Alatoni Limited

Report and Financial Statements

15 month period ended 31 March 2015

Directors
Steven Higginson
Damian Shaw

Secretary
David Kimber

Auditor
Ernst & Young LLP
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Solicitors
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Registered No. 02997024

Strategic report

The directors present their Strategic report for the 15 month period ended 31 March 2015

Principal activities and review of the business

During the period the company was acquired by Winterbotham Darby & Co Limited. The period end date was changed to 31 March to bring in line with other companies within the group.

The principal activity of the company during the period under review was that of food manufacturing.

The directors are satisfied with the company's overall performance. The company has assisted The Compleat Food Group in further consolidating its position as a major contributor to the food retail sector.

The trading period under review experienced challenging market conditions as the prevailing economic backdrop whilst easing in the last six months of the period, still ensured a competitive market arena. The major retailers are all fighting for every pound of household spend, and with that looking to their key supply partners to support them in delivering effective solutions at competitive prices.

As detailed in the below table, turnover has increased significantly and the company has, since acquisition, supported the group through its manufacturing capability. Profit performance during the period has been challenging and the director are focused on improving performance.

It is recognised that the financial year ahead will remain broadly challenging, although with the improved economic position, improved consumer confidence, lower food inflation and less of a squeeze on household income, the backdrop is more encouraging.

The commitment to innovation and new product development remains our core focal point and in turn ensures we remain on course to deliver the group strategy. Our focus remains to ensure that the customer receives the highest possible quality of product, an excellent service level, and all at a keenly competitive price.

The directors manage the performance of the group's trading companies primarily from the gross margin of its products. This review also involves managing the supply chain and the sales product mix in the target market segment in which it operates.

The key performance indicators of the company are:

	15 Months ended 31 March 2015	*Year ended 31 December 2013*
	£000	*£000*
Turnover	10,527	7,985
Gross profit	1,050	1,418
(Loss)/profit before taxation	(256)	343

Strategic report (continued)

Principal risks and uncertainties

Key business risks

The directors have identified that product quality and continuity of supply are key business risks faced by the business. Close technical management of procurement and our production site ensures we maintain our position at the leading edge of food safety and quality. Through understanding the dynamics of supply and demand, and daily management of stock, we maximise our ability to meet customer demand and minimise our exposure to stock wastage.

Financial instruments

The directors consider that the company's principal financial instruments comprise balances with fellow subsidiary companies and trade creditors.

The company has limited exposure to credit risk as its debtors comprise mainly inter-group balances which are managed by the directors on the basis of the requirements within the group.

The company's cash flow is managed on a daily basis via group funding arrangements to ensure adequate funds are available to settle trade creditors. The directors thus consider the exposure to liquidity risk to be small. The company sources a majority of its supplies from overseas producers and is thus exposed to foreign exchange transaction risk. The directors mitigate this risk at group level with the use of forward currency contracts that are negotiated with the group's bankers.

By order of the Board

S Higginson

S Higginson
Director
24 July 2015

Directors' report

The directors present their report for the 15 month period ended 31 March 2015.

Directors

S Higginson (appointed 10 October 2014)
D Shaw (appointed 27 April 2015)
M Pharoah (appointed 10 October 2014, resigned 27 April 2015)
J Allen (resigned 10 October 2014)
N H Beal (resigned 10 October 2014)
C N A Baxter (resigned 10 October 2014)

Dividends

The directors do not recommend a final dividend (2014: £nil).

Financial instruments

Details of financial instruments are provided in the strategic report on page 3.

Going concern

The Directors have reviewed the financial position and future prospects of the company, and given the financial strength within the balance sheet and integral position within the group, the directors have concluded that it is appropriate to continue to prepare the financial statements on a going concern basis.

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period, the policy of providing employees with information about the company has been continued through the group newsletter 'The Compleat Account', group intranet and quarterly company update presentations, in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between the management team and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's bonus arrangements, and certain senior management hold shares in the ultimate parent company.

Directors' report (continued)

Disclosure of information to the auditor

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 group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Appointment of auditors

Ernst & Young LLP were appointed as auditors during the period. In accordance with s485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the board

S J Higginson

S Higginson
Director

24 July 2015

Statement of directors' responsibilities

The directors are 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 period. 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). 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 auditor's report

to the members of Alatoni Limited

We have audited the financial statements of Alatoni Limited for the 15 month period ended 31 March 2015 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 19. 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).

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 Statement of directors' responsibilities set out on page 6, 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, Directors' report and financial statements to identify material inconsistencies with the audited financial statements. 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 March 2015 and of its loss for the 15 months then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

to the members of Alatoni Limited

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.

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
28 July 2015

Profit and loss account

for the period ended 31 March 2015

	Notes	15 Months ended 31 March 2015 £000	Year ended 31 December 2013 £000
Turnover	2	10,527	7,985
Cost of sales		(9,477)	(6,567)
Gross profit		1,050	1,418
Administrative expenses		(1,313)	(1,083)
Operating (loss)/profit		(263)	335
Interest receivable	6	7	8
(Loss)/Profit on ordinary activities before taxation	3	(256)	343
Tax	7	63	(77)
(Loss)/Profit for the financial period	14	(193)	266

All amounts relate to continuing activities.

There are no recognised gains or losses other than those passing through the profit and loss account.

Balance sheet

at 31 March 2015

	Notes	*31 March 2015 £000*	*31 December 2013 £000*
Fixed assets			
Intangible assets	8	-	2
Tangible assets	9	565	555
		565	557
Current assets			
Stocks	10	893	1,090
Debtors	11	3,187	1,530
Cash at bank and in hand		1,313	1,634
		5,393	4,254
Creditors: amounts falling due within one year	12	(2,860)	(1,520)
Net current assets		2,533	2,734
Total assets less current liabilities		3,098	3,291
Capital and reserves			
Share capital	13	-	-
Share premium account	14	47	47
Profit and loss account	14	3,051	3,244
Shareholders' funds	15	3,098	3,291

These financial statements were approved by the directors on 24 July 2015 and are signed on their behalf by:

S J Higginson

S Higginson

Director

Company Registration No. 02997024

Notes to the financial statements

at 31 March 2015

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Statement of cash flows

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from the requirement to produce a statement of cash flows on the grounds that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue to trade for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when goods are despatched to a customer to fulfil an order. An invoice for the delivery is then sent to the customer.

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery – 15% reducing balance

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.

Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Deferred taxation

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

Notes to the financial statements

at 31 March 2015

1. Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

2. Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Loss on ordinary activities before taxation

This is stated after charging:

	15 Months ended 31 March 2015	*Year ended 31 December 2013*
	£000	*£000*
Auditor's remuneration	17	29
Fees paid to the auditor for taxation advisory services	3	17
Loss on disposal of fixed assets	-	1
Operating lease rentals	156	-
Amortisation/impairment of intangibles	2	-
Depreciation of fixed assets	118	98

Notes to the financial statements

at 31 March 2015

4. Directors' remuneration

	15 months ended 31 March 2015 £000	*Year ended 31 December 2013 £000*
Remuneration	260	364
Company pension contributions to defined contribution schemes	24	24
	284	388
Remuneration disclosed above includes the following amounts paid to the highest paid director:		
Remuneration	111	168

The current directors of the company are also directors of the parent undertaking and fellow subsidiaries. All of these directors' remuneration was paid by TCFG Holdings Limited, a fellow subsidiary undertaking. The directors' remuneration is therefore disclosed in the financial statements of those companies. The directors do not believe that it is practicable to apportion this amount between their qualifying services as directors of the company and their qualifying services as directors of the holding and fellow subsidiary companies.

5. Staff costs

	15 Months ended 31 March 2015 £000	*Year ended 31 December 2013 £000*
Wages and salaries	2,006	1,864
Social security costs	119	41
	2,125	1,905

The average monthly number of employees during the period was made up as follows:

	15 Months ended 31 March 2015 No.	*Year ended 31 December 2013 No.*
Operational	44	34
Administration	11	11
	55	45

Notes to the financial statements

at 31 March 2015

6. Interest Receivable

	15 Months ended 31 March 2015	*Year ended 31 December 2013*
	£000	*£000*
Bank interest receivable	7	8
	7	8

7. Tax

	15 Months ended 31 March 2015	*Year ended 31 December 2013*
	£000	*£000*
Current tax:		
UK corporation tax	(40)	62
Adjustments to prior periods	-	-
Total current tax	(40)	62
Deferred tax (credit)/charge	(23)	15
Total tax (credit)/charge	(63)	77
Factors affecting current tax for the period		
Profit on ordinary activities before tax	(256)	343
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (year ended 31 December 2013– 21.91%)	(54)	75
Effects of:		
Depreciation in advance of capital allowances	14	(13)
Adjustments to prior periods	-	-
Current tax (credit)/charge for the period	(40)	62

Notes to the financial statements

at 31 March 2015

7. Tax (continued)

Deferred tax

The deferred tax liability (included in creditors, note 12) comprises the following:

	31 March 2015
	£000
At 1 January 2014	83
Credit to the profit and loss account	(23)
At 31 March 2015	60

	2015	*2014*
	£000	*£000*
Accelerated capital allowances	60	83

Factors that may affect the future tax charges

The Finance Act 2013 was enacted on 17 July 2013 and introduced a reduction in the headline rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The company's deferred tax balances are stated based on the tax rates above at which the deferred tax balances are expected to unwind.

8. Intangible fixed assets

	Goodwill
	£000
Cost:	
At 1 January 2014	5
At 31 March 2015	5
Amortisation:	
At 1 January 2014	3
Charge for the period	2
At 31 March 2015	5
Net book value:	
At 31 March 2015	-
At 1 January 2014	2

Notes to the financial statements

at 31 March 2015

9. Tangible fixed assets

	Leasehold improvements	*Plant and Machinery*	*Office Equipment*	*Total*
	£000	*£000*	*£000*	*£000*
Cost:				
At 1 January 2014	37	1,478	26	1,541
Additions	-	93	35	128
At 31 March 2015	37	1,571	61	1,669
Depreciation:				
At 1 January 2014	27	946	13	986
Charge for the period	2	111	5	118
At 31 March 2015	29	1,057	18	1,104
Net book value:				
At 31 March 2015	8	514	43	565
At 1 January 2014	10	532	13	555

10. Stocks

	31 March 2015	*31 December 2013*
	£000	*£000*
Finished goods	-	69
Raw materials	893	1,021
	893	1,090

11. Debtors

	31 March 2015	*31 December 2013*
	£000	*£000*
Trade debtors	1,568	1,388
Amounts owed by parent and fellow subsidiary undertakings	1,453	-
Corporation tax	40	-
Other debtors	38	83
Prepayments and accrued income	88	59
	3,187	1,530

Notes to the financial statements

at 31 March 2015

12. Creditors: amounts falling due within one year

	31 March 2015 *£000*	*31 December 2013* *£000*
Overdraft	-	2
Trade creditors	768	697
Amounts owed to fellow subsidiary undertakings	1,488	-
Corporation tax	-	62
Other taxes and social security costs	23	34
Other creditors	-	1
Accruals and deferred income	521	641
Deferred tax liability (note 7)	60	83
	2,860	1,520

13. Issued share capital

		31 March 2015		*31 December 2013*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	112	112	112	112

14. Movements on reserves

	Share premium account *£000*	*Profit and loss account* *£000*
At 1 January 2014	47	3,244
Profit for the period	–	(193)
At 31 March 2015	47	3,051

15. Reconciliation of shareholders' funds

	31 March 2015 *£000*	*31 December 2013* *£000*
(Loss)/Profit for the financial period	(193)	266
New share capital subscribed	-	47
Net (decrease)/increase in shareholders' funds	(193)	313
Opening shareholders' funds	3,291	2,978
Closing shareholders' funds	3,098	3,291

Notes to the financial statements

at 31 March 2015

16. Other financial commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

		2015		*2014*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	–	–	–	–
In two to five years	90	21	-	–
Over five years	-	–	-	–
	90	21	-	–

17. Contingent liabilities

The company, together with fellow subsidiaries, Helsinki Bidco Limited, TCFG Holdings Limited, The Compleat Food Group Limited, Winterbotham Darby & Co Limited, Emporio Chocolat Limited, FTQA Limited, Deli Solutions Limited and SSG Logistic Solutions Limited has provided unlimited multilateral and cross guarantees to the bank in respect of their borrowings. The borrowings are secured by charges over the assets of each company. At the balance sheet date, the overall commitment of the company in respect of these borrowings is £50,869,000.

18. Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Winterbotham Darby & Co Limited a company incorporated in England and Wales. The directors regard Helsinki Topco Limited, a company incorporated in England and Wales, as the ultimate parent undertaking. The largest and smallest group in which the results of the company are consolidated is that headed by Helsinki Topco Limited. The consolidated financial statements are available from Granville House, Gatton Park Business Centre, 9 Wells Place, Redhill, Surrey, RH1 3AS. No other group financial statements include the results of the company.

The ultimate controlling party is Equistone Partners Europe LLP, which manages various funds, holding 49.8% of the issued equity share capital of Helsinki Topco Limited and 51% of the voting rights.