

GENERAL MILLS HOLDING (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER 4111739

FOR THE PERIOD ENDED 29 May 2016

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Strategic report

The directors have pleasure in submitting their Strategic and Directors' report together with the audited financial statements for the year ended 29 May 2016.

Business Review

General Mills Holding (UK) Limited (the "Company") acts as a UK holding Company for the UK trading affiliates of its ultimate parent General Mills, Inc.

There have not been any significant changes in the company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

During the year, the Company recorded a loss of £13.9m for the year (2015: loss of £25,000). The Directors monitor the performance of the Company's operating subsidiaries against their key performance indicators rather than monitoring these at the holding company level.

Risk Management and Risk Factors

A key risk to the business is the carrying value of the investments. The Company frequently monitors the performance of its operating subsidiaries against their objectives and reviews the value of its investments on an at-least annual basis.

Directors' report

The Directors have elected not to prepare the Company's financial statements on a consolidated basis with that of its subsidiaries. This election is in accordance with s400A of the Companies Act 2006 as amended.

General Mills International Sarl, an intermediate parent entity, has provided notification that it shall continue to provide financial and other support to the Company for a period of at least 12 months from the date of approval of these financial statements. On this basis the directors, having made appropriate enquiries, consider that the company has adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so.

Dividends

In 2016, the company received a dividend of £1.4m (2015: £24.4m) from its subsidiaries and paid no dividend to its parent company (2015: £27m).

Community Relations and Charitable Donations

During the year the Company made donations of £Nil (2015: £Nil) to charitable organisations. The Company has not given any money for political purposes.

Directors

The directors who served during the year were as follows:

D Zucco
M Muehleisen
C J Harper (Resigned 21 November 2016)
GJ Morris

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditor

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

The Strategic Report and Directors' Report were approved on 27 February 2017 by the Board and signed on its behalf by:



David Zucco
Director
100 New Bridge Street
London
EC4V 6JA

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent Auditor's report to the members of General Mills Holding (UK) Limited

We have audited the financial statements of General Mills Holding (UK) Limited for the year ended 29 May 2016 set out on pages 7-17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 4, 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 company's affairs as at 29 May 2016 and of its loss 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.

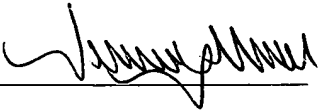
Opinion on other matter prescribed by the Companies Act 2006

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Signature: 

Jeremy Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom
27 February 2017

Profit and loss account for the year ended 29th May 2016

For the period ended:

		29 May 2016	Restated
	Note	£'000	31 May 2015
			£'000
Turnover		-	-
Operating costs	2	<u>(13,989)</u>	<u>(2)</u>
Operating loss		(13,989)	(2)
Income from shares in group undertakings	3	1,382	24,382
Interest Payable	4	(1,378)	(1,405)
		<u> </u>	<u> </u>
Profit/(Loss) on ordinary activities before taxation		(13,984)	22,975
Tax charge on Profit/(Loss) on ordinary activities	7	<u>-</u>	<u>-</u>
Profit/(Loss) for the financial year		<u><u>(13,984)</u></u>	<u><u>22,975</u></u>

The results for the year arise from continuing operations.

A statement of total recognised gains and losses has not been included as part of these financial statements as the Company made no gains or losses other than those disclosed above in the profit and loss account.

Balance Sheet

As at:

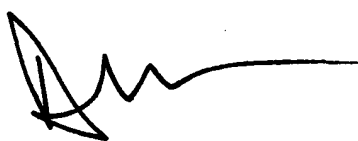
	Note	29 May 2016 £'000	31 May 2015 £'000
Fixed Assets			
Investments	8	40,438	54,425
Current Assets			
Debtors	9	59	61
Cash at bank and in hand		<u>-</u>	<u>-</u>
		59	61
Creditors: amounts falling due within one year	10	<u>(808)</u>	<u>(785)</u>
Net current liabilities		(749)	(724)
Total assets less current liabilities		39,690	53,701
Creditors: amounts falling due after more than one year	11	<u>(21,494)</u>	<u>(21,522)</u>
Net assets/(liabilities)		<u>18,196</u>	<u>32,179</u>
Capital and reserves			
Called up share capital	12	10,291	10,291
Share premium account		21,269	21,269
Profit and loss account		<u>(13,365)</u>	<u>619</u>
Total shareholders' funds		<u>18,196</u>	<u>32,179</u>

Statement of Change in Equity

	Called up share capital £'000	Share Premium £'000	Profit and Loss account £'000	Total equity £'000
Balance as at 31 May 2015	10,291	21,269	619	32,179
Other comprehensive income	-	-	-	-
Loss for the period	-	-	(13,984)	(13,984)
Balance at 29 May 2016	10,291	21,269	(13,665)	17,895

The notes on pages 10 to 17 form part of these financial statements.

The financial statements were approved on 27 February 2017 by the Board of Directors and signed on its behalf by:



David Zucco
Director

Notes (forming part of the financial statements)

1 Accounting policies

General Mills Holding (UK) Limited is a company limited by shares and incorporated and domiciled in the United Kingdom. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

(a) Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

General Mills Holding (UK) Limited's ultimate parent undertaking, General Mills Incorporated, includes General Mills Holding (UK) Limited in its consolidated financial statements. The consolidated financial statements of General Mills Incorporated are prepared in accordance with US GAAP and are available to the public. In these financial statements, the company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Key Management Personnel compensation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements except as noted below.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Accounting policies (*continued*)

(b) Going concern

General Mills International Sarl, an intermediate parent entity, has provided notification that it shall continue to provide financial and other support to the Company for a period of at least 12 months from the date of approval of these financial statements. On this basis the directors, having made appropriate enquiries, consider that the company has adequate resources to continue in operational existence for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements they have no reason to believe that it will not do so.

(c) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(d) Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company 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; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Accounting policies (*continued*)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

(e) *Basic financial instruments*

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

(f) *Impairment*

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

2 Expenses and Auditor's Remuneration

	2016	2015
	£'000	£'000
Other external charges	2	2
Impairment relating to investment in subsidiary	13,987	-
Total Operating costs	<u>13,989</u>	<u>2</u>

The audit fee of £9,250 (2015: £9,065) has been borne by General Mills UK Ltd a fellow group company therefore it does not form part of operating costs.

3 Income from shares in group undertakings

	2016	Restated 2015
	£'000	£'000
Income from shares in group undertakings	<u>1,382</u>	<u>24,382</u>

In prior year, £23,000,000 of the dividend income was presented directly in Statement of Changes in Equity. This has been restated in the 2016 accounts.

4 Interest payable

	2016	2015
	£'000	£'000
Interest payable on loans from group undertakings	<u>1,378</u>	<u>1,405</u>

5 Employees

There were no employees during the year apart from the directors.

6 Directors' Emoluments

No directors received remuneration for their services directly to General Mills Holding. The aggregate remuneration of the highest paid director by a subsidiary company was £253,175 (2015: £179,749 and they received no further pension contributions (2015: 15,074). 3 (2015: 3) were members of General Mills Inc. (parent company) pension plan within the defined benefit part of the scheme, no contributions were made by the company to this scheme in 2016 (2015: Nil). The prior year values have been restated in the 2016 accounts to include amounts paid by subsidiary companies.

Notes *(continued)*

7 Taxation

	2016	2015
	£'000	£'000
Current tax on income for the period:		
UK corporation tax	-	-

The tax credit for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20% (2014: 22.69%). The differences are explained below:

Profit/(Loss) on ordinary activities before taxation	<u>(13,984)</u>	<u>22,975</u>
Tax on Profit/(Loss) at standard rate of corporation tax of 20% (2015: 20.85%)	(2,797)	4,790
Effects of:		
Non-deductible expenditure	2,797	-
Dividend not taxable	(276)	(5,083)
Group relief surrendered for nil payment	<u>276</u>	<u>293</u>
Current tax charge	<u>-</u>	<u>-</u>

Reductions in the UK Corporations tax rate from 20% to 19% (effective 1 April 2017) and 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future tax charge accordingly. The deferred tax asset/liability as at 29 May 2016 has been calculated based on the rates of 19% and 18%.

Notes (continued)

8 Investments

The company has the following investments in subsidiaries

	Aggregate of capital and reserves £000	Profit or loss for the year £000	Country of in- corporation	Class of shares held	Ownership As at 29 May 2016 %	Ownership As at 30 April 2015 %
General Mills UK	5,222	3,693	UK	Ordinary	100	100
General Mills Berwick	8,116	1,204	UK	Ordinary	100	100

**Shares in
group
undertakings**

£'000

Company

Cost

At beginning and end of year **54,425**

Provisions

At beginning of year =

Impairment losses (13,987)

At end of year **(13,987)**

Net Book Value

At beginning of year 54,425

At end of year **40,438**

At the beginning and end of the year the Company owned the entire share capital of General Mills Berwick Limited and General Mills UK Ltd, trading companies incorporated in the UK, and the entire share capital of General Mills Pension Trustee Limited, a non trading Company incorporated in the UK.

On January 18th 2016 it was confirmed that the Berwick factory would close with all production ended by September 30th 2016. Based upon this closure, the Company wrote down the investment in General Mills Berwick Limited to the net realisable amount of £7,513,000. The write down charge of £13,987,000 is included in operating costs.

Notes (continued)

9 Debtors

	2016	2015
	£'000	£'000
Amounts owed by group undertakings	59	61
	<u>59</u>	<u>61</u>

10 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	808	785
	<u>808</u>	<u>785</u>

11 Creditors: amounts falling due after more than one year

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	21,494	21,522
	<u>21,494</u>	<u>21,522</u>

Includes £16,571,000 loan from General Mills DL GP [Fixed interest rate of 7.79%], £4,000,000 loan from General Mills UK and £923,000 m loan from General Mills Luxemburg Sarl.

12 Called up Share Capital

Authorised

	2016	2016	2015	2015
	No.	£'000	No.	£'000
Ordinary shares of £1 each	40,000,000	40,000	40,000,000	40,000

Allotted, called up and fully paid

	2016	2016	2015	2015
	No.	£'000	No.	£'000
Ordinary shares of £1 each	10,291,288	10,291	10,291,288	10,291

Notes *(continued)*

13 Immediate and ultimate parent company undertakings

The immediate parent undertaking is General Mills Canada Holding Three Corporation, a company incorporated and registered in Canada.

General Mills Holding (UK) Limited is part of the world-wide group of companies whose ultimate parent Company is General Mills, Inc., incorporated in the USA. The consolidated financial statements of General Mills, Inc. for the period ended 29 May 2016 are available to the public and may be obtained from its registered office at Number One General Mills Boulevard, Minneapolis, MN55426-1347, USA.