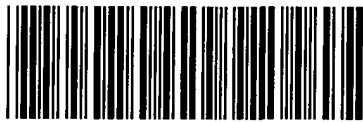


Company Registration No. 08710203

Kout Food Investments UK Limited

**Financial Statements for the period ended
31 December 2014**

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Kout Food Investments UK Limited

Annual report and financial statements 2014

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Kout Food Investments UK Limited

Officers and professional advisors

Head office

3 Willen Field Road
Park Royal
London
NW10 7BQ

Registered office

3rd Floor
City College
55 East Road
London
N1 6AH

Bankers

HSBC Bank Plc
60 Queen Victoria Street
London
EC4N 4TR

Auditor

Smith Cooper Limited
St Helen's House
King Street
Derby
DE1 3EE

Solicitors

Reynolds Porter Chamberlain LLP
Tower Bridge House
St Katharine's Way
London
E1W 1AA

Kout Food Investments UK Limited

Strategic report

The directors present their first Strategic Report, Directors' Report and the audited financial statements for the period from incorporation to 31 December 2014.

Principal activity

The Company is a holding company and has one trading subsidiary in the UK, Maison Blanc Limited. Maison Blanc Limited produces, distributes and sells bread, French patisserie and boulangerie through retail outlets and wholesale businesses.

The group's business model

Maison Blanc Limited operates 14 retail outlets and a food production unit.

There are three key elements to its strategy for achieving growth:

- Increase in volume of customer transactions;
- Increase in customer spend; and
- Increase market share by inorganic and organic growth.

Financial highlights

	2014 £'000
Turnover	10,624
Gross loss	(1,456)
Operating loss	(3,744)

All information compiled within the financial highlights are taken from the financial statement.

Review of the group's progress

This is the first period of operation for the Group. However, Maison Blanc Limited's total revenue increased by £149,000 compared to its previous period reflecting the full year impact of new business gained in the final quarter of 2013.

Post balance sheet events

There have been no significant post balance sheet events.

Kout Food Investments UK Limited

Strategic report (continued)

Principal risks and uncertainties

The key risk for our business, as for others operators of retail businesses in the UK, is the current economic situation in the UK. Slow wage growth and disposable income, economic uncertainty over the Eurozone and increased competition in this sector had had an adverse impact on sales.

The Group's operational risks include:

- Health and Safety factors at the retail stores, with the main risk coming from outputs from external audits by local authorities. This risk is managed by a combination of internal technical and HR staff who undertake training and implement procedures and controls to ensure legal compliance.
- IT risks from power and equipment failures. This risk is managed by back-up procedures that are in place.
- Equipment failure at the stores. There are service contracts in place with various equipment maintenance companies to ensure that the functioning of critical equipment in the stores is maintained adequately.

Credit and liquidity risks

- Kout Food Investments UK Limited is exposed to price changes which come from the retail price index and the performance of the market. In order to minimise the risk of prices increases in commodities, Kout Food Investments UK has negotiated contracts. Preferred suppliers are used which has seen economic benefits /savings.

Key performance indicators

Key Financial Performance Indicators used to monitor the performance of the business include a monthly review against budget and comparisons against last year's position. Financial indicators are as per financial highlights section on page 2.

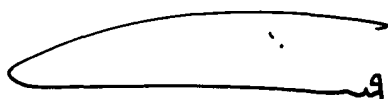
The group also monitors non financial key performance indicators of the business including:

- Health and safety – accident rates;
- Staff turnover by operating unit; and
- Food service and customer service performance

Going concern basis

The financial statements are prepared on a going concern basis which the directors believe to be appropriate on the basis of the disclosures given in note 2 on page 11.

Approved by the Board and signed on its behalf by:



Fadwa Al Homaizi
Director

30 September 2015

Registered office
3rd Floor
City College
55 East Road
London
N1 6AH

Kout Food Investments UK Limited

Directors' report

Directors

The Director who held office during the period was as follows:

Mrs Fadwa Y Al Homaizi

Directors' indemnities

The group has no qualifying third party indemnity provisions.

Dividends

No dividends were paid during the period, and no dividend is proposed in respect of the period ended 31 December 2014.

Employees

The Group recognises its responsibilities towards disabled persons and gives full and fair consideration to applicants in positions suited to their own particular abilities where appropriate openings exist. Where employees become disabled in the course of their employment, every effort is made to provide them with continuing employment.

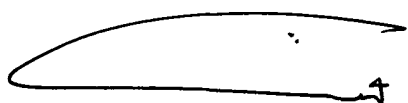
Disclosure of information to auditor

The director who held office at the date of approval of this directors' report confirm that, so far as she is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor appointed is Smith Cooper Limited.

Approved by the Board and signed on its behalf by:



Fadwa Al Homaizi

Director

30 September 2015

Registered office

3rd Floor
City College
55 East Road
London
N1 6AH

Kout Food Investments UK Limited

Directors' responsibilities statement

The director is responsible for preparing the Strategic Report, 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 the director has elected to prepare the financial statements in accordance with Financial Reporting Standard 102. Under company law the director must not approve the financial statements unless she is 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 group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 102 has been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. She is 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.

Independent auditor's report to the members of Kout Food Investments UK Limited

We have audited the financial statements of Kout Food Investments UK Limited for the period ended 31 December 2014 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 102.

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 5, 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 31 December 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.2 of the financial statements concerning the company's ability to continue as a going concern. As at 31 December 2014 the group had net liabilities of £3,744,000. These conditions along with the matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the group's ability to continue to as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, Directors' Report for the financial period 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; or

Janet Morgan (Senior statutory auditor)
for and on behalf of
Smith Cooper Limited
Chartered Accountants and Statutory Auditors
St Helen's House
King Street
Derby DE1 3EE

30 September 2015

Kout Food Investments UK Limited

Statement of Group Comprehensive Income For the period ended 31 December 2014

	Note	2014 £'000
Turnover	3	10,624
Cost of sales		(12,080)
Gross loss		<u>(1,456)</u>
General and administrative expenses		(2,058)
Operating loss	4	<u>(3,514)</u>
Interest (payable) and similar charges	6	(230)
Loss on ordinary activities before tax		<u>(3,744)</u>
Tax credit/(charge)	7	-
Loss for the period		<u><u>(3,744)</u></u>

The results of the Group stated above arise from continuing operations.

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

Kout Food Investments UK Limited

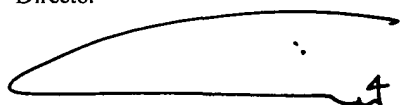
Statement of Financial Position As at 31 December 2014

	Note	Group 2014 £'000	Company 2014 £'000
Fixed assets			
Property, plant and equipment	10	2,952	-
Goodwill	9	3,756	-
Investments	8	-	9,424
Deferred tax assets	7	979	-
		<u>7,687</u>	<u>9,424</u>
Current assets			
Stock	11	521	-
Debtors due within one year	12	1,550	2,290
Cash at bank and in hand		176	13
		<u>2,247</u>	<u>2,303</u>
TOTAL ASSETS		<u>9,934</u>	<u>11,727</u>
Liabilities			
Creditors amounts falling due within one year			
Trade and other payables	13	(11,796)	(10,096)
Creditors: amounts falling due after more than one year			
Advances and loans due to parent company	14	(1,882)	(1,882)
TOTAL LIABILITIES		<u>(13,678)</u>	<u>(11,978)</u>
NET LIABILITIES		<u>(3,744)</u>	<u>(251)</u>
Capital and reserves			
Share capital	15	-	-
Profit and loss account		(3,744)	(251)
TOTAL SHAREHOLDERS' FUNDS		<u>(3,744)</u>	<u>(251)</u>

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

The financial statements Kout Food Investments UK Limited, registered number 08710203, were approved by the board of directors and authorised for issue on 30.9.2015.

Fadwa Al Homaizi
Director



Kout Food Investments UK Limited

Statement of changes in equity For the period ended 31 December 2014

	Share Capital	Profit and loss account	Total Equity
Group	£'000	£'000	£'000
Loss for the period	-	(3,744)	(3,744)
At 31 December 2014	-	(3,744)	(3,744)
Parent Company	£'000	£'000	£'000
Loss for the period	-	(251)	(251)
At 31 December 2014	-	(251)	(251)

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

Kout Food Investments UK Limited

Group Statement of Cash Flows For the period ended 31 December 2014

	2014
	£'000
Loss for the period	(3,744)
Goodwill amortisation	417
Depreciation	775
Interest on KFG loan	251
Operating loss before working capital changes	(2,301)
(Increase) in trade and other receivables	(228)
(Increase) in inventories	(19)
Increase in trade and other payables	247
Net cash outflow from operating activities	(2,301)
Cash flows - Investing Activities	(7,667)
Purchase of Capital Assets	(7)
Net cash used in investing activities	(7,674)
Interest paid on loan	(200)
Loan funding received	10,351
Net cash used in financing activities	10,151
Net increase in cash and cash equivalents	176
Cash and Cash equivalents	
Beginning of the period	-
End of the period	176

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

1 General information

Kout Food Investments UK Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given earlier in the financial statements. The nature of the company's operations and its principal activities are set out in the Strategic report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

On 20 December 2013, the company acquired a 100 per cent shareholding in Maison Blanc Limited.

2 Accounting policies

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 102 (Financial Reporting Standard 102) as issued by the Financial Reporting Council. FRS 102 has been early adopted.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The company's bankers, National Bank of Kuwait, has indicated that it will roll over the loans that fall due within the next twelve months. In addition, the shareholder has provided written confirmation to the directors that for a period of at least twelve months from the date of approval of these financial statements she will continue to make available such funds as are needed by the Company.

The directors consider that the continued availability of the bank loan finance along with the support from the shareholder should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on its shareholder 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.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of directly attributable overheads.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation of property, plant and equipment is charged to the profit and loss account so as to write off the cost of the assets over their estimated useful lives. Useful economic lives of assets have been established using historical experience and an assessment of the nature of the assets involved.

Plant and machinery	10-33%
Fixtures and fittings	12-33%
Motor vehicles	20-25%
Leasehold improvements	life of lease

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

2 Accounting policies (continued)

Start-up expenses and lease incentives

Legal and start-up expenses incurred in respect of new stores are written off as incurred, unless as a result of getting the retail outlet into a condition for trading, in which case they are capitalised.

Premiums paid or lease incentives received (including rent-free periods extending beyond a stores opening date) on the acquisition of trading locations are written off over the life of the lease on a straight line basis.

Impairments

The carrying amounts of the Group's non-financial assets, other than inventory and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows of the identified cash-generating units are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, overheads that have been incurred in bringing stock to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term money market bank deposits with a maturity of three months or less. The carrying value of these assets is approximately equal to their fair value

Operating Leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Profit and Loss account as an integral part of the total lease expense.

Turnover

Turnover is measured at the fair value of consideration received or receivable, net of returns, VAT, trade discounts and volume rebates. Turnover from the sale of goods is recognised in the Profit and Loss account when the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risks and rewards are consistent across all third party revenue. Transfer occurs when the product is received at the customer's location.

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

2 Accounting policies (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax.

The tax currently payable is based on taxable profits for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financing income and costs

Financial income comprises interest receivable on cash deposits and is recognised in the statement of comprehensive income as it accrues using the effective interest method.

Financing costs comprise interest payable on inter-group borrowings, and gains and losses on financial instruments that are recognised in the statement of comprehensive income.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates (its functional currency).

Transactions in currencies other than the group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any impairment is recognised in the profit and loss account.

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

2 Accounting policies (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities', the Group does not have any financial liabilities held at fair value through the profit and loss account.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Significant judgements and estimates

The preparation of the financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future years if the revision affects both current and future years.

In relation to the Group's property, plant and equipment, intangible assets and goodwill; the useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. Assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to a potential impairment of the carrying value of such assets.

3 Segmental disclosure

All turnover is generated in the United Kingdom from two business streams being Bakery and Retail Outlets.

Bakery sales for the period are £4,727,000 with associated cost of sales of £6,005,000 resulting in Gross Loss of £1,278,000.

Retail Outlets sales for the period are £5,897,000 with associated cost of sales of £6,075,000 resulting in Gross Loss of £178,000. Online sales account for £38,000 of the Retail Outlets sales figure.

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

4 Operating Loss

	2014 £'000
Operating loss has been arrived after charging:	
Depreciation	
- of Owned Plant, Property & Equipment	775
Amortisation of goodwill on acquisition	417
Operating lease rentals	
- land and buildings	1,246
Auditors remuneration: Audit of the financial statements	12
	<hr/> <hr/>

5 Staff costs

a) Particulars of staff costs are shown below:

The average number of people (including directors) employed by the Group during the period, analysed by category, was as follows:

	2014
Management and administration	15
Operational	260
	<hr/>
	275
	<hr/> <hr/>

The aggregate payroll costs of these employees were as follows:

	2014 £'000
Wages and salaries	4,590
Social security costs	344
Pension costs	1
	<hr/>
	4,935
	<hr/> <hr/>

b) Directors' emoluments

None of the directors received remuneration paid by the Company.

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

6 Interest receivable/(payable) and similar items

	2014 £'000
Interest payable and similar items:	
Interest receivable	25
Loan interest	(251)
Foreign currency loss on other items	(4)
	<u>(230)</u>

7 Taxation

	2014 £'000
Current tax expense	
UK corporation tax on loss for the period at a weighted average rate of 21.5% (2013: 23.25%)	-
Total current tax	-
 UK deferred tax expense at 21.5% (2013: 23.25%)	 -
Total deferred tax expense	-
Total tax charge/(credit) in profit and loss account	<u>-</u>

The tax charge/(credit) for the period is explained as follows:

Reconciliation of tax expense

	£'000
Loss before tax	<u>(3,327)</u>
 Tax using the UK corporation tax rate of 21.5% (2013: 23.25%)	 (715)
 Change in unrecognised deferred tax assets	 715
Total tax charge/(credit) in profit and loss account	<u>-</u>

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

7 Taxation (*continued*)

Deferred tax

	2014 £'000
Recognised timing differences	
Asset acquired	979
At 31 December	<u>979</u>
Recognised deferred tax asset comprises of:	
Fixed asset timing differences	457
Tax losses carried forward	522
At 31 December	<u>979</u>

8 Investments

Acquisition of subsidiary

On 20 December 2013 the group acquired the entire share capital of Maison Blanc Limited for a consideration of £9,424,185 paid in cash and loans. The investment in Maison Blanc Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

	Book Value £'000	Revaluation Adjustments £'000	Fair value to Group £'000
Intangible assets	979	-	979
Tangible assets	3,720	-	3,720
Stocks	502	-	502
Debtors	1,320	-	1,320
Cash	183	-	183
Creditors due within one year	(1,453)	-	(1,453)
Net assets	<u>5,251</u>		<u>5,251</u>
Goodwill arising on acquisition			<u>4,173</u>
			<u>9,424</u>
Discharged by:			
Cash payments			7,850
Loans			<u>1,574</u>
			<u>9,424</u>

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

9 Goodwill

	£'000
Cost	
Goodwill on acquisition	4,173
At 31 December 2014	<u>4,173</u>
Amortisation	
Amortisation during the year	(417)
At 31 December 2014	<u>(417)</u>
Carrying Amount	
At 31 December 2014	<u><u>3,756</u></u>

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

10 Property, plant and equipment

Group

	Work in progress capital £'000	Leasehold Improve- ment £'000	Plant and Equip £'000	Fixtures and Fittings £'000	Total £'000
Cost					
Assets Acquired	80	2,334	824	482	3,720
Additions	(50)	1	26	30	7
Disposals	-	-	-	-	-
At 31 December 2014	30	2,335	850	512	3,727
Depreciation					
Charge during the period	-	(465)	(171)	(139)	(775)
Disposals	-	-	-	-	-
At 31 December 2014	-	(465)	(171)	(139)	(775)
Carrying Amount					
At 31 December 2014	30	1,870	679	373	2,952

There are no significant differences between the fair value and the carrying value of all the classes of property, plant and equipment.

There were no assets held under finance leases or hire-purchase contracts in either the current period or prior year.

Impairment review

An impairment review was undertaken on the net book value of property, plant and equipment at the end of the period.

Cash generating units ('CGUs') were assessed at on a consolidated basis looking at the business as a whole since the supply from the bakery business is an integral part of the retail chain and reflects how management monitor and control the business. Recoverable amounts for cash-generating units are based on values in use, which were calculated using cash flow projections over a five period with terminal value.

The key assumptions in preparing the cash flow projections were discount rates and growth rates. The projections were based on latest forecasts approved by management covering the period to 31 December 2019 and assume 3% inflationary growth in sales subsequent periods with the cost base held at a consistent ratio to FY 15 forecast. In addition we are assuming that our pipeline customers materialise.

The cash flows were discounted at a pre-tax discount rate of 8.38%. The calculated present value of the cash flows exceeded the carrying value of the net book value by £0.9m. Accordingly no impairment provision was required.

Calculations are not sensitive to the growth rate or discount rate assumption and accordingly no sensitivity analysis was performed.

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Notes to the financial statements For the period ended 31 December 2014

11 Stock

	Group £'000	Company £'000
Raw materials	266	-
Consumables	4	-
Finished products	251	-
	<u>521</u>	<u>-</u>
Raw materials	<u>521</u>	<u>-</u>

There are no significant differences between the resale or fair value and the carrying value of stock. There was no write off of stock during the period.

12 Debtors

	Group £'000	Company £'000
Current		
Trade debtors	978	-
Deposits	94	-
Prepayments and accrued income	467	-
Other debtors	11	2
Due from group companies	-	2,288
	<u>1,550</u>	<u>2,290</u>

13 Creditors: amounts within one year

Trade and other payables

	Group £'000	Company £'000
Bank loans	10,096	10,096
Accrued charges	680	-
Other taxation and social security	142	-
Other creditors	316	-
Trade payables	562	-
	<u>11,796</u>	<u>10,096</u>

The directors consider that the carrying amount of trade payables approximates to their fair value. The average credit period is 30 working days. To date no interest has been incurred on trade and other payables. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

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Notes to the financial statements For the period ended 31 December 2014

The Bank Loans are secured by way of a personal guarantee by Mme Fadwa Al Homaizi who is the sole director and the owner of the entire share capital of the company.

14 Creditors: amounts due after more than one year

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to credit, interest rate and foreign currency, and liquidity risk, see note 16.

	Group £'000	Company £'000
Amounts falling due after more than one year:		
Advances and loans	(1,882)	(1,882)

There are no fixed terms of repayment on loans which attract a rate of interest of 2.5% per annum. The loans are due to Kout Food Group K.S.P.C. which is a related party (see note 20,)

Foreign exchange risk

The Company's borrowings payable to a related company are denominated in GBP and therefore are not exposed to movements in Kuwait Dinar against Sterling (the presentational currency). Foreign currency gains and losses are set out in note 6.

Management continue to review the Company's exposure to foreign exchange risk.

15 Share capital

Company	2014 £'000
Allotted, called up and fully paid	
2 ordinary shares of £1 each	-

16 Financial instruments

The Company holds no derivative financial instruments to either hedge trade or speculate.

Fair value of financial assets and liabilities

The principal methods and assumptions used in estimating the fair values of financial instruments are as follows:

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one period, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

The main risks arising from the Company's financial instruments are liquidity, credit and interest rate risk. The board reviews and agrees the policies for managing each of these risks on an annual basis.

Liquidity risk

Cash resources are largely and normally generated through operations with additional funding provided by the ultimate parent company to fund working capital and capital expenditure.

Credit risk

Credit risk is the risk of financial loss to the Company of its customers failing to meet their contractual obligations, and arises principally from the Company's receivables from customers.

The exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit. The Group does not require collateral as security in respect of amounts outstanding. For customers with high credit risk invoicing is done on a pro-forma basis with cash being received in advance of goods despatch. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

There are £464,000 of trade receivables that are past due at the reporting date. There is no indication as at the date of these financial statements that receivables will not meet their payment obligations in respect of trade receivables recognised in the statement of financial position that are past due and un-provided. The average credit period taken for trade receivables is 30 days. To date no interest has been incurred on trade and receivables. The ageing of trade receivables at the period end was as follows:

31 December 2014	Gross Receivable £'000	Provision £'000	Net Receivable £'000
Not Past Due	514	-	514
Past Due 0-30 Days	200	-	200
Past Due 31-120 Days	315	(51)	264
	<u>1,029</u>	<u>(51)</u>	<u>978</u>

17 Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

Items	Group 2014 £'000	Company 2014 £'000
Total future minimum lease payments:		
- not later than one year	1,179	-
- later than one year but less than five years	4,305	-
- later than five years	2,239	-
	<u>7,723</u>	<u>-</u>

Kout Food Investments UK Limited

Notes to the financial statements For the period ended 31 December 2014

The Group leases a number of properties under operating leases. The properties are occupied mainly as trading premises, although premises are also occupied for central administrative functions. Leases expire in 1 to 13 years from the year end.

18 Contingencies and capital commitments

The group remains liable, in the event of a default by the new tenants, of shop leases vacated in the current period and prior years. There were no such defaults at 31st December 2014 and therefore no provision is necessary.

As at 31 December 2014 there is no capital commitment outstanding.

19 Notes to the statement of cash flows

The group increased cash by £176,000 in the period to 31st December 2014, with a closing balance of £176,000.

The operating activities of the company resulted in a cash outflow of £2,301,000. This was mainly caused by decline of wholesale and retail sales, higher than expected cost of sales and employment costs in the factory.

The group invested £7,000 in the purchase of fixed assets in the period to 31st December 2014.

Funding for operating losses and capital expenditure was provided from working capital management and bank finance. Working capital management was cash neutral.

20 Related party transaction

Transactions with key management personnel

Details of the remuneration paid to the Company's directors are, included in note 5.

The company's controlling shareholder, Mme Fadwa Al Homaizi, is also a shareholder in Kout Food Group K.S.P.C. At the period end the company owed £1,882,239 to Kout Food Group K.S.P.C.

Maison Blanc Limited.

On 20 December 2013 the group acquired the entire share capital of Maison Blanc Limited for a consideration of £9,424,185 paid in cash and loan, the cash element was financed by way of bank loans. The investment in Maison Blanc Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

At year end Maison Blanc Limited owed Kout Food Investments UK Limited £2,288,000.

21 Subsequent events

There have been no significant events subsequent to 31 December 2014.

22 Controlling party

The ultimate controlling party is Mme Fadwa Al Homaizi by virtue of her 100% interest in the equity share capital of the company.