Premier Foods Finance plc

Annual report and financial statements

For the period ended 4 April 2015

Registered Number: 8893953
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Premier Foods Finance plc
Annual report and financial statements for the period ended 4 April 2015
Registered number: 8893953

Report of the directors for the period ended 4 April 2015

The directors present their first annual report together with the audited financial statements for Premier Foods Finance plc (the ‘Company’), registered number 8893953, for the period from 13 February 2014 to 4 April 2015.

The company was incorporated on 13 February 2014, accordingly there is no comparative prior period.

Principal activities and business review

The principal activity of the Company during the period is that of a financing company on behalf of the Premier Foods plc Group (the ‘Group’). The directors are satisfied with the results and do not envisage any change in the conduct of the business over the next twelve months.

Directors and Officers’ liability insurance

This insurance covers the directors and officers against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of the Company and in respect of damages resulting from the unsuccessful defence of any proceedings.

Directors

The directors who held office during the period and up to the date of signing the financial statements were as follows:

Brian Carne (appointed 13 February 2014, resigned 14 April 2014)
Mia Drennan (appointed 13 February 2014, resigned 14 April 2014)
Lee Morrell (appointed 13 February 2014, resigned 14 April 2014)
Emmett McEvoy (appointed 14 April 2014, resigned 12 January 2015)
Jim Hepburn (appointed 14 April 2014, resigned 5 April 2015)
Andrew McDonald (appointed 14 April 2014)
Duncan Leggett (appointed 12 January 2015)
Simon Wilbraham (appointed 5 April 2015)

Political donations

During the period the Company made political donations of £nil.

Statement of directors’ responsibilities

The directors are responsible for preparing the strategic report, report of the directors 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 prepared 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:
Report of the directors for the period ended 4 April 2015 (continued)

Statement of directors’ responsibilities (continued)

- 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;
- 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.

Statement of disclosure of information to auditors

Each person who is a director at the date of approval confirms that:

a) so far as the directors are aware, there is no relevant audit information (that is, information needed by the Company’s auditors in connection with preparing their report) of which the Company’s auditors are unaware; and

b) the directors have taken all steps that he ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

On behalf of the board

[Signature]

Duncan Leggett
Director
22 July 2015
Premier Foods Finance plc
Annual report and financial statements for the period ended 4 April 2015
Registered number: 8893953

Strategic report for the period ended 4 April 2015

Results and dividends

The profit and loss account is set out on page 7 and shows the results for the period. The results for the Company show a profit on ordinary activities before taxation of £0.1m for the period. The retained profit has been transferred to reserves.

No dividend was paid during the period.

At 4 April 2015 the Company had net assets of £0.2m.

Subsequent events

Details of subsequent events are shown in note 17.

Principal risk and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Premier Foods plc, which includes those of the Company, are discussed in the Group’s 2014/15 annual report and financial statements which does not form part of this report. The financial risk management objectives, policies and exposures are disclosed in the Group’s 2014/15 annual report and financial statements.

Key performance indicators

The directors of Premier Foods plc manage the Group’s operations on a divisional basis. For this reason, the Company’s directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Premier Foods Finance plc. The development, performance and position of Premier Foods plc is discussed in the Group’s 2014/15 annual report and financial statements which does not form part of this report.

On behalf of the board

Duncan Leggett
Director
22 July 2015
Premier Foods Finance plc
Annual report and financial statements for the period ended 4 April 2015
Registered number: 8893953

Independent auditors’ report to the members of Premier Foods Finance plc

Report on the financial statements

Our opinion

In our opinion, Premier Foods Finance plc’s financial statements (the “financial statements”):
  • give a true and fair view of the state of the company’s affairs as at 4 April 2015 and of its profit for
    the 15 month period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

Premier Foods finance plc’s financial statements comprise:
  • the balance sheet as at 4 April 2015;
  • the profit and loss account for the period then ended;
  • the reconciliation of shareholders’ funds for the period then ended; and
  • the notes to the financial statements, which include a summary of significant accounting policies
    and other explanatory information.

The financial reporting framework that has been applied in their preparation of the financial statements is
applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted
Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements,
for example in respect of significant accounting estimates. In making such estimates, they have made
assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Report of the directors for the financial
period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:
  • we have not received all the information and explanations we require for our audit; or
  • adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.
Directors’ remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors’ remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors’ responsibilities set out on pages 1 and 2, 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 & Ireland) ("ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.
Pauline J Campbell (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 July 2015
**Profit and loss account for the period ended 4 April 2015**

<table>
<thead>
<tr>
<th>Note</th>
<th>Period ended 4 April 2015 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>35.0</td>
</tr>
<tr>
<td>6</td>
<td>(34.9)</td>
</tr>
<tr>
<td><strong>Profit on ordinary activities before taxation</strong></td>
<td><strong>0.1</strong></td>
</tr>
<tr>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>13</td>
<td><strong>0.1</strong></td>
</tr>
</tbody>
</table>

All amounts relate to continuing activities.

There were no recognised gains or losses in the period, other than the profit for the financial period.

There is no material difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

The notes on pages 9 to 13 form an integral part of these financial statements.
## Balance sheet as at 4 April 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>4 April 2015 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Debtors</td>
<td>484.5</td>
</tr>
<tr>
<td>9</td>
<td>Creditors: amounts falling due within one year</td>
<td>(1.5)</td>
</tr>
<tr>
<td></td>
<td><strong>Net current assets</strong></td>
<td><strong>483.0</strong></td>
</tr>
<tr>
<td>10</td>
<td>Creditors: amounts falling due after more than one year</td>
<td>(482.8)</td>
</tr>
<tr>
<td></td>
<td><strong>Net assets</strong></td>
<td><strong>0.2</strong></td>
</tr>
</tbody>
</table>

The notes on pages 9 to 13 form an integral part of these financial statements.

The financial statements were approved by the Board on 22 July 2015, and were signed on its behalf by:

Duncan Leggett  
Director  
22 July 2015
1. Principal accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis and under the historical cost convention in line with the accounting policies set out below and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

In accordance with FRS 18 'Accounting Policies', the Company performs an annual review of accounting policies to ensure that those used by the Company continue to be those that are appropriate.

The directors consider that the accounting policies set out below are appropriate and have been consistently applied.

The Group changed its financial year end from the 12 months ended 31 December to the 52 weeks ended on the Saturday closest to 31 March, with effect from the current reporting period ended 4 April 2015. The financial statements for Premier Foods Finance plc for the current reporting period are made up from the date of incorporation, 13 February 2014 to 4 April 2015 in order to align with the new year end.

Taxation

The charge or credit for tax is based on the profit or loss for the period and takes into account deferred tax.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is not discounted.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the timing difference can be utilised. Their carrying value is reviewed at each balance sheet date on the same basis.

Interest

Interest costs are accounted for on an accruals basis in the income statement using the effective interest method.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Debt issuance costs

Costs relating to the issuance of debt are offset against the carrying value of the related debt and amortised over the term in which management expect the debt to be repaid, in line with the level of the debt, in accordance with FRS 4 'Capital Instruments'.
2. **Cash flow statement and related parties**

The Company is a wholly-owned subsidiary of Premier Foods plc and is included in the consolidated financial statements of Premier Foods plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 ‘Cash Flow Statements’. The Company is also exempt under the terms of FRS 8 ‘Related Party Disclosures’ from disclosing related-party transactions with entities that are part of the Premier Foods plc Group or investees of the Premier Foods plc Group.

3. **Auditors remuneration**

The audit fee has been borne by a fellow group undertaking in the period ended 4 April 2015.

4. **Directors and employees**

No emoluments were paid to any of the directors during the period. No director had a direct or indirect interest in any transaction, arrangement or agreement which, in the opinion of the other directors, requires disclosure.

There were no employees of the Company during the period.

5. **Interest receivable and similar income**

<table>
<thead>
<tr>
<th></th>
<th>Period ended</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 April 2015</td>
<td></td>
</tr>
<tr>
<td>Interest receivable on bank deposits</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td>Interest receivable from Group undertakings</td>
<td></td>
<td>34.9</td>
</tr>
<tr>
<td><strong>Total interest receivable</strong></td>
<td></td>
<td>35.0</td>
</tr>
</tbody>
</table>

6. **Interest payable and similar charges**

<table>
<thead>
<tr>
<th></th>
<th>Period ended</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 April 2015</td>
<td></td>
</tr>
<tr>
<td>Interest payable on bank and other borrowings</td>
<td></td>
<td>(32.3)</td>
</tr>
<tr>
<td>Amortisation of debt issuance costs</td>
<td></td>
<td>(2.6)</td>
</tr>
<tr>
<td><strong>Total interest payable and similar charges</strong></td>
<td></td>
<td>(34.9)</td>
</tr>
</tbody>
</table>
7. Tax on profit on ordinary activities

UK corporation tax on result for the period at 21.4%
Tax charge on profit on ordinary activities

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 21.4%. The differences are explained below:

<table>
<thead>
<tr>
<th>Period ended</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 April 2015</td>
<td></td>
</tr>
</tbody>
</table>

Profit on ordinary activities before tax
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.4%
Total current tax charge

As a result of the 2013 Finance Act provision to reduce UK corporation tax rate from 23% to 24% from 1 April 2014 the applicable rate of corporation tax for the period is 21.4%.

8. Debtors

<table>
<thead>
<tr>
<th>4 April 2015</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed by Group undertakings</td>
<td>484.5</td>
</tr>
<tr>
<td>Total debtors falling due within one year</td>
<td>484.5</td>
</tr>
</tbody>
</table>

The amounts falling due from group undertakings are interest free, unsecured and repayable on demand.

9. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th>4 April 2015</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Total creditors falling due within one year</td>
<td>(1.5)</td>
</tr>
</tbody>
</table>

The amounts falling due to group undertakings are interest free, unsecured and repayable on demand.

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

<table>
<thead>
<tr>
<th>4 April 2015</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank and other borrowings (see note 11)</td>
<td>(482.8)</td>
</tr>
<tr>
<td>Total creditors falling due after more than one year</td>
<td>(482.8)</td>
</tr>
</tbody>
</table>

The amounts falling due to group undertakings are interest free, unsecured and repayable on demand.
11. Bank and other borrowings

<table>
<thead>
<tr>
<th>4 April 2015</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior secured notes - fixed</td>
<td>(325.0)</td>
</tr>
<tr>
<td>Senior secured notes - floating</td>
<td>(175.0)</td>
</tr>
<tr>
<td>Debt issuance costs</td>
<td>17.2</td>
</tr>
<tr>
<td><strong>Total bank and other borrowings due after more than one year</strong></td>
<td>(482.8)</td>
</tr>
</tbody>
</table>

The senior secured notes totalling £500m, are split between fixed and floating tranches. The fixed note of £325m matures in March 2021 and attracts an interest rate of 6.50%. The floating note of £175m matures in March 2020 and attracts an interest rate of 5.00% above LIBOR.

The maturity analysis of the senior secured notes is as follows:

<table>
<thead>
<tr>
<th>4 April 2015</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayable:</td>
<td></td>
</tr>
<tr>
<td>Between four and five years</td>
<td>(175.0)</td>
</tr>
<tr>
<td>Over five years</td>
<td>(325.0)</td>
</tr>
<tr>
<td>Unamortised debt issuance costs</td>
<td>17.2</td>
</tr>
<tr>
<td><strong>Total bank and other borrowings</strong></td>
<td>(482.8)</td>
</tr>
</tbody>
</table>

12. Called up share capital

<table>
<thead>
<tr>
<th>Allotted, called up and fully paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
</tr>
<tr>
<td>Ordinary shares of £1 each</td>
</tr>
</tbody>
</table>

13. Reserves

<table>
<thead>
<tr>
<th>Profit and loss account</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
</tr>
<tr>
<td>Profit for the financial period</td>
<td>0.1</td>
</tr>
<tr>
<td>At 4 April 2015</td>
<td>0.1</td>
</tr>
</tbody>
</table>

14. Group financial statements

The Company is a wholly-owned subsidiary of Premier Foods Investments Limited and is included in the consolidated financial statements of Premier Foods plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

15. Ultimate parent Company

The immediate parent undertaking is Premier Foods Investments Ltd.

The ultimate parent undertaking and controlling party is Premier Foods plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Premier Foods plc consolidated financial statements can be obtained from the Group’s website: www.premierfoods.co.uk.
16. Guarantees

The Group has provided guarantees to third parties in respect of borrowings of certain subsidiary undertakings. The maximum amount guaranteed at 4 April 2015 is £0.9bn (2013: £1.2bn). This facility is guaranteed by the principal entities of the Group including Premier Foods Finance plc.

17. Subsequent events

There were no subsequent events.