

Registered number: 04352824

Northumbrian Fine Foods Limited

Annual report

31 December 2018

THURSDAY



A89XEB6W

A12

18/07/2019

#62

COMPANIES HOUSE

Northumbrian Fine Foods Limited

Company Information

Directors

M Schaap
H Breffort
G Schiratti
J Wood
S McLelland

Registered number

04352824

Registered office

Dukesway
Team Valley
Gateshead
Tyne & Wear
NE11 0QP

Independent auditor

PricewaterhouseCoopers LLP
Chartered Accountants
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

Santander Corporate and Commercial Banking
Bootle
Merseyside
L30 4GB

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Northumbrian Fine Foods Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditors' report to the members of Northumbrian Fine Foods Limited	5 - 7
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 24

Northumbrian Fine Foods Limited

Strategic report

Year ended 31 December 2018

Principal activities

The company's principal activities are the manufacture and sale of gluten-free biscuits, cereal and fruit bars manufactured at our Gateshead factory in the north-east of England. The company produces branded product, retailers' own label and contract manufactured products, supported by strong new product development and effective cost control initiatives.

Business review and future developments

The company strategy is focused on the continued development of quality gluten-free products meeting the highest technical standards of our customers.

On the 15th May 2018 the company was acquired by Biscuit Holding S.A.S (a wholly owned subsidiary of Biscuit International). Biscuit International is the leading European manufacturer of private label sweet biscuits, with a wide range of products with a European or local presence – traditional biscuits, waffles and cakes. Biscuit International was created in 2016 as a result of the combination between Poult (the French leader) and Banketgroep (Netherlands). As the industry's leading consolidation platform in Europe, the group acquired in 2018: A&W (Germany), Stroopwafel & Co (Netherlands), Northumbrian Fine Foods (United Kingdom), and Arluy (Spain), to become the European Leader in the Private Label sweet biscuits market. BI is owned by Qualium.

The acquisition was supported by the Northumbrian Fine Foods Ltd management team.

The 12 months to December 2018 has been a successful period for Northumbrian Fine Foods, with sales of £26.1m (2017 £26.7m) and EBITDA £2.9m (2017 £3.1m)

Sales have reduced slightly by 2% as the company has pursued a strategy of growing the gluten free products which showed 9% in 2018 (2017: 71%). This has been offset by a reduction in gluten plus cookie sales of 17% (2017:+5%) and cereal bars sales of 36% (2017: -17%). The directors are confident that sales and profits will grow by continuing to focus on growing product groups where the company has a commercial and technical advantage, namely the gluten free category.

There was growth in the key strategic focus area being gluten-free biscuits with these now being sold into European markets as well as the UK. The value of none UK European gluten-free biscuit sales for 2018 was £1.6m in comparison to 2017 and 2016 being £1.3m and £0.8m respectively. The continued growth has been as a result of the continued investments made into the team, capital expenditure, new product development and a bed rock of strong internal technical standards and operational control over recent years.

As we look forward to the coming years the company continues to invest with confidence in:

- Further strengthening a capable, established management team
- Technical and quality, where we continue to raise the bar; and standards
- Training and capability of all staff

Management are confident that the company will continue to grow profitability in the coming year, due to volume gains which are well developed to deliver strong growth in the gluten free part of the business.

The company expects the support of the other Biscuit International group companies will lead to increased sales of gluten free products into the established group customer base in mainland Europe.

Northumbrian Fine Foods Limited

Strategic report Year ended 31 December 2018

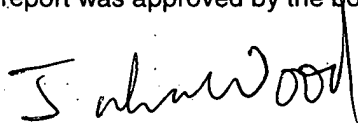
Key performance indicators

Important financial Key Performance Indicators (KPIs) monitored by the directors are: sales volume growth, gross margin, and EBITDA. For the period sales reduced slightly by 2% (though for gluten free products there was growth of 9%) which lead to a reduction in EBITDA of 7%.

	12 months to Dec-2018	12 months to Dec-2017
Sales £000	26,139	26,732
Sales growth	-2%	34%
EBITDA £000	2,867	3,073
EBITDA growth	-7%	113%

Key outcomes for the workplace safety are the number of accidents at 36 for the year (2017: 54) and the number of RIDDOR incidents being nil for 2018 (2017: 2)

This report was approved by the board on 28 June 2019 and signed on its behalf by:



J Wood
Director

Northumbrian Fine Foods Limited

Directors' report

Year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £1,678,717 (2017: profit £2,177,256). There were no dividends paid during the year (2017: £1,180,000). The directors do not recommend a final dividend in respect of the year (2017: £nil).

Directors

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

J W Hazeldean	resigned 15 May 2018
D J Llewellyn	resigned 15 May 2018
P Macielinski	resigned 15 May 2018
J Wood	
S McLelland	
M Schaap	appointed on 15 May 2018
G Schiratti	appointed on 15 May 2018
H Breffort	appointed 1 Aug 2018

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company where appropriate.

Price risk

The Company is exposed to commodity price risk as a result of its operations. One of the main risks the company faces is raw material fluctuation. The company aims to secure ingredient pricing approximately 6-9 months ahead. This enables fair warning of commodity risks and where appropriate to adjust sales pricing on a timely basis. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The Company actively manages its risk profile on a regular basis to ensure the company has sufficient available funds for operations and planned expansions.

Currency fluctuation

There are some ingredients affected by exchange rate movements (of euros in particular). To help mitigate these the company aims to match income and expenditure of euro transactions as far as possible.

Northumbrian Fine Foods Limited

Directors' report

Year ended 31 December 2018

Principal risks and uncertainties

Brexit

Management has undertaken a review of the potential impacts of the decision by the United Kingdom to exist from the European Union. The company has detailed plans in place to monitor its supply chain as necessary to ensure where it has commitments to deliver or receive goods this can be achieved without delay. As a result of the continuing lack of clarity, the company will continue to execute these plans and make appropriate investment in order to prepare for possible outcomes.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Disclosure of information to auditor

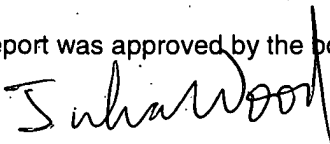
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

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

This report was approved by the board on 28 June 2019 and signed on its behalf by:



J Wood
Director

Northumbrian Fine Foods Limited

Independent auditors' report to the members of Northumbrian Fine Foods Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion, Northumbrian Fine Foods Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2018; the profit and loss account and the statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Northumbrian Fine Foods Limited

Independent auditors' report to the members of Northumbrian Fine Foods Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Northumbrian Fine Foods Limited

Independent auditors' report to the members of Northumbrian Fine Foods Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

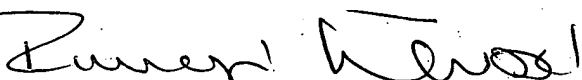
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Richard Lingwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
28 June 2019

Northumbrian Fine Foods Limited

Profit and loss account Year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	5	26,139,304	26,732,115
Cost of sales		(16,945,892)	(17,143,578)
Gross profit		9,193,412	9,588,537
Distribution costs		(1,115,181)	(1,085,221)
Administrative expenses		(5,577,481)	(5,693,458)
Exceptional costs	7	(468,225)	-
Operating profit	6	2,032,525	2,809,858
Interest payable and similar expenses	10	(202,780)	(142,450)
Profit before tax		1,829,745	2,667,408
Tax on profit	11	(151,028)	(490,152)
Profit (and total comprehensive income) for the financial year		1,678,717	2,177,256

There was no other comprehensive income for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 11 to 24 form part of these financial statements.

Northumbrian Fine Foods Limited

Balance sheet At 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	12		265,626		167,574
Tangible assets	13		3,008,716		2,360,468
			3,274,342		2,528,042
Current assets					
Stocks	14	2,531,069		2,302,326	
Debtors	15	4,541,722		5,251,794	
Cash at bank and in hand		1,514,881		1,025,175	
		8,587,672		8,579,295	
Creditors: amounts falling due within one year	16	(5,914,334)		(6,766,270)	
Net current assets			2,673,338		1,813,025
Total assets less current liabilities			5,947,680		4,341,067
Creditors: amounts falling due after more than one year	17		-		(133,330)
Provisions for liabilities					
Deferred tax	19	(206,248)		(145,052)	
			(206,248)		(145,052)
Net assets			5,741,432		4,062,685
Capital and reserves					
Called up share capital	20		2,369,692		2,369,692
Profit and loss account			3,371,740		1,692,993
Total equity			5,741,432		4,062,685

The financial statements on pages 8 to 24 were approved by the Board of Directors on 28 June 2019 and signed on its behalf by

J Wood

Director

Company registered number: 04352824

The notes on pages 11 to 24 form part of these financial statements.

Northumbrian Fine Foods Limited

Statement of changes in equity Year ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	2,369,692	1,692,993	4,062,685
Profit for the year	-	1,678,747	1,678,747
At 31 December 2018	2,369,692	3,371,740	5,741,432

Statement of changes in equity Year ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	2,369,692	695,737	3,065,429
Profit for the year	-	2,177,256	2,177,256
Dividends	-	(1,180,000)	(1,180,000)
At 31 December 2017	2,369,692	1,692,993	4,062,685

The notes on pages 11 to 24 form part of these financial statements.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

1. General information

Northumbrian Fine Foods Limited ('the company') manufactures an extensive range of biscuits, cereal bars and gluten free products for sale to retailers.

The company is a private company limited by shares, incorporated and domiciled in England, United Kingdom. The address of the registered office is given in the company information page of these financial statements.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'* ('FRS 102') and the Companies Act 2006.

3. Accounting policies

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

3.1 Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to certain financial instruments disclosures and the preparation of a cash flow statement. The company is included in the consolidated financial statements of its parent, Biscuit International SAS, and those financial statements include the equivalent financial instruments disclosures (on a consolidated basis), and a consolidated cash flow statement.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

3. Accounting policies (continued)

3.3 Revenue recognition

Turnover

Turnover comprises revenue recognised in respect of goods supplied during the year, net of discounts rebates, and excluding Value Added Tax.

Turnover is recognised as goods are delivered to the customer.

Government grants

Government grants are recognised in the profit and loss account on a performance basis, ie. when the company has satisfied all the conditions attaching to the grant. Grant monies received in advance of the performance conditions being fully satisfied are deferred to future period, included on the balance sheet within creditors.

3.4 Intangible assets and amortisation

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. Amortisation is provided on all intangible assets, other than those not yet ready for use, so as to write off the cost of each asset over its estimated useful life as follows:

Computer software	-	3 years straight line
-------------------	---	-----------------------

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than assets under construction, at rates calculated to write off the cost less estimated residual value of fixed assets, over their expected useful lives as follows:

Property improvements	-	over the lease term
Plant and machinery	-	10% reducing balance
Fixtures and fittings	-	20% reducing balance
Computer equipment	-	3 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

3. Accounting policies (continued)

3.6 Leased assets

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases, so as to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straightline basis over the lease term.

3.7 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost includes all direct costs and, for manufactured stocks and work in progress, an appropriate proportion of fixed and variable overheads (based on normal operating capacity). Cost is based on the first-in first-out (FIFO) method.

Provision is made as necessary for damaged, obsolete or slow-moving items.

3.8 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other debtors and creditors, cash and bank balances, bank loans and loans to or from related parties, including fellow group companies.

Bank loans are measured initially at the transaction price, and subsequently at amortised cost using the effective interest method. All other financial assets and liabilities (which are all due within one year) are measured initially and subsequently at the transaction price.

At the end of each reporting period, debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

3. Accounting policies (continued)

3.9 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.10 Foreign currency

The company's functional currency is the pound sterling.

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

3.11 Research and development

All research and development expenditure is expensed in the period in which it is incurred.

3.12 Taxation

The taxation expense for the period comprises current and deferred tax and is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of tangible fixed assets - the annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The asset useful lives and residual values are re-assessed annually, and are amended if necessary to reflect latest best estimates. There have been no changes to the estimation bases during the current reporting period.

Stock provisioning - a significant proportion of the company's stock is foodstuffs, and therefore perishable. In addition, packaging stocks can become un-usable due to design changes or ingredients updates. When calculating the stock provision, management considers use-by dates for food items, as well as applying assumptions around anticipated future usage of food items and packaging stocks.

5. Turnover

The whole of the turnover is attributable to the sale of goods.

Analysis of turnover by geography:

	2018 £	2017 £
United Kingdom	24,119,363	25,168,526
Rest of Europe	2,019,941	1,563,589
	26,139,304	26,732,115

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	297,934	263,013
Amortisation of intangible assets	68,835	711
Audit fees payable to the company's auditor	29,000	17,000
Foreign exchange losses	20,756	13,342
Operating lease rentals	382,397	493,795

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

7. Exceptional costs

	2018 £	2017 £
Bad debt write-offs	129,000	-
Stock write down	110,000	-
Acquisition costs	229,225	-
	468,225	-

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	5,317,043	5,159,090
Social security costs	475,809	470,940
Other pension costs	63,897	45,182
	5,856,749	5,675,212

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

	2018 £ No	2017 £ No
Production	197	165
Administrative	33	30
Management	6	8
	236	203

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

9. Directors' remuneration

	2018 £	2017 £
Remuneration	395,111	305,032
Company contributions to defined contribution pension schemes	17,500	17,500
	412,611	322,532

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £215,135 (2017: £154,474).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,500 (2017: £17,500).

The highest paid director's remuneration includes a discretionary bonus received in relation to the acquisition of the company during the year, this is therefore non-recurring in nature.

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest	107,677	103,787
Interest on intercompany loan	64,403	-
Finance leases and hire purchase interest	30,700	38,663
	202,780	142,450

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

11. Tax on profit

	2018 £	2017 £
Current tax		
UK Corporation tax on profits for the year	90,000	100
Total current tax	90,000	100
Deferred tax		
	2018 £	2017 £
Origination and reversal of timing differences	265,624	509,160
Changes to tax rates	(28,038)	(19,108)
Adjustments in respect of previous periods	(176,558)	-
Total deferred tax	61,028	490,052
Total tax	151,028	490,152

Factors affecting tax charge for the year/period

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before tax	1,829,745	2,667,408
Profit multiplied by standard rate of corporation tax in UK of 19% (2017: 19.25%)	347,657	513,476
Effects of:		
Expenses not deductible for tax purposes	7,967	293
Recognition and utilisation of tax losses	-	(4,509)
Adjustments to tax charge in respect of previous periods	(176,558)	-
Changes to tax rates	(28,038)	(19,108)
Total tax charge for the year	151,028	490,152

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

11. Tax on profit (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 26 October 2016) and Finance Bill 2018 (on 7 September 2017). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Intangible assets

	Computer software £
Cost	
At 1 January 2018	181,573
Additions	166,887
At 31 December 2018	348,460
Amortisation	
At 1 January 2018	13,999
Charge for the year	68,835
At 31 December 2018	82,834
Net book value	
At 31 December 2018	265,626
At 31 December 2017	167,574

Northumbrian Fine Foods.Limited

Notes to the financial statements Year ended 31 December 2018

13. Tangible fixed assets

	Property Improvements £	Plant and Machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2018	288,242	3,599,622	171,859	172,069	4,231,792
Additions	260,176	652,439	23,239	10,328	946,182
At 31 December 2018	548,418	4,252,061	195,098	182,397	5,177,974
Accumulated Depreciation					
At 1 January 2018	15,718	1,626,454	121,217	107,935	1,871,324
Charge for the year	14,799	225,977	14,081	43,077	297,934
At 31 December 2018	30,517	1,852,431	135,298	151,012	2,169,258
Net book value					
At 31 December 2018	517,901	2,399,630	59,800	31,385	3,008,716
At 31 December 2017	272,524	1,973,168	50,642	64,134	2,360,468

Plant and machinery does not include any assets held under finance leases or hire purchase for 2018 (2017: net book value £745,000).

14. Stocks

	2018 £	2017 £
Raw materials and consumables	1,367,484	998,889
Finished goods	1,163,585	1,303,437
	2,531,069	2,302,326

Northumbrian Fine Foods.Limited

Notes to the financial statements Year ended 31 December 2018

15. Debtors

	2018	2017
	£	£
Trade debtors	4,011,666	4,715,946
Amounts owed by group undertakings	-	302,775
Prepayments and accrued income	530,056	233,073
	4,541,722	5,251,794

16. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank invoice discounting facility	-	3,054,323
Net obligations under finance lease and hire purchase contracts	-	173,594
Corporation tax	90,000	100
Trade creditors	1,745,209	2,524,936
Amounts owed to group undertakings	3,244,267	-
Other taxation and social security	112,293	269,766
Other creditors	110,152	56,024
Accruals and deferred income	612,413	687,527
	5,914,334	6,766,270

The invoice discounting facility is secured against trade debtors. The amounts owed to group undertakings are repayable on demand, unsecured and interest is charged at 5.25%.

17. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Net obligations under finance leases and hire purchase contracts	-	133,330

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

18. Finance leases and hire purchase contracts

Minimum lease payments under finance leases and hire purchase contract fall due as follows:

	2018 £	2017 £
Within one year	-	195,654
After one and before five years	-	138,489
Less: future finance charges	-	(27,219)
Carrying amount of liability	-	306,924

19. Deferred taxation

	2018 £	2017 £
At beginning of year	(145,052)	345,000
Charge to profit and loss account in the year	(237,754)	(490,052)
Adjustment in respect of prior year	176,558	-
At end of year	(206,248)	(145,052)

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Fixed assets timing differences	(206,248)	(185,408)
Losses	-	40,356
	(206,248)	(145,052)

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

20. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2,369,690 (2017: 2,369,690) Ordinary shares of £1 each	2,369,690	2,369,690
400 (2017: 400) Ordinary shares of £0.005 each	2	2
	2,369,692	2,369,692

Both classes of ordinary share have voting, distribution and capital rights, and rank pari-passu in all respects. There are no restrictions on the distribution of dividends or the repayment of capital.

21. Dividends

	2018 £	2017 £
Interim dividends paid	-	1,180,000

A dividend of £Nil (2017: £0.50) was paid per a share. In respect of the current year the directors do not propose a dividend.

22. Capital commitments

	2018 £	2017 £
Contracted for but not provided in these financial statements	78,000	-

Northumbrian Fine Foods Limited

Notes to the financial statements Year ended 31 December 2018

23. Commitments under operating leases

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	386,929	592,273
After one year and before five years	1,687,708	2,344,552
After five years	4,070,000	4,921,923
	6,144,637	7,858,748

24. Related party transactions

Key management personnel comprise the executive directors, whose remuneration is given in note 8 (total of remuneration and company contributions to defined contribution pension schemes).

25. Controlling parties

The immediate parent undertaking is Biscuit Holding S.A.S a company registered in France following the acquisition during the year. The ultimate parent undertaking is Qualium FCPR.

The largest group to consolidate these financial statements are those of Biscuit International and the smallest being Biscuit Holding S.A.S. Copies of the Biscuit International and Biscuit Holding S.A.S Limited financial statements can be obtained from Biscuit Holding S.A.S, 22 Avenue Victoria, 75001 Paris, France.