

Ferholding UK Limited

**Annual report and financial statements
for the period ended 31 August 2016**

Registered number: 09637211

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Ferholding UK Limited

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Ferholding UK Limited

Annual Report and Financial Statements

For the period ended 31st August 2016

Company information

The board of directors	F Minneci J de Moragas Rague M de Bosio
Registered office	889, Greenford Road Greenford UB6 0HE
Independent auditors	Deloitte LLP Chartered Accountants & Statutory Auditor 2 New Street Square London EC4A 3BZ
Bankers	BNP Paribas 50, Avenue JFK L-2951 Luxembourg

Ferholding UK Limited

Annual Report and Financial Statements **For the period ended 31st August 2016**

Strategic report

The directors in preparing this report have complied with s414(c) of the Companies Act 2006.

Principal activity

The principal activity of the Company is to act as an intermediate holding company. The principal activity of the Company's main subsidiary, Thorntons Limited is the manufacture, distribution and retail of confectionary products.

Company details and developments during the period

The Company was incorporated on 12th June 2015. These financial statements cover the fifteen month period from the Company's incorporation to 31st August 2016.

On 22nd June 2015, the Company made a recommended cash offer to buy out the existing investors of Thorntons Limited (was Thorntons PLC) on behalf of Ferrero International SA. Compulsory acquisition notices were issued on 12th August 2015 and the acquisition was completed on 25th September 2015.

Review of business

Throughout the financial period the Company acted as a holding company. A review of the financial performance of Thorntons Limited, its strategic aims and future outlook can be found within the financial statements of that company.

Key performance indicators

On the basis that the Company is a holding company, it is not considered necessary to consider key performance indicators specific to the Company other than the performance of the subsidiary. Key performance indicators for the Company and its subsidiaries as a whole are managed on a group wide basis and are regularly monitored by the board.

Principal risks and uncertainties

The Directors monitor principal risks and uncertainties on a group wide basis. The principal risk facing the Company are therefore the same as those of the Group of which it forms part, and these are disclosed in the financial statements of Ferrero International SA.

The specific risks facing the Company are:

Potential for impairment of the investments held in subsidiaries and ability of those subsidiaries to pay dividends to the Company

The Directors monitor the performance of the Company's subsidiaries on a regular basis in order to manage these risks.

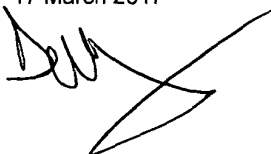
Future developments

The Directors expect that the company will remain a non-trading holding company for the foreseeable future.

Approval

Approved by the Board and signed on its behalf by:

M de Bosio
Director
17 March 2017



Ferholding UK Limited

Annual Report and Financial Statements

For the period ended 31st August 2016

Directors' report for the period ended 31st August 2016

The Directors present their annual report and the audited financial statements of the Company for the fifteen months ended 31st August 2016.

Results and dividends

The results for the period ended 31st August 2016 and the financial position of the Company as at that date are shown in the income statement and statement of financial position. The Directors do not recommend the payment of a dividend.

Future developments and events after the balance sheet date

Details of future developments can be found in the strategic report and form part of this report by cross-reference. There are no events after the balance sheet date.

Directors

The Directors, who served throughout the period and thereafter, were as follows:

J M de Moragas Rague	(appointed 12 th June 2015)
F Minneci	(appointed 12 th June 2015)
M de Bosio	(appointed 30 th July 2015)

Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/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. A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

M de Bosio
Director
17 March 2017



Ferholding UK Limited

Annual Report and Financial Statements

For the period ended 31st August 2016

Directors' statement of responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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 accounting 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 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.

Ferholding UK Limited

Annual Report and Financial Statements For the period ended 31st August 2016

Independent Auditors' report to the members of Ferholding UK Limited

We have audited the financial statements of Ferholding UK Limited for the fifteen months ended 31st August 2016, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31st August 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

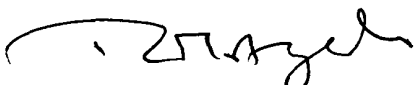
In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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.



Reza Motazedi (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

30 March 2017

Ferholding UK Limited

Annual Report and Financial Statements

For the period ended 31st August 2016

Income Statement

	Note	Total £'000
Administrative expenses		997
Finance costs	6	3,648
Loss before taxation		4,645
Tax	7	-
Loss for the financial year attributable to owners of the Company		4,645

All results are derived from continuing operations.

There were no items of other comprehensive income in the period other than as shown above. No separate statement of total comprehensive income has therefore been presented.

Statement of changes in equity

	Share capital £	Retained earnings £	Total £
Balance at 22nd June 2015	-	-	-
Loss for the period	-	(4,645,175)	(4,645,175)
Total comprehensive income for the period			
Issue of share capital	1	-	1
Balance at 31st August 2016	1	(4,645,175)	(4,645,174)

Ferholding UK Limited

Annual Report and Financial Statements

As at 31st August 2016

Balance Sheet

	Note	Total £'000
Non-current assets		
Investments in subsidiaries	8	101,576
Total assets		<u>101,576</u>
Current liabilities		
Trade and other payables	9	357
Net current liabilities		<u>357</u>
Total assets less current liabilities		<u>101,219</u>
Non-current liabilities		
Borrowings	10	105,864
Total liabilities		<u>106,221</u>
Net liabilities		<u>(4,645)</u>
Equity		
Share capital	11	-
Retained loss		<u>(4,645)</u>
Negative equity attributable to owners of the Company		<u>(4,645)</u>

The financial statements of Ferholding UK Limited (registered number 09637211) were approved by the board of directors and authorised for issue on 17/3/2017. They were signed on its behalf by:



M de Bosio
Director

17 March 2017

Ferholding UK Limited

Notes to the financial statements

For the period ended 31st August 2016

1. General information

Ferholding UK Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

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

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Ferrero International SA whose registered office address is Ferrero International SA, Findel Business Centre, Centre, Complex B, Rue de Treves, L-2632 Findel, Luxembourg. Consolidated Financial Statements are publicly available and may be obtained from Tribunal d'Arrondissement Luxembourg, Registre de Commerce et des Societes de Luxembourg, BP 15, L-2010 Luxembourg.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Consequently the Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to: business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Ferrero International SA. The Company has written to the shareholders requesting approval and no objections have been received.

Adoption of new and revised Standards

There are no new and revised standards and interpretations that are effective for the first time this financial year which have had a material impact on the Company.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Ferholding UK Limited

Notes to the financial statements

For the period ended 31st August 2016

2. Significant accounting policies (continued)

The principal accounting policies adopted are set out below.

Going concern

As mentioned in the Directors report on page 3, the financial statements have been prepared using the going concern basis of accounting. The Directors have ensured that the financial performance and status of the Company have been well understood by its parent company and they have, in turn, received assurance of ongoing support from the parent.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. 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 years and it further excludes items that are never taxable or deductible.

Financial instruments

Loans

Loans that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Related party transactions

As a wholly owned subsidiary of Ferrero International S.A, the company has taken advantage of the exemption in "FRS 101:8(k)" from disclosing transactions with other members of the group headed by Ferrero International SA.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 the revision and future periods if the revision affects both current and future periods.

Ferholding UK Limited

Notes to the financial statements

For the period ended 31st August 2016

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £101,576,000 with no impairment loss recognised in 2016.

4. Auditor's remuneration

Auditor's remuneration of £6,000 has been borne by another group company. There were no non-audit fees.

5. Staff and directors costs

There were no employees other than the Directors during the current period. Consequently the Company has not incurred any salary costs.

The Directors received no remuneration for their services to the Company during the financial period.

6. Finance costs

	2016 £'000
Interest payable to group companies	3,648

7. Tax

	2016 £'000
UK corporation tax	-
Total Tax	-

Ferholding UK Limited

Notes to the financial statements

For the period ended 31st August 2016

	2016 £'000
Loss before tax	(4,645)
Tax at the UK corporation tax rate of 20%	(929)
Tax effect of expenses that are not deductible in determining taxable profit	369
Change in unrecognised deferred tax assets	560
Tax expense for the year	-

The Company does not expect to make taxable profits in the future. Consequently, no deferred tax asset has been recognised in the balance sheet. The unrecognised deferred tax asset carried forward is £560,000.

The main rate of corporation tax was reduced to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The rate of 20% was substantively enacted at the balance sheet date.

Further reductions to the main rate of corporation tax were announced in the Finance (No. 2) Act 2015, reducing the rate to 19% from 1 April 2017 and 18% from 1 April 2020. Subsequently, in Budget 2016, the Government announced a further reduction to the main rate of corporation tax to 17% with effect from 1 April 2020. As these reductions were not substantively enacted at the balance sheet date, they are not reflected in these financial statements.

8. Subsidiaries

	2016 £'000
Cost and carrying value	
At incorporation	-
Additions	101,576
At 31st August 2016	101,576

The Company owns 100% of the issued ordinary share capital of the following subsidiaries:

Subsidiary	Country of incorporation	Principal activity
Thorntons Limited	England	Manufacturing and retail trading company

The Directors believe that the carrying value of the Company's investments in its subsidiaries is supported by their underlying net assets or future cash flows.

Ferholding UK Limited

Notes to the financial statements

For the period ended 31st August 2016

9. Trade and other payables

	2016 £'000
Amounts owed to group undertakings	<u>357</u>

The interest rates applied on the company's loans due in September 2016 to other group undertakings is LIBOR + 0.5%

10. Borrowings

	2016 £'000
Unsecured borrowing	
Amounts owed to group undertakings	<u>105,864</u>

The interest rates applied on the company's loans due in February 2026 to other group undertakings is 5.50%

11. Share capital

	2016 £
Authorised, called up and fully paid	
1 ordinary share of £1	<u>1</u>

The company was incorporated on 12th June 2015 with an initial share capital of 1 ordinary share of £1. The Company has one class of ordinary shares which carry no right to fixed income.

12. Controlling party

The Directors regard Ferrero International S.A., a company incorporated in Luxembourg, as the ultimate parent undertaking and controlling entity. This is the smallest and largest group of which the Company is a member and for which group Financial Statements are prepared. Its principal place of business is Findel Business Centre, Complex B, Rue de Treves, L-2632 Findel, Luxembourg and consolidated Financial Statements may be obtained from Tribunal d'Arrondissement Luxembourg, Registre de Commerce et des Societes de Luxembourg, BP 15, L-2010 Luxembourg.