratio	3.61%	28.41%

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 2014 is £ 1,178,117 (Previous year: £1,234,399).

36. Other non operating income and expense

	12 months period ended 31 March 2014 £	12 months period ended 31 March 2013 £
Dividend income	27,088	28,827
Bank and other interest	1,812,927	3,539,245
Profit on sale of investment	567,995	1,777,453
Other receipts	-	19,803
	2,408,010	5,365,328

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, 7th Floor, 52/54 Gracechurch Street, London EC3V 0EH. These companies are investment holding companies. The ultimate holding company is The Bombay Burmah Trading Corporation Limited, India.

NOTES TO THE ACCOUNTS

38. Dividends

	2014	2013
	£	£
Final dividends paid in respect of prior year but not recognized as liabilities in that year	5,426,113	5,775,429

The aggregate amount of dividends proposed (excluding taxes on dividend) and not recognised as liabilities as at the year end is £7,129,044(previous year: £6,043,348).