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Eurilait Limited

Report and Financial Statements

31 December 2016

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COMPANIES HOUSE

Directors

J-M Le Bris
O J A Athimon
J Millward

Secretary

Y Borgne

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers

Barclays Bank plc
Churchill Plaza
Churchill Way
Basingstoke
RG21 7GP

Registered Office

Leighton Lane Industrial Estate
Evercreech
Shepton Mallet
Somerset BA4 6LQ

Strategic report

The directors present their strategic report for the period ended 31 December 2016.

Principal activities and review of the business

The company is engaged in the packing and distribution of speciality cheeses to retailers, food manufacturers and wholesalers across the UK and Ireland. There have been no changes in the company's activities in the period under review.

Revenue fell slightly from £68,381,425 in 2015 to £65,361,160 in 2016 as a result of a challenging trading environment and the loss of a key contract part way through the year. Management remain confident however that revenue will increase in 2017 due to the continued development of new products and the provision of added value services.

Future developments

The market for continental cheese remains highly competitive. The company seeks to manage the risk of losing customers to key competitors by the provision of added value services to customers with an emphasis on developing new products with our customers.

Principal risks and uncertainties

The company purchases some cheese from Europe in Euros. The company is therefore exposed to movements in the Euro to Sterling exchange rate. The Director of Finance monitors the net exposure and uses several financial instruments to fix the exchange rate for up to fifteen months hence.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers, and to protect against the default of those debts by using a credit insurer. The company has a loan facility for £6,000,000 with Barclays Bank. The company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a regular basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Key performance indicators

	31 December 2016	2 January 2016
Operating profit %	1	1
Trade debtor days	85	83
Internal debtor days	55	55

Financial instruments

The company purchases and sells goods in Euros and has a regular exposure to Euros. The company will try to provide a natural hedge where possible by matching the currencies of purchases and sales in Euros and then enter into a variety of forward exchange instruments for periods up to 15 months ahead.

The foreign exchange contracts in place at the period end are detailed in note 17.

Health and safety

The company incorporates health and safety policy into its daily operations to protect both employees and customers. Food safety is critical to the success of the company and the company is regularly audited by both customers and independent external parties.

Strategic report (continued)

Quality standards

The company has the following accreditation at 31st December 2016

British Retail Consortium (BRC) Global Standard for Food (issue 7) safety: Grade A+.

On behalf of the Board

J-M Le Bris

Director

Date: 29/03/17

A handwritten signature in black ink, consisting of a large 'J' followed by 'ML' and a long horizontal stroke underneath.

Registered No. 02667268

Directors' report

The directors present their report and financial statements for the period ended 31 December 2016.

Results and dividends

The profit for the period after taxation amounted to £545,357 (period ended 2 January 2016 – profit of £721,759). The directors do not recommend a final dividend (period ended 2 January 2016 – £nil). During the period an interim dividend was paid of £600,000 (period ended 2 January 2016 – £500,000).

Going concern

The company's business activities and financial position are described in the strategic report.

The company has considerable financial resources together with a number of customers and suppliers. As a consequence the directors believe the company is well placed to manage its business risks successfully in the context of a continuing recovery in the UK economy.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Events since the balance sheet date

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors who served the company during the period and subsequently were as follows:

H Newmarch (resigned 31 March 2016)

J-M Le Bris

O J A Athimon

J Millward (appointed 1 April 2016)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors Ernst & Young LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

J-M Le Bris

Director

Date:

28/03/17



Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 Financial Reporting Standard 102. 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent auditors' report

to the members of Eurilait Limited

We have audited the financial statements of Eurilait Limited for the period ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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

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 strategic report and the directors' report 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 the 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 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditors' report

to the members of Eurilait Limited (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report

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.

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date 3 April 2017

Statement of comprehensive income

for the period ended 31 December 2016

		Period ended 31 December 2016	Period ended 2 January 2016
	Notes	£	£
Turnover	2	65,361,160	68,381,425
Cost of sales		(57,283,193)	(60,088,632)
Gross profit		8,077,967	8,292,793
Administrative expenses		(7,324,474)	(7,286,209)
Operating profit	3	753,493	1,006,584
Interest receivable and similar income	6	334	1,405
Interest payable and similar charges	7	(54,066)	(94,473)
Profit on ordinary activities before taxation		699,761	913,516
Tax	8	(154,404)	(191,757)
Profit for the financial period		545,357	721,759
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		<u>545,357</u>	<u>721,759</u>

All amounts relate to continuing activities.

4 Statement of financial position

at 31 December 2016

		31 December 2016	2 January 2016
	Notes	£	£
Fixed assets			
Tangible assets	10	820,597	1,064,322
Current assets			
Stocks	11	2,568,455	2,175,395
Debtors	12	15,497,424	16,024,783
Cash at bank and in hand		92,367	188,521
		18,158,246	18,388,699
Creditors: amounts falling due within one year	13	(17,785,815)	(18,252,540)
Net current assets		372,431	136,159
Total assets less current liabilities		1,193,028	1,200,481
Provisions for liabilities	14	(179,485)	(132,295)
Net assets		1,013,543	1,068,186
Capital and reserves			
Called up share capital	15	5,000	5,000
Profit and loss account		1,008,543	1,063,186
Shareholders' funds		1,013,543	1,068,186

The financial statements of Eurilait Limited were authorised for issue by the Board of Directors and signed on its behalf by

J-M Le Bris

Director

Date:

25/03/12



Statement of changes in equity

at 31 December 2016

	<i>Notes</i>	Share capital	Profit and loss account	Total equity
		£	£	£
As at 3 January 2015		5,000	841,427	846,427
Total comprehensive income for the period		-	721,759	721,759
Equity dividends paid	9	-	(500,000)	(500,000)
At 2 January 2016		5,000	1,063,186	1,068,186
Total comprehensive income for the period		-	545,357	545,357
Equity dividends paid	9	-	(600,000)	(600,000)
At 31 December 2016		<u>5,000</u>	<u>1,008,543</u>	<u>1,013,543</u>

Statement of cash flows

for the period ended 31 December 2016

		<i>Period ended 31 December 2016</i>	<i>Period ended 2 January 2016</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Net cash (outflow)/inflow from operating activities	16(a)	(20,785)	1,140,515
Returns on investments and servicing of finance			
Interest received		334	1,405
Interest paid		(54,066)	(94,473)
Net cash outflow from returns on investments and servicing of finance		(53,731)	(93,068)
Taxation			
Corporation tax paid		(79,550)	(152,906)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(233,680)	(202,233)
Proceeds from sale of tangible fixed assets		43,800	19,260
Net cash outflow from capital expenditure and financial investment		(189,880)	(182,973)
Equity dividends paid	9	(600,000)	(500,000)
(Decrease)/Increase in cash		<u>(943,945)</u>	<u>211,568</u>

Reconciliation of net cash flow to movement in net debt

		<i>Period ended 31 December 2016</i>	<i>Period ended 2 January 2016</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
(Decrease)/Increase in cash		(943,945)	211,568
Net debt at 2 January		<u>(2,359,518)</u>	<u>(2,571,086)</u>
Net debt at 31 December	16 (b)	<u>(3,303,463)</u>	<u>(2,359,518)</u>

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Basis of preparation and statement of compliance

Eurilait Limited is a private limited liability company incorporated in England and Wales. The Registered Office is Leighton Lane Industrial Estate, Leighton Lane, Evercreech, Shepton Mallet, Somerset, BA4 6LQ.

These financial statements were authorised for issue by the Board of Directors on 29th March 2017. The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) under the historical cost convention and in accordance with applicable accounting standards. Certain comparative amounts have been re-stated or re-classified to conform with the current year presentation. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £1.

The principal accounting policies adopted by the Company are set out below and have been consistently applied throughout the year

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Revenue is recognised on the despatch of goods to customers.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	–	25% per annum
Motor vehicles	–	25% per annum
Office equipment	–	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Derivative instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The company does not undertake any hedge accounting transactions.

Leasing and hire purchase arrangements.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Critical accounting judgments and estimation uncertainties

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

- i) provision for excess and slow moving stock
- ii) provision for bad and doubtful debts

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below:

<i>Period ended</i>	<i>31 December 2016 £</i>	<i>2 January 2016 £</i>
United Kingdom	62,746,714	65,646,168
Europe	<u>2,614,446</u>	<u>2,735,257</u>
	<u>65,361,160</u>	<u>68,381,425</u>

Notes to the financial statements

at 31 December 2016

3. Operating profit

This is stated after charging/(crediting):

<i>Period ended</i>		<i>31 December 2016</i>	<i>2 January 2016</i>
		£	£
Auditors' remuneration	– audit related services	18,450	18,000
	– other assurance services	1,825	4,000
	– taxation compliance services	3,075	3,000
	– other non-audit services	<u>500</u>	<u>500</u>
Exchange differences		<u>253,748</u>	<u>(147,041)</u>
Depreciation of owned fixed assets		<u>449,934</u>	<u>450,095</u>
Operating lease rentals	– land and buildings	373,849	360,364
	– plant and machinery	<u>105,091</u>	<u>59,458</u>

4. Directors' remuneration

<i>Period ended</i>		<i>31 December 2016</i>	<i>2 January 2016</i>
		£	£
Aggregate remuneration in respect of qualifying services		<u>181,241</u>	<u>114,322</u>
Company contributions paid to defined contribution pension schemes		<u>61,780</u>	<u>30,599</u>
		<i>No.</i>	<i>No.</i>
Number of directors with defined contribution pension schemes		<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 December 2016

5. Staff costs

<i>Period ended</i>	<i>31 December 2016 £</i>	<i>2 January 2016 £</i>
Wages and salaries	3,619,170	3,192,729
Social security costs	306,029	313,741
Other pension costs	205,446	206,246
	<u>4,130,645</u>	<u>3,712,716</u>

The average monthly number of employees (including directors) during the period was made up as follows:

<i>Period ended</i>	<i>31 December 2016 No.</i>	<i>2 January 2016 No.</i>
Administration	16	17
Sales and marketing	16	14
Stock handling	80	86
	<u>112</u>	<u>117</u>

6. Interest receivable and similar income

<i>Period ended</i>	<i>31 December 2016 £</i>	<i>2 January 2016 £</i>
Bank interest	334	1,405
	<u>334</u>	<u>1,405</u>

7. Interest payable and similar charges

	<i>Period ended 31 December 2016 £</i>	<i>Period ended 2 January 2016 £</i>
Bank overdraft	54,066	94,473
	<u>54,066</u>	<u>94,473</u>

Notes to the financial statements

at 31 December 2016

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>Period ended 31 December 2016 £</i>	<i>Period ended 2 January 2016 £</i>
Current tax:		
UK corporation tax on the profit for the period	157,182	157,364
Adjustment in respect of previous periods	32	(2,921)
Total current tax	<u>157,214</u>	<u>154,443</u>
Deferred tax:		
Origination and reversal of timing differences	(5,731)	40,989
Adjustment in respect of previous periods	7	2,086
Effect of changes in tax rate	2,914	(5,761)
Total deferred tax	<u>(2,810)</u>	<u>37,314</u>
Tax on profit on ordinary activities	<u>154,404</u>	<u>191,757</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	<i>Period ended 31 December 2016 £</i>	<i>Period ended 2 January 2016 £</i>
Profit on ordinary activities before tax	<u>699,761</u>	<u>913,516</u>
Tax on profit at standard UK rate of 20.00% (2015: 20.25%)	<u>139,952</u>	<u>184,956</u>
Effects of:		
Expenses not deductible for tax purposes	12,361	13,397
Adjustments to tax in respect of previous periods	(822)	(835)
Effect of variable tax rates on total tax	2,913	(5,761)
Total tax for the period	<u>154,404</u>	<u>191,757</u>

Notes to the financial statements

at 31 December 2016

9. Dividends

	31 December 2016	2 January 2016
	£	£
Interim dividend paid of £120.00 per share (period ended 2 January 2016 – £100.00) per share	600,000	500,000

10. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost:				
At 2 January 2016	2,026,702	155,193	912,981	3,094,876
Additions	63,806	85,149	84,726	233,680
Disposals	(83,795)	(87,643)	(118,236)	(289,674)
At 31 December 2016	2,006,713	152,699	879,471	3,038,883
Depreciation:				
At 2 January 2016	1,453,794	66,657	510,104	2,030,554
Provided during the period	251,214	39,972	153,799	444,984
Disposals	(83,795)	(60,513)	(112,943)	(257,252)
At 31 December 2016	1,621,213	46,115	550,960	2,218,287
Net book value:				
At 31 December 2016	385,500	106,584	328,512	820,596
At 2 January 2016	577,450	88,537	402,877	1,064,322

11. Stocks

	31 December 2016	2 January 2016
	£	£
Finished goods and goods for resale	2,568,455	2,175,395

In the directors' opinion, there were no significant differences between the replacement cost and the amount at which goods for resale were stated in the financial statements.

Stock recognised in cost of sales during the period as an expense was £56,033,333 (period to 2 January 2016 £57,986,606)

Notes to the financial statements

at 31 December 2016

12. Debtors

	31 December 2016	2 January 2016
	£	£
Trade debtors	14,906,865	15,725,230
Prepayments and accrued income	234,410	175,421
Other debtors	145,300	-
Other tax debtor	210,849	124,132
	<u>15,497,424</u>	<u>16,024,783</u>

All amounts shown under debtors fall due for payment within one year.

13. Creditors: amounts falling due within one year

	31 December 2016	2 January 2016
	£	£
Bank overdrafts (secured)	3,395,830	2,548,039
Trade creditors	5,127,605	5,073,781
Amounts owed to group undertakings	4,111,965	5,744,642
Amounts owed to associated undertakings	3,468,577	3,797,816
Current corporation tax	97,182	19,551
Other taxes and social security costs	959	115,751
Other creditors	945	4,622
Accruals and deferred income	1,582,752	948,338
	<u>17,785,815</u>	<u>18,252,540</u>

The bank overdrafts are secured by an unlimited debenture over all of the company's assets.

14. Provisions for liabilities

	Deferred taxation	Dilapidations provision	Total
	£	£	£
At 2 January 2016	47,295	85,000	132,295
Charged to profit and loss account	(2,810)	50,000	47,190
At 31 December 2016	<u>44,485</u>	<u>135,000</u>	<u>179,485</u>

Deferred taxation

	31 December 2016	2 January 2016
	£	£
Accelerated capital allowances	38,456	53,880
Sundry timing differences	6,029	(6,585)
	<u>44,485</u>	<u>47,295</u>

Notes to the financial statements

at 31 December 2016

14. Provisions for liabilities (continued)

Dilapidations provision

A provision is recognised for expected costs to be incurred to reinstate the leased warehouse to its original state at the end of the lease period.

15. Issued share capital

	31 December 2016		2 January 2016	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	5,000	<u>5,000</u>	5,000	<u>5,000</u>

16. Notes to the statement of cash flows

(a)

	31 December 2016	2 January 2016
	<i>£</i>	<i>£</i>
Operating profit	753,493	1,006,584
Depreciation of tangible fixed assets	444,984	450,095
(Profit)/loss on sale of tangible fixed assets	16,670	1,577
Increase in provisions	50,000	30,000
Decrease/(Increase) in stocks	(393,060)	966,154
Decrease/(Increase) in debtors	554,107	1,257,526
(Decrease)/Increase in creditors	<u>(1,446,979)</u>	<u>(2,571,421)</u>
Net cash (outflow)/inflow from operating activities	<u>(20,785)</u>	<u>1,140,515</u>

(b) Analysis of net debt

	<i>At</i>		<i>At</i>	
	<i>2 January 2016</i>	<i>Cash flow</i>	<i>31 December 2016</i>	
	<i>£</i>	<i>£</i>	<i>£</i>	
Cash at bank and in hand	188,521	(96,154)	92,367	
Bank overdraft	<u>(2,548,039)</u>	<u>(847,791)</u>	<u>(3,395,830)</u>	
Total	<u>(2,359,518)</u>	<u>(943,945)</u>	<u>(3,303,463)</u>	

Notes to the financial statements

at 31 December 2016

17. Derivative instruments

The company purchases and sells goods in euros and has a regular exposure to euros. The company will hedge this net exposure by using a variety of forward exchange instruments for up to 15 months ahead.

The company has outstanding forward foreign exchange contracts at the period end as follows:

	<i>Notional principal amount</i>
	<i>€</i>
<i>Maturity 31 December 2016</i>	
Exchange swap contracts	-
Vanilla forward contracts	4,584,000
Forward extra contracts	-
	<hr/>
<i>Maturity 2 January 2016</i>	
Exchange swap contracts	-
Vanilla forward contracts	7,050,000
Forward extra contracts	-
	<hr/>

The company enters into three types of contract. Firstly, any excess of euros in the short term is sold as an exchange swap with the euros being bought back at a later date. Secondly, a vanilla forward specifies the exact amount of currency and the date it must be delivered to the bank. Thirdly, a forward extra contract is a derivative contract which provides protection at an agreed exchange rate if the currency is trading outside a specific currency exchange rate at the date of maturity. If the currency is trading within that currency exchange rate at maturity the company is able to buy the currency at the more favourable spot rate.

The fair value of the above contracts at the balance sheet date was £46,151, included in Other Debtors (note 12) (2 January 2016: £4,305, included in Other Creditors (note 13)).

18. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £205,446 (3 January 2016 – £206,246). Contributions amounting to £12,409 (2 January 2016 – £10,685) were payable to the fund at the period end and are included in accruals in note 13.

Notes to the financial statements

at 31 December 2016

19. Other financial commitments

At 31 December 2016 the company had future minimum rental payments under non-cancellable operating leases as set out below:

	31 December 2016		2 January 2016	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Not later than one year	300,634	60,184	300,634	60,184
Later than one year and not later than five years	425,898	103,562	726,532	158,012
Later than five years	-	-	-	-

20. Related party transactions

Related party transactions and balances

	31 December 2016		2 January 2016	
	<i>Purchases from related parties</i>	<i>Amounts owed to related parties</i>	<i>Purchases from related parties</i>	<i>Amounts owed to related parties</i>
	£	£	£	£
Laita	15,868,860	4,111,965	19,304,806	5,744,642
Eurial	17,053,302	3,468,577	17,927,958	3,797,816

Laita is the parent undertaking and holds 70% of the company's shares. Eurial is an associated company and holds 30% of the company's shares, and has a wholly owned subsidiary, Capra. Eurial and Capra balances have been aggregated for the above disclosure.

During the period £29,100 (2 January 2016 – £29,100) was paid to Eurial and £67,900 (2 January 2016 – £67,900) was paid to Laita in respect of management fees.

During the period £300,321 dividends (2 January 2016 – £256,126) were paid to Eurial and £299,679 dividends (2 January 2016 – £243,874) were paid to Laita.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £528,981 (period ended 2 January 2016 £377,182).

21. Ultimate parent undertaking and controlling party

The largest and smallest group in which the results of the company are consolidated is that headed by Laita, incorporated in France. No other group financial statements include the results of the company.