19 May 2015

Premier Foods plc

Preliminary results for the financial period ended 4 April 2015

Investment strategy delivering results

- **Last quarter branded sales broadly flat, continuing an improving trend**
- **Volume and value market share gains across our categories**
- **Marketing investment increased over 80% in last six months and delivering encouraging results**
- **Trading profit[2,3] for 52 weeks to 4 April 2015 £131.0m in line with expectations**
- **Loss after tax (£92.7m) due to impairment charges**
- **Net debt of £584.9m in line with expectations**
- **Combined pension deficit reduced to £211.8m from £603.3m**

Premier Foods today announces its Preliminary results for the financial period to 4 April 2015, including unaudited pro forma results for the 52 weeks to 4 April 2015.

Gavin Darby, Chief Executive Officer

"For the last quarter, I am pleased to again report an improving sales trend, which has benefitted from a combination of brand investment, exciting new products and strong retail execution. Across our branded portfolio, we have delivered volume and value share gains, while we have driven growth in our cake and flavourings & seasonings categories.

Over the last twelve months, six of our major brands have benefitted from TV advertising and we have launched a number of new products to market, with more to come this year. We have also made good progress with our major customers and we now hold significantly more category captaincy roles than we did three years ago.

While it is encouraging to note the return of volume growth to both our categories and the wider grocery market, we expect the near term trading environment to be challenging, and our expectations for the year are unchanged. I remain confident that our strategy of investing in brands, innovation and infrastructure is the right one for Premier Foods, and see increasing evidence that our efforts are starting to pay off. The Board is firmly focussed on the creation of future value, and believes that its investment and growth strategies, combined with a focus on cost efficiency, Trading profit delivery and organic de-leveraging, are well positioned to deliver success."

Continuing operations	4 April 2015 (15 months)	31 Dec 2013 (12 months)
Revenue (£m)	964.3	843.0
Trading profit (£m)[3]	150.2	139.5
(Loss) after taxation (£m)	(92.7)	(46.7)
Basic loss per share (pence)	(12.7)	(12.8)
Adjusted earnings per share (pence)	9.0	17.0

Pro forma results (unaudited)	4 April 2015 (52 weeks)	5 April 2014 (52 weeks)	Change (%)
Branded sales (£m)	683.7	712.8	(4.1%)
Trading profit (£m)[2, 3]	131.0	139.9	(6.4%)
Adjusted profit before tax (£m)[5]	83.2	74.9	11.1%
Adjusted earnings per share (pence)	8.0	15.6	(48.9%)

Measures above are defined on page 3 and reconciled to statutory measures in the appendices, where necessary

As a result of the Company's decision to move to a strategic business unit structure, the Company has for the first time been required to assess the carrying value of the Sweet Treats business as a stand alone entity. The goodwill allocated to the business unit has been assessed and consequently, the Company has recognised an impairment of goodwill of £67.9m in respect of its Sweet Treats business for the financial period ended 4 April 2015. Despite this non-cash charge, the Company considers the Sweet Treats business presents many further opportunities for future growth.

A presentation to investors and analysts will take place today, 19 May 2015, at 9.30am. The presentation will be webcast at www.premierfoods.co.uk/investor-relations. A recording of the webcast will be available on the Company's website later in the day.

A factsheet of the Preliminary results is available at:
www.premierfoods.co.uk/investor-relations/results-centre

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Financial Reporting Changes

- Move to 52 week reporting period ending early April (previously calendar year to 31 December)
- Half Year and quarterly updates for 26 weeks and 13 weeks respectively
- Better fit of financial year end with seasonal nature of business
- Re-classification of certain commercial costs from selling, marketing & distribution expenses to turnover
- Prior periods are re-stated to reflect all the above where required
- Full pro forma P&L results for 52 weeks to 4 April 2015 in appendix

Pro forma results

The Company's results for the 52 weeks ended 4 April 2015 are presented on a **'Pro forma'** basis, unless otherwise stated. The 'Pro forma' results are unaudited, exclude the results of previously completed business disposals, joint ventures and are presented to illustrate the performance of the Company on the new reporting calendar methodology.

'**Continuing operations'** includes the respective periods that the Company maintained ownership of completed disposals in 2013 and joint ventures entered into. The results of the financial period to 4 April 2015 and its comparative period, the year to 31 December 2013, are commented on in the financial review.

£m	Continuing operations	Less: Disposals	Less: Knighton JV	Less: 1 Jan – 6 Apr 2013	Add/(Less): 1 Jan – 5 Apr 2014	'Pro forma' business
2014/15						
Sales	**964.3**	(0.2)	(8.1)	**N/A**	(188.6)	**767.4**
Trading profit[2,3]	**150.2**	3.8	0.7	**N/A**	(23.7)	**131.0**
EBITDA[4]	**168.7**	3.6	0.7	**N/A**	(28.1)	**144.9**
2013						
Sales	**843.0**	(6.4)	(17.4)	(204.5)	188.6	**803.3**
Trading profit[2,3]	**139.5**	(0.6)	0.7	(23.4)	23.7	**139.9**
EBITDA[4]	**156.8**	(0.6)	(0.3)	(27.8)	28.1	**156.2**

Notes to editors:

1. The statutory accounting period is from 1 January 2014 to 4 April 2015.
2. Pro forma results are prepared for the 52 weeks ended 4 April 2015 with comparative period of the 52 weeks ended 5 April 2014 and are unaudited.
3. Trading profit is defined as operating profit before re-financing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39, profits and losses from associate companies and pension administration costs and net interest on the net defined benefit liability.
4. EBITDA is Trading profit excluding depreciation.
5. Adjusted profit before tax is defined as Trading profit less net regular interest. Adjusted earnings per share is defined as Adjusted profit before tax less a notional tax charge of 21.4% (2013: 23.25%) divided by the weighted average of the number of shares of 731.4/366.1 million. Weighted average number of shares on a 52 week ended 4 April 2015 is 824.4 million (52 weeks ended 5 April 2014: 370.0m). Net regular interest is defined as net finance cost excluding write-off of financing costs, fair value adjustments on interest rate financial instruments and other interest.

A Premier Foods image gallery is available using the following link:

www.premierfoods.co.uk/news-&-media/image-gallery/

Operating review

Pro forma results

Within this operating review, commentary unless otherwise stated is on a 'Pro forma' basis, which excludes all disposals and joint ventures transactions previously completed and is prepared for the 52 weeks ending 4 April 2015. All references to the 'year', unless otherwise stated, are for the 52 weeks ended 4 April 2015 and the comparative period, 52 weeks ended 5 April 2014. All references to the 'quarter', unless otherwise stated, are for the 94 days ended 4 April 2015 and the comparative period, 94 days ended 5 April 2014.

52 week results[2]

£m	4 April 2015 (52 weeks)	5 April 2014 (52 weeks)	Change (%)
Sales			
Power Brands	**504.5**	528.9	(4.6)
Support brands	**179.2**	183.9	(2.5)
Total branded	**683.7**	712.8	(4.1)
Non-branded sales	**83.7**	90.5	(7.5)
Total	**767.4**	803.3	(4.5)
Trading profit[2]	**131.0**	139.9	(6.4)
EBITDA	**144.9**	156.2	(7.2)

Quarterly sales results

£m	94 days to 4 April 2015	94 days to 5 April 2014	Change (%)
Sales			
Power Brands	**124.9**	126.9	(1.6)
Support brands	**45.2**	43.3	4.5
Total branded	**170.1**	170.2	(0.0)
Non-branded sales	**15.9**	16.9	(6.0)
Total	**186.0**	187.1	(0.6)

Please note:
For the 52 week financial year ending 2 April 2016, the relevant 13 week 2014/15 comparatives which will be used for 2015/16 reporting can be found in the appendices to this statement.

Introduction

Pro forma total sales for the 52 weeks ended 4 April 2015 were £767.4m compared to £803.3m for the prior year. In the quarter, total sales were (0.6%) lower than the comparative period at £186.0m, while branded sales were broadly flat and Power Brands sales were (1.6%) lower. Both the total branded and Power Brands performances reflect demonstrably improving trends and shows that the Company's strategy is starting to deliver in what has been a challenging trading environment.

Trading profit[2,3] for the 52 weeks ended 4 April 2015 was £131.0m, in line with the Company's expectations and included approximately £8m higher consumer marketing expenditure than the prior year. In the six months to 4 April 2015, its key trading period, the Company invested 82% more in consumer marketing compared to the equivalent prior year period. Gross margins throughout the year remained solid, supported by improving branded mix benefits and a benign input cost environment.

Market trends

The UK grocery market remains highly competitive. Previous quarters have been characterised by the well documented growth of the discounter, convenience and online channels, and while there was a broad continuation of these growth trends in the quarter, there is increasing evidence that the growth in the discounter channel in particular is slowing. With a degree of momentum building in the traditional supermarket channel, the growth profile of the different sub-channels is displaying signs of converging.

Measures of consumer confidence have demonstrated increased levels of disposable income for consumers and in the case of the Asda/Centre for Economics and Business Research income tracker, are at the highest level since records began in 2009. Food price deflation, reflecting a combination of benign input costs and price competition across the wider grocery market, has become progressively deeper over the last six months and reached (2.0%) in March. Concurrently, there are also signs of a return to volume growth across the grocery market.

Over recent months, the trend of volume growth in the UK grocery market, as measured by Kantar Worldpanel, has been steadily increasing, peaking at 2.8% at the end of March 2015.

Against the backdrop of these market conditions and trends, the Company has been successful in gaining significant volume and value share growth in its categories in the quarter. During this period, volume sales as measured by IRI increased by 9.0% and delivered 2.0 percentage points of share, while value sales grew 3.3% taking 0.9 share points. This performance reflects the results from the Company's strategy of investing behind its brands, bringing new products to market, working in close partnership with its customers and increasing the returns on its promotional activities.

Customer relationships

The Company has applied a great deal of focus in improving its customer relationships over the past three years. These closer partnerships include the early agreement of constructive joint business plans, with the overall objective of delivering category growth for mutual benefit. An illustration of the strong progress in this area can be seen by reference to the number of 'category captaincy' roles (or equivalent) held by the Company with its top six customers. In 2012, the Company held one category captaincy role from a maximum of thirty category/top six customer relationships; in 2015 this has now increased to 22. Additionally, it holds seven 'category advisor' roles.

Grocery

Over the last six months, the Company has increased its focus on bringing new and relevant products to market, based on sound consumer insights and working in close partnership with its customers.

Bisto recorded a strong quarter, growing volumes, sales, market share and household penetration, benefiting from the 'Bisto Together Project' television advertising and two new product ranges. *Bisto* Simply Casserole and *Bisto* Gravy Pastes have been well received and reflect consumer trends and insights around convenience and 'foodieness'. The introduction of the *Oxo* Herbs & More range aligns very well to these consumer trends and assisted *Oxo's* volume growth in the quarter. The earlier timing of Easter also benefited *Bisto* and to a lesser extent, *Ambrosia,* with the latter growing volumes, sales and market share in the quarter reflecting a good performance from the mini pots range, its loyal consumer following and strong category position.

Sharwood's reversed its recent quarterly performances, delivering increased sales in the quarter following stronger instore execution of Chinese New Year and supported by TV advertising. Sales of *Homepride* increased over the 52 week period as a result of the more contemporary range introduced in the middle of 2014, in addition to its first TV advertising for ten years.

Loyd Grossman sauces saw the launch of new premium 'Gastro' and 'Classics' ranges in one major customer, while sales of *Batchelors* were lower than the same period last year.

Innovation in the first half of 2015/16 will see the launch of *Sharwood's* Stir Fry Melts and *Loyd Grossman* Pan Melts. These products build on the gel pot technology used by other products in the portfolio and are based on consumer insights and trends which reveal that hob cooking is the most popular and fastest growing main meal cooking method. During the last year, the Company delivered 11.3% of its sales from new products launched over the previous 24 months, compared to 6.9% in the previous year. The Company's target is to increase this to 20% of sales over time.

Sweet Treats

The performance of the Company's major cake brands, Mr. Kipling and Cadbury cake, have been instrumental in driving category growth of +3.8% during the quarter. A combination of the major branded relaunch in 2014, TV advertising and strong execution of a promotional campaign in an expandable category have enabled *Mr. Kipling* to deliver increased volumes, sales and share in the quarter. Building on this excellent momentum, new *Mr. Kipling* milkshake flavour snack pack slice products have just been launched with all variants available in all major customers.

In *Cadbury* cake, all the key metrics of volumes, sales and share increased in the quarter due to strong instore execution and the earlier timing of Easter in 2015. During the first half of 2015/16, *Cadbury* cake will benefit from its first TV advertising campaign for eight years and will see new limited edition products launched in time for Halloween. Due to the earlier timing of Easter this year, the Company expects a slower first quarter in its Sweet Treats business.

The implementation of the new snack pack line at the Company's factory in Barnsley, South Yorkshire has entered commissioning stages with products now being distributed to customers. This new line will increase the Company's snack pack slices capacity by over 130%, significantly increases its level of automation and provides additional flexibility on pack format sizes. The pack size flexibility presents the Sweet Treats business unit with valuable additional options for its promotional strategy and also provides opportunities to enter the convenience channel through twin-pack format sizes.

The business unit has recently been successful in winning certain non-branded cake contracts. The Company will review non-branded contracts applying judicious economic rationale, while recognising the benefits that can be drawn from enhanced customer relationships and optimal utilisation of its manufacturing facilities.

Goodwill which arose on past acquisitions has previously been allocated to the combined Grocery and Sweet Treats business units. As a result of the Company's decision to move to a strategic business unit structure, the Company has for the first time been required to assess the carrying value of the Sweet Treats business as a stand alone entity. The goodwill allocated to the Sweet Treats business has been assessed and consequently, the Company has recognised an impairment of goodwill of £67.9m in respect of its Sweet Treats business for the financial period ended 4 April 2015. Despite this non-cash charge, the Company considers the Sweet Treats business presents many further opportunities for future growth.

International

Over the last two quarters, the International business unit has been upweighting its resources to enable it to realise the available opportunities in its selected strategic geographies: USA, Australasia and China. In the quarter, additional focus in Ireland has delivered increased sales growth compared to the prior year, although this was partly offset by adverse foreign exchange movements.

Consumer marketing

During the year, the Company's consumer marketing spend as a percentage of branded sales was 4.8% and in the last six months of the year, total spend was 82% higher than the equivalent prior period. The Company has committed to delivering a double-digit % increase in its consumer marketing spend over the medium term.

The Company expects to meet this medium-term target in 2015/16, with eight of its brands planned to benefit from television advertising and further new products due to be launched.

Group & corporate costs, efficiency and organisation structure

In recent years, the Company has been successful in keeping a tight focus on its overhead cost base. Since the completion of the Capital Refinancing in April 2014, the Company has chosen to increase its proportion of revenue generating overheads such as international, marketing, innovation and sales while at the same time driving efficiencies in support functions such as shared services and IT. During this time, the headcount of revenue generating colleagues has increased by 22.5% while support functions have reduced by 17.6%. This switch in the overhead cost base supports the Company's strategy of driving category growth while maintaining a strong focus on efficiency and cost control.

As previously announced, the Company has a healthy pipeline of capital projects with attractive financial paybacks. During 2015/16, it will be investing in a number of capital projects which expect to deliver payback returns on cost release initiatives of less than three years. The Company expects to spend approximately £25m on capital expenditure in 2015/16 of which about a third will be assigned to cost release projects. In particular, a number of projects are underway at our Stoke cake bakery to increase automation on packing lines, reducing a number of manual tasks and so delivering efficiency benefits.

The Company continues to focus on improving the returns on investment from promotional activity in which it participates with major customers. As a result of a more sophisticated approach in this area, the proportion of promotions which exceeded the Company's sales and returns targets increased to over 40% in the quarter.

Over the last two years, we have reduced the number of SKUs (product codes) by 43% and more than halved the number of suppliers. Our supplier programme has, in particular, enabled us to develop more strategic, and mutually beneficial, partnerships focused on growth, including with many small and medium sized businesses. We plan to continue strengthening our supplier relationships based on mutual respect.

The Company's new strategic business unit structure, announced in September 2014, is starting to deliver clear and tangible benefits, facilitating more agile ways of working and allowing greater focus on delivering category growth. Each strategic business unit has fully embraced the ethos of the new structure; ensuring the right teams are in place, accelerating product innovation, furthering cost reduction initiatives and delivering joint business plans with customers.

Net regular interest

Net regular interest was £47.8m in the year, £17.2m lower than the prior period. Following the completion of the Company's Capital Refinancing plan and as expected, the constituent elements of the Company's financing charges have changed. The largest component is the interest payable on the senior secured notes, which amounted to £30.9m in the year. Bank debt interest, which includes interest on the Company's £272m revolving credit facility and also non utilisation fees, was £23.6m lower at £10.2m.

Amortisation and deferred fees, which comprised a significant element of the Company's previous financing arrangements, were significantly lower in the year at £4.2m (prior year: £26.6m).

£m	4 April 2015 (52 weeks)	5 April 2014 (52 weeks)	Change (%)
Senior secured notes interest	**30.9**	1.2	-
Bank debt interest	**10.2**	33.8	69.8
Securitisation interest	**2.5**	3.4	26.4
	43.6	38.4	(13.5)
Amortisation and deferred fees	**4.2**	26.6	84.2
Net regular interest	**47.8**	65.0	26.5

The Company expects net regular interest for the 2015/16 financial year to be approximately £45m.

Associate investments

The Company holds a 49% interest in both Hovis Limited and Knighton Foods Limited. For the financial period ended 4 April 2015, the Company recognised a share of loss from associates of (£9.6m), of which (£8.9m) is due to the share of loss from the Hovis Limited investment. This loss primarily reflects one-off costs associated with the closure of the Hovis Limited Leicester bakery. The share of loss from the Company's investment in Knighton Foods Limited was (£0.7m) during the period. The Company's investments in associates as at 4 April 2015 were £14.4m, of which Hovis Limited accounted for £5.5m and Knighton Foods Limited £8.9m. As at 4 April 2015, the Company held loans to associates of £20.8m. This included £17.1m related to the investment in Hovis Limited and £3.7m which related to Knighton Foods Limited.

Cash flow

The following commentary refers to the cash flow movements in the quarter. The financial review includes commentary on the Company's cash flows and movement in borrowings for the financial period ended 4 April 2015 and the comparative period; the year ended 31 December 2013.

£m	1 January 2015 - 4 April 2015 (94 days)
Pro forma Trading profit	**23.7**
Depreciation	3.9
Interest	(16.3)
Pension contributions	(6.6)
Capital expenditure	(10.6)
Working capital & other	(10.7)
Cash outflow	**(16.6)**
Net debt at 31 December 2014 (Unaudited)	**567.6**
Cash outflows 1 January 2015 – 4 April 2015	16.6
Debt issuance cost amortisation	0.7
Reported Net debt at 4 April 2015	**584.9**

Total cash outflows in the quarter were (£16.6m). Trading profit was £23.7m, while depreciation in the quarter was £3.9m which is in line with the Company's expectations for its ongoing rate of depreciation. Interest paid was (£16.3m) and reflects a bi-annual payment of interest relating to the senior secured notes in the quarter. Capital expenditure of £10.6m is slightly higher than the run rate for 2015/16 but is due to rollover effects from the prior year notably from the new Mr. Kipling snack pack line at our Barnsley cake bakery in South Yorkshire. The working capital outflow of (£10.7m) reflects the normal working capital cycle of the Company between December and early April, owing to the seasonal nature of the business. Pension contributions of (£6.6m) were in line with the previously agreed schedule of pension deficit contributions and costs associated with administering the pension schemes.

Net debt

	£m
Reported Net debt at 31 December 2013	**830.8**
Movement in cash in period	(236.0)
Movement in debt issuance costs	(9.9)
Reported Net debt at 4 April 2015	**584.9**

Net debt at 4 April 2015 was £584.9m, which reduced from £830.8m as at 31 December 2013. This major reduction reflects the equity issue net proceeds of £340.1m following the completion of the Capital Refinancing Plan in April 2014. It should be noted that due to the seasonal nature of the Company's business, the natural low point in the working capital cycle is at the end of December. With the change in the financial reporting year end to the beginning of April, reported Net debt is expected to be on average, approximately £20m - £30m higher than the previous December.

Pensions

Pensions (£m)	**4 April 2015**	31 Dec 2013
Assets		
Equities	**348.5**	299.7
Government bonds	**547.5**	515.7
Corporate bonds	**329.8**	384.1
Property	**260.0**	181.7
Absolute return products	**1,332.9**	1,268.2
Cash	**294.4**	192.3
Infrastructure funds	**196.6**	193.5
Swaps	**430.0**	(116.6)
Private equity	**250.9**	190.2
Other	**257.9**	109.6
Total Assets	**4,248.5**	3,218.4
Liabilities		
Discount rate	**3.30%**	4.40%
Inflation rate (RPI/CPI)	**3.0%/1.9%**	3.35%/2.35%
Total Liabilities	**(4,460.3)**	(3,821.7)
Deficit (IAS 19)	**(211.8)**	(603.3)
Deferred tax (21.4%/23.25%)	**45.3**	140.3
Deficit net of deferred tax (IAS 19)	**(166.5)**	(463.0)

The IAS 19 pension deficit at 4 April 2015 was (£211.8m), equivalent to (£166.5m) net of deferred tax. This is £391.5m lower than the valuation as at 31 December 2013. The valuation at 4 April 2015 comprised a £241.6m surplus in respect of the RHM schemes and a deficit of (£453.4m) in relation to the Premier Foods schemes. This substantial reduction in the combined schemes deficit is due to the following factors: a widening of credit spreads between government gilts and corporate bonds; the impact on assets of the schemes hedging strategy, a reduction in inflation rate assumptions and improved investment performance. The impact on the assets of the schemes hedging strategy can be referenced by the increase in the Swaps asset class in the table above, and accounts for over half of the total increase in the schemes' assets.

The reduction in the pension valuation between these dates has no impact on the previously agreed pension deficit cash contributions which are fixed until 2019. One approach in valuing the pension liabilities as part of the Enterprise value of the Company is to discount the post tax future cash flows of the agreed deficit contribution payment schedule. On this basis, the pension schemes deficit is valued at approximately £390m.

Pension sensitivities

Pension sensitivities (IAS 19 basis, £m)	**Increase/ (Reduction) in assets**	**Increase/ (Reduction) in liabilities**	**Increase/ (Reduction) in deficit**
25 basis point decrease in government gilts	175	205	30
25 basis point increase in credit spreads	-	(190)	(190)
25 basis point increase in RPI	70	85	15
Life expectancy increase by 1 year	-	140	140

The above table intends to provide assistance in understanding the sensitivity of the valuation of pension assets and liabilities to market movements of government gilts, credit spreads and the retail price index (RPI). It is stressed that these sensitivities are indicative only and may change over time as the schemes' execution of its investment strategy may evolve to maximise asset performance.

Outlook

We are encouraged by the return of volume growth to both our categories and the wider grocery market. While we expect the trading environment in the coming quarters to be challenging, our expectations for the year are unchanged. The Company's commitment to brand investment continues, with consumer marketing expenditure expected to increase materially in 2015/16.

Over the next year, the Company expects to benefit from lower pension contributions and capital expenditure which will enable it to significantly reduce Net debt. The Board is firmly focussed on the creation of future value, and with its investment and growth strategies, combined with a focus on cost efficiency, Trading profit delivery and organic de-leveraging, believes it is well positioned to deliver success.

Financial review

Within this financial review, the Company presents its results for the financial period from 1 January 2014 to 4 April 2015 with comparative information for the year ended 31 December 2013. The Bread business is treated as a discontinued operation in the financial statements and is excluded from commentary on the Company's continuing operations. All commentary on the performance of the Company included below refers to continuing operations unless otherwise stated and therefore reflects the respective periods that the Company maintained ownership of completed disposals in 2013 and joint ventures entered into.

Company structure

During the period, the Company completed a capital restructuring including an equity issue of £340m (net of underwriting and advisory fees), a senior secured notes issuance of £500m, a new revolving credit facility of £272m and a new pensions framework agreement. This capital re-financing agreement completed on 14 April 2014.

The company completed two joint venture transactions in the period; the bread business on 26 April 2014 ("Hovis Limited") and the powdered beverages and desserts business ("Knighton Foods Limited") on 28 June 2014. Both Hovis Limited and Knighton Foods Limited are reported as associates in the financial statements for financial period ended 4 April 2015. On 2 February 2013, the Company completed the disposal of the Sweet Pickles and Table Sauces business.

Financial policy change

The Company has conducted a review of its commercial costs and consequently decided to re-classify certain commercial costs from its selling, marketing and distribution costs classification to revenue, in order to better reflect the cost directly associated with revenue generation. Accordingly the comparative periods' financial statements have been restated to reflect this re-classification. While this has nil impact on Operating profit or Trading profit, it has the effect of reducing turnover for both the reported and comparative financial periods. Revenue comprises the invoiced value for the sale of goods net of sales rebates, discounts, and taxes attributable to revenue and after eliminating sales within the Group.

Income statement

Revenue from continuing operations in the period was £964.3m compared to £843.0m in the prior year. Revenue in the period benefitted from an additional 94 days while the Company experienced some challenging trading conditions, particularly in the first six months of the period. The prior year's revenue includes one month of trading for the disposed Sweet pickles & table sauces business and a full year of the Knighton Foods Limited business. While revenues remained lower for much of the remaining months of the period, the branded sales trend displayed a relative improvement, as a result of the Company's increased levels of investment in consumer marketing and launch of new products to market. Grocery revenues for the period ended 4 April 2015 were £699.6m compared to the prior year of £615.4m, while Sweet Treats revenues were £264.7m compared to the prior year of £227.6m.

Gross profit was £333.5m in the period, an increase of £46.6m compared to the prior year and included benefits from an increase in sales of higher margin branded products, the benefits to manufacturing overheads following the completion of the Knighton Foods joint venture and relatively benign input costs. Gross margin increased by 0.6 percentage points to 34.6% for the period ended 4 April 2015, reflecting the points identified above.

Divisional contribution for the Group was £196.4m in the period compared to £178.2m for the year ended 31 December 2013. Grocery Divisional contribution was £179.6m, an increase of £21.1m on the prior year, while Sweet Treats Divisional contribution was £16.8m, compared to £19.7m in the year to 31

December 2013. The reduction in Sweet Treats Divisional contribution reflects increased levels of consumer marketing investment in the period.

Operating profit

For the period ended 4 April 2015, the Group reported an Operating loss for continuing operations of (£44.1m), set against an Operating profit of £52.6m for the comparative period. Before impairment and profit on disposal of operations, the Group delivered an Operating profit of £45.8m in the period, compared to £55.0m for the year ended 31 December 2013.

The main driver of the Operating loss in the period is a result of an impairment charge relating to the Sweet Treats business unit. As a result of the Company's decision to move to a strategic business unit structure, the Company has for the first time been required to assess the carrying value of the Sweet Treats business as a stand alone entity. The goodwill allocated to the Sweet Treats business has been assessed and consequently, the Company has recognised an impairment of goodwill of £67.9m in respect of its Sweet Treats business for the financial period ended 4 April 2015. Despite this, the Company considers the Sweet Treats business presents many further opportunities for future growth. Additionally, the Company recognised impairment in the period of £16.0m relating to the write off of certain fixed assets at its Lifton site.

Trading profit in the period was £10.7m higher at £150.2m, due to the additional 94 trading days, partly offset by an increase in consumer marketing expenditure during the period.

Restructuring costs of £8.2m in the period were in line with the Group's expectations and relate to restructurings associated with the Knighton Foods Limited and Hovis Limited joint ventures. Amortisation of intangible assets was £47.6m for the financial period ended 4 April 2015 (year ended 31 December 2013: £43.8m). The Group expects the annual run rate for intangible asset amortisation to be approximately £38-40m.

A loss on disposal of operations of £6.0m was recognised on completion of the Knighton Foods Limited joint venture transaction.

Net interest on pensions and administrative expenses was £48.0m in the period (31 December 2013: £31.3m). This increase reflects the additional days in the period and a higher opening pension deficit valuation for the current period (£603.3m) compared to the prior year (£466.8m).

Finance costs

Net finance cost for the period ended 4 April 2015 was (£81.9m) (year ended 31 December 2013: (£48.2m)). During the period, the Group entered into a new set of financing arrangements following the completion of its Capital Refinancing Plan. Amortisation of debt issuance costs was lower in the period (£4.3m) compared to the prior year (£6.4m), and is expected to be £4-5m per annum under the new financing arrangements. Interest payable on the senior secured notes was £32.3m in the period (31 December 2013: £nil), while interest on the term facilities reduced from £17.4m to £7.2m reflecting the repayment of the term facility as part of the Capital Refinancing which completed in April 2014. Additionally, the prior year benefitted from a positive movement in the fair valuation of interest rate derivatives of £11.6m.

Profit before taxation

The Group made a loss before tax of (£135.6m) for the period ended 4 April 2015 compared to a prior year profit of £4.4m. An Operating loss of (£44.1m) and net finance costs of (£81.9m) as outlined above are the principal reasons for this performance. Share of loss from associates was (£9.6m), of which (£8.9m) is due to the share of loss from the Hovis Limited investment.

Taxation

A taxation credit of £42.9m is reported for the period (year ended 31 December 2013: £51.1m charge), which largely reflects the loss incurred in the period. The applicable rate of corporation tax for the year was 21.4% (31 December 2013: 23.25%).

The Group's net deferred tax asset as at 4 April 2015 was £41.9m which includes tax benefits from future pension deficit contributions and benefits from prior year losses. Additionally, the Group has approximately £215m of brought forward corporation tax losses which equates to £43.0m of unrecognised deferred tax assets. In total, therefore, the Group has £84.9m of recognised deferred tax assets and unrecognised deferred tax assets which are available to offset over £400m of taxable profits in future periods. These losses can generally be carried forward indefinitely.

The corporation tax rate for 2015/16 is expected to be 20.0%.

Earnings per share

The Group reports a basic loss per share on continuing operations for the period ended 4 April 2015 of (12.7 pence), compared to a basic loss per share on continuing operations of (12.8 pence). Earnings/(loss) per share is calculated by dividing the earnings/(loss) attributed to ordinary shareholders of (£92.7m) (31 December 2013: (£46.7m)) by the weighted number of shares in issue during the period. The weighted number of shares in the period reflects the issue of new shares on 24 March 2014 and is adjusted for the relevant bonus factor.

Adjusted earnings per share for continuing operations were 9.0 pence (31 December 2013: 17.0 pence). Adjusted earnings per share on continuing operations has been calculated by dividing the adjusted earnings (defined as Trading profit less net regular interest and notional taxation) attributed to ordinary shareholders of £65.9m (31 December 2013: £62.2m) by the weighted number of ordinary shares in issue during each period. These earnings have been calculated by reflecting tax at a notional rate of 21.4% (31 December 2013: 23.25%). The weighted average number of shares in issue for the period ended 4 April 2015 was 731.4m and for the year ended 31 December 2013 was 366.1m.

Cash flow and borrowings

Company net borrowings as at 4 April 2015 were £584.9m, a decrease of £245.9m since 31 December 2013. The cash inflow from operations to 4 April 2015 was £62.5m (31 December 2013: £123.4m). This included a cash inflow from continuing operations of £70.3m (31 December 2013: £108.7m inflow) and cash outflow from discontinued operations of (£7.8m) (31 December 2013: £14.7m inflow).

Net cash interest paid was £59.1m in the period (31 December 2013: £35.9m) which reflects the timing of the bi-annual payments of the senior secured notes. The purchase of property, plant and equipment was £34.1m in the period; a significant proportion of which was due to the addition of a new cake snack pack slices line at the Group's cake bakery in Barnsley, South Yorkshire.

The Group received £500.0m proceeds from the issue of its senior secured fixed and floating notes and £353.4m gross proceeds from the issue of new equity following the completion of the Capital Refinancing Plan in 2014. These proceeds were used to repay term facilities under the previous financing arrangements of £679.5m. Financing fees and other costs of finance amounted to £58.3m (31 December 2013: £27.5m) which included fees associated with the raising of new equity, issuing senior secured notes, new revolving credit facilities, advisory fees and other fees arising from previous re-financing arrangements.

Retirement benefit schemes

At 4 April 2015, the Company's pension schemes under the IAS 19 accounting valuation showed a gross deficit of (£211.8m), compared to (£603.3m) at 31 December 2013. The valuation at 4 April 2015 comprised a £241.6m surplus in respect of the RHM schemes and a deficit of (£453.4m) in relation to the Premier Foods schemes. Further detail on the pension schemes is provided in the Operating review.

Financial year end date

The Group has changed its financial year end from 31 December to early April. The next Full Year financial statements will be prepared for the 52 weeks ending 2 April 2016. Future financial years will be prepared on a 52 week ending basis and therefore the financial year end date will move by one day every year, or two in the case of a leap year.

Alastair Murray
Chief Financial Officer

APPENDICES

'**Continuing operations'** includes the respective periods that the Company maintained ownership of completed disposals in 2013 and joint ventures entered into.

'Pro forma' results are unaudited, exclude the results of previously completed business disposals and joint ventures and are presented to illustrate the performance of the Company on the new reporting calendar methodology.

Continuing operations earnings per share is calculated as set out below:

£m	**4 April 2015 (15 months)**	**31 Dec 2013 (12 months)**
Continuing Trading profit	**150.2**	139.5
Amortisation of intangible assets	**(47.6)**	(43.8)
Foreign exchange valuation items	**(0.6)**	(1.9)
Net interest on pension and administrative expenses	**(48.0)**	(31.3)
Restructuring costs relating to divestment activity	**(8.2)**	(7.3)
Re-financing costs	**-**	(0.2)
Loss on disposal	**(6.0)**	(2.4)
Impairment of goodwill, property, plant & equipment	**(83.9)**	-
Operating (loss)/profit	**(44.1)**	52.6
Net finance expense	**(81.9)**	(48.2)
Share of loss from associates	**(9.6)**	-
(Loss)/Profit before tax	**(135.6)**	4.4
Taxation credit/(charge)	**42.9**	(51.1)
Loss after tax	**(92.7)**	(46.7)
Divided by:		
Average shares in issue (millions)	**731.4**	366.1
Basic loss per share	**(12.7p)**	(12.8p)

Adjusted earnings per share is calculated as set out below:

£m	**4 April 2015 (15 months)**	31 Dec 2013 (12 months)
Underlying Trading profit	**150.2**	139.5
Less net regular interest	**(66.4)**	(58.4)
Adjusted profit before tax	**83.8**	81.1
Less notional tax at 21.4%/23.25%	**(17.9)**	(18.9)
Adjusted profit after tax	**65.9**	62.2
Divided by:		
Average shares in issue (millions)	**731.4**	366.1
Adjusted earnings per share	**9.0p**	17.0p

Adjusted earnings per share on a pro forma basis is calculated as set out below:

£m	**4 April 2015 (52 weeks)**	5 April 2014 (52 weeks)
Underlying Trading profit	**131.0**	139.9
Less net regular interest	**(47.8)**	(65.0)
Adjusted profit before tax	**83.2**	74.9
Less notional tax at 21%/23%	**(17.5)**	(17.2)
Adjusted profit after tax	**65.7**	57.7
Divided by:		
Average shares in issue (millions)	**824.4**	370.0
Adjusted earnings per share	**8.0p**	15.6p

Pro forma results for 52 weeks to 4 April 2015

£m	**52 weeks to 4 April 2015**					
	Q1 (13 weeks)	**Q2** (13 weeks)	**H1** (26 weeks)	**Q3** (13 weeks)	**Q4** (13 weeks)	**FY** (52 weeks)
Grocery						
Branded sales	112.4	112.6	225.0	160.1	123.4	508.5
Non-branded sales	11.3	10.3	21.6	11.3	10.3	43.2
Total sales	**123.7**	**122.9**	**246.6**	**171.4**	**133.7**	**551.7**
Divisional contribution	**-**	**-**	**60.1**	**-**	**-**	**145.2**
Sweet Treats						
Branded sales	39.9	41.5	81.4	50.0	43.8	175.2
Non-branded sales	5.4	6.3	11.7	23.4	5.4	40.5
Total sales	**45.3**	**47.8**	**93.1**	**73.4**	**49.2**	**215.7**
Divisional contribution	**-**	**-**	**4.8**	**-**	**-**	**18.0**
Group						
Branded sales	152.3	154.1	306.4	210.1	167.2	683.7
Non-branded sales	16.7	16.6	33.3	34.7	15.7	83.7
Total sales	**169.0**	**170.7**	**339.7**	**244.8**	**182.9**	**767.4**
Divisional contribution	-	-	64.9	-	-	163.2
Group & corporate	-	-	(18.2)	-	-	(32.2)
Trading profit	-	**-**	**46.7**	-	**-**	**131.0**
EBITDA	-	-	53.4	-	-	144.9

- The Company has changed its financial year end to the beginning of April.
- It will report its next financial year for the 52 weeks to 2 April 2016.
- Half year results will be presented on a 26 week basis.
- The comparatives for the prior year, 52 weeks to 4 April 2015, are set out in the table below.
- Divisional contribution, Trading profit and EBITDA will be reported at Half year and Preliminary results only.
- The term divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business unit.
- Group & corporate costs refer to group and corporate expenses which are not directly attributable to a business unit and will be reported at total Group level.

- Quarterly trading updates will be presented on a 13 week basis (compared to previous 3 month basis).
- Power Brands and support brands definitions to be removed.
- New reported segments to be Grocery and Sweet Treats with branded sales, non-branded sales and divisional contribution disclosure.
- International currently too small for separate disclosure and in line with accounting standards will be aggregated within Grocery.

Pension deficit contribution schedule

The table below (subject to final formal pension trustee approval) shows the phasing of previously agreed deficit contributions in the context of the Company's new financial calendar.

£m	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Deficit contributions	6	48	49	44	44
Administration costs + PPF levy	8-10	8-10	8-10	8-10	8-10
Total cash outflow	**14-16**	**56-58**	**57-59**	**52-54**	**52-54**

Consolidated statement of profit or loss

	Note	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 (Restated)[1] £m
Continuing operations			
Revenue	3	**964.3**	843.0
Cost of sales		**(630.8)**	(556.1)
Gross profit		**333.5**	286.9
Selling, marketing and distribution costs		**(135.2)**	(98.7)
Administrative costs		**(242.4)**	(135.6)
Operating (loss)/profit		**(44.1)**	52.6
Operating profit before impairment and loss on disposal of operations		**45.8**	55.0
Impairment of goodwill and property, plant and equipment	10	**(83.9)**	-
Loss on disposal of operations	8	**(6.0)**	(2.4)
Finance cost	4	**(82.5)**	(62.2)
Finance income	4	**1.8**	2.4
Net movement on fair valuation of interest rate financial instruments	4	**(1.2)**	11.6
Share of loss from associates	12	**(9.6)**	-
(Loss)/profit before taxation from continuing operations		**(135.6)**	4.4
Taxation credit/(charge)	5	**42.9**	(51.1)
Loss after taxation from continuing operations		**(92.7)**	(46.7)
Loss from discontinued operations	7	**(30.9)**	(199.2)
Loss for the period/year attributable to owners of the parent		**(123.6)**	(245.9)
Basic and diluted loss per share			
From continuing operations (pence)	6	**(12.7)**	(12.8)
From discontinued operations (pence)	6	**(4.2)**	(54.4)
From loss for the period/year		**(16.9)**	(67.2)
Adjusted earnings per share[2]			
From continuing operations (pence)	6	**9.0**	17.0

[1] Comparatives have been restated to reflect the reclassification of certain commercial costs from selling, marketing and distribution costs into revenue.

[2] Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 21.4% (2013: 23.25%) divided by the weighted average number of ordinary shares of the Company.

Consolidated statement of comprehensive income

	Note	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Loss for the period/year		**(123.6)**	(245.9)
Other comprehensive income/(losses)			
Items that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability	16	**379.3**	(152.7)
Deferred tax (charge)/credit	5	**(75.8)**	8.4
Items that are or may be reclassified to profit or loss:			
Exchange differences on translation		**(0.6)**	(0.3)
Other comprehensive income/(losses), net of tax		**302.9**	(144.6)
Total comprehensive income/(losses) attributable to owners of the parent		**179.3**	(390.5)

Consolidated balance sheet

	Note	As at 4 Apr 2015 £m	As at 31 Dec 2013 £m
ASSETS:			
Non-current assets			
Property, plant and equipment	9	**183.3**	196.3
Goodwill	10	**646.0**	713.9
Other intangible assets	11	**528.4**	575.5
Retirement benefit assets	16	**241.6**	-
Investments in associates	12	**14.4**	-
Loans to associates	13	**20.8**	-
Deferred tax assets	5	**41.9**	72.7
		1,676.4	1,558.4
Current assets			
Assets held for sale		**-**	26.8
Inventories		**68.8**	68.9
Trade and other receivables		**123.5**	248.3
Financial assets – derivative financial instruments		**-**	0.5
Cash and cash equivalents	18	**44.7**	157.0
		237.0	501.5
Total assets		**1,913.4**	2,059.9
LIABILITIES:			
Current liabilities			
Liabilities held for sale		**-**	(1.4)
Trade and other payables		**(212.6)**	(336.7)
Financial liabilities			
– short term borrowings	14	**(42.0)**	(169.1)
– derivative financial instruments		**(3.7)**	(9.5)
Provisions for liabilities and charges	15	**(8.6)**	(15.0)
Current income tax liabilities		**(0.7)**	(0.7)
		(267.6)	(532.4)
Non-current liabilities			
Financial liabilities – long term borrowings	14	**(587.6)**	(818.7)
Retirement benefit obligations	16	**(453.4)**	(603.3)
Provisions for liabilities and charges	15	**(51.6)**	(57.2)
Other liabilities	17	**(13.0)**	(30.4)
		(1,105.6)	(1,509.6)
Total liabilities		**(1,373.2)**	(2,042.0)
Net assets		**540.2**	17.9
EQUITY:			
Capital and reserves			
Share capital		**82.6**	24.0
Share premium		**1,406.4**	1,124.7
Merger reserve		**351.7**	404.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**(1,291.2)**	(1,526.3)
Capital and reserves attributable to owners of the parent		**540.2**	17.8
Non-controlling interest		**-**	0.1
Total equity		**540.2**	17.9

Consolidated statement of cash flows

	Note	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Cash generated from operations	18	**62.5**	123.4
Interest paid		**(60.9)**	(38.5)
Interest received		**1.8**	2.6
Cash generated from operating activities		**3.4**	87.5
Sale of businesses		**8.3**	90.8
Loan notes issued		**(15.7)**	-
Purchases of property, plant and equipment		**(34.1)**	(32.6)
Purchases of intangible assets		**(7.9)**	(7.8)
Sale of property, plant and equipment		**1.7**	14.8
Cash (used in)/generated from investing activities		**(47.7)**	65.2
Repayment of borrowings		**(771.0)**	(93.3)
Proceeds from borrowings		**500.0**	91.0
Movement in securitisation funding programme		**(100.3)**	24.3
Financing fees and other costs of finance		**(58.3)**	(27.5)
Proceeds from share issue		**353.4**	-
Share issue costs		**(13.3)**	-
Purchase of own shares		**(1.5)**	-
Cash used in financing activities		**(91.0)**	(5.5)
Net (decrease)/increase in cash and cash equivalents		**(135.3)**	147.2
Cash, cash equivalents and bank overdrafts at beginning of period/year		**157.0**	9.7
Exchange gains on cash and cash equivalents		**-**	0.1
Cash, cash equivalents and bank overdrafts at end of period/year	18	**21.7**	157.0

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Profit and loss reserve £m	Non-controlling interest £m	Total equity £m
At 1 January 2014		**24.0**	**1,124.7**	**404.7**	**(9.3)**	**(1,526.3)**	**0.1**	**17.9**
Loss for the period		**-**	**-**	**-**	**-**	**(123.6)**	**-**	**(123.6)**
Remeasurements of defined benefit liability	**16**	**-**	**-**	**-**	**-**	**379.3**	**-**	**379.3**
Deferred tax charge	**5**	**-**	**-**	**-**	**-**	**(75.8)**	**-**	**(75.8)**
Exchange differences on translation		**-**	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Other comprehensive income		**-**	**-**	**-**	**-**	**302.9**	**-**	**302.9**
Total comprehensive income		**-**	**-**	**-**	**-**	**179.3**	**-**	**179.3**
Shares issued		**58.6**	**295.0**	**-**	**-**	**-**	**-**	**353.6**
Cost of shares issued		**-**	**(13.3)**	**-**	**-**	**-**	**-**	**(13.3)**
Share-based payments		**-**	**-**	**-**	**-**	**2.8**	**-**	**2.8**
Disposal of non-controlling interest		**-**	**-**	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Realisation of merger reserve		**-**	**-**	**(53.0)**	**-**	**53.0**	**-**	**-**
At 4 April 2015		**82.6**	**1,406.4**	**351.7**	**(9.3)**	**(1,291.2)**	-	**540.2**
At 1 January 2013		24.0	1,124.7	587.5	(9.3)	(1,322.1)	0.1	404.9
Loss for the year		-	-	-	-	(245.9)	-	(245.9)
Remeasurements of defined benefit liability	16	-	-	-	-	(152.7)	-	(152.7)
Deferred tax credit	5	-	-	-	-	8.4	-	8.4
Exchange differences on translation		-	-	-	-	(0.3)	-	(0.3)
Other comprehensive losses		-	-	-	-	(144.6)	-	(144.6)
Total comprehensive losses		-	-	-	-	(390.5)	-	(390.5)
Share-based payments		-	-	-	-	3.5	-	3.5
Realisation of merger reserve		-	-	(182.8)	-	182.8	-	-
At 31 December 2013		24.0	1,124.7	404.7	(9.3)	(1,526.3)	0.1	17.9

Notes to the financial statements

1. Basis of preparation

The financial information in this announcement does not constitute the Group's statutory accounts for the period ended 4 April 2015 and year ended 31 December 2013, but is derived from those accounts. Statutory accounts for the year ended 31 December 2013 have been delivered to the Registrar of Companies and those for the period ended 4 April 2015 will be delivered following the Company's annual general meeting. The auditor has reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statements under s498(2) or (3) of Companies Act 2006 or equivalent preceding legislation.

The consolidated financial statements of Premier Foods plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and therefore comply with Article 4 of the EU IAS Regulation, and the Companies Act 2006 applicable to Companies reporting under IFRS and on the historical cost basis. The Company expects to publish full financial statements that comply with IFRSs in June 2015.

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 the current reporting period are made up from 1 January 2014 to 4 April 2015 in order to align with the new year end. Therefore, the amounts presented in the current reporting period for the 15 months ended 4 April 2015 are not directly comparable with the amounts presented for the 12 months ended 31 December 2013.

The Group has reclassified certain commercial costs from selling, marketing and distribution costs into revenue during the period, in order to better reflect the costs directly associated with revenue generation. This resulted in a restatement of £13.2m in the prior year comparatives.

Basis for preparation of financial statements on a going concern basis

The Group completed a capital restructure during the period, which included a fully underwritten equity offering of £353m (gross of fees) through a placing and rights issue, the issue of £500m senior secured loan notes and a new £272m revolving credit facility. This facility includes net debt/EBITDA and EBITDA/interest covenants. In the event these covenants are not met then the Group would be in breach of its financing agreement and, as would be the case in any covenant breach, the banking syndicate could withdraw funding to the Group. The Group was in compliance with its covenant tests as at 30 June 2014, 31 December 2014 and 4 April 2015. The Group's forecasts, taking into account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities including covenant tests. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Critical accounting policies, estimates and judgements

The following are areas of particular significance to the Group's financial statements and include the use of estimates and the application of judgement, which is fundamental to the compilation of a set of financial statements.

Employee benefits

The present value of the Group's defined benefit pension obligations depends on a number of actuarial assumptions. The primary assumptions used include the discount rate applicable to scheme liabilities, the long-term rate of inflation and estimates of the mortality applicable to scheme members.

At each reporting date, and on a continuous basis, the Group reviews the macro-economic, Company and scheme specific factors influencing each of these assumptions, using professional advice, in order to record the Group's ongoing commitment and obligation to defined benefit schemes in accordance with IAS 19 (Revised). Key assumptions used are mortality rates, discount rates and inflation set with reference to bond yields. Each of the underlying assumptions is set out in more detail in note 16.

Goodwill and other intangible assets

Impairment reviews in respect of goodwill are performed annually unless an event indicates that an impairment review is necessary. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows. The recoverable amounts of cash-generating units ("CGUs") are determined based on the higher of net realisable value and value in use calculations. These calculations require the use of estimates.

The Group has considered the impact of the assumptions used on the calculations and has conducted sensitivity analysis on the impairment tests of the CGUs carrying values.

Acquired brands, trademarks and licences are considered to have finite lives that range from 20 to 40 years for brands and trademarks and 10 years for licences. The determination of the useful lives takes into account certain quantitative factors such as sales expectations and growth prospects, and also many qualitative factors such as history and heritage, and market positioning, hence the determination of useful lives are subject to estimates and judgement.

Advertising and promotion costs

Sales rebates and discounts are accrued on each relevant promotion or customer agreement and are charged to the statement of profit or loss at the time of the relevant promotion as a deduction from revenue. Accruals for each individual promotion or rebate arrangement are based on the type and length of promotion and nature of customer agreement. At the time an accrual is made the nature and timing of the promotion is typically known. Areas of estimation are sales volume/activity and the amount of product sold on promotion.

For short term promotions, the Group performs a true up of estimates where necessary on a monthly basis, using real time sales information where possible and finally on receipt of a customer claim which typically follows 1-2 months after the end of a promotion. For longer term discounts and rebates the Group uses actual and forecast sales to estimate the level of rebate. These accruals are updated monthly based on latest actual and forecast sales.

Expenditure on advertising is charged to the statement of profit or loss when incurred, except in the case of airtime costs when a particular campaign is used more than once. In this case they are charged in line with the airtime profile.

Deferred tax

When assessing whether the recognition of a deferred tax asset can be justified, and if so at what level, the directors take into account the following:

- Projected profits or losses included in the latest management approved forecast and other relevant information that allow profits chargeable to corporation tax to be derived
- The total level of recognised and unrecognised losses that can be used to reduce future forecast taxable profits
- The period over which there is sufficient certainty that profits can be made that would support the recognition of an asset

Further disclosures of the amounts recognised (and unrecognised) are contained within note 5.

3. Segmental analysis

IFRS 8 requires operating segments to be determined based on the Group’s internal reporting to the CODM. The CODM has been determined to be the Chief Executive Officer and Chief Financial Officer as they are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The Group's operating segments have changed during the period as a result of an internal reorganisation and are now defined as 'Grocery' and 'Sweet Treats'. The Grocery segment, which has been redefined in the period, primarily sells savoury ambient food products and the Sweet Treats segment sells sweet ambient food products.

The CODM uses divisional contribution as the key measure of the segments’ results. The definition of divisional contribution has changed in the period to include selling costs and is now defined as gross profit after selling, marketing and distribution costs. Divisional contribution is a consistent measure within the Group and reflects the segments’ underlying trading performance for the period under evaluation. The prior year comparatives have been restated to reflect this and the change of operating segments.

The Group uses trading profit to review overall group profitability. Trading profit is defined as operating profit before re-financing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39, profits and losses from associates, and pension administration costs and net interest on the net defined benefit liability.

The segment results for the period ended 4 April 2015 and for the year ended 31 December 2013 and the reconciliation of the segment measures to the respective statutory items are as follows:

	Period ended 4 Apr 2015		
	Grocery £m	**Sweet Treats £m**	**Continuing operations £m**
Revenue	**699.6**	**264.7**	**964.3**
Divisional contribution	**179.6**	**16.8**	**196.4**
Group and corporate costs			**(46.2)**
Trading profit			**150.2**
Amortisation of intangible assets			**(47.6)**
Fair value movements on foreign exchange and other derivative contracts			**(0.6)**
Restructuring costs associated with divestment activity			**(8.2)**
Net interest on pensions and administrative expenses			**(48.0)**
Operating profit before impairment and loss on disposal of operations			**45.8**
Impairment of goodwill and property, plant and equipment			**(83.9)**
Loss on disposal of operations			**(6.0)**
Operating loss			**(44.1)**
Finance cost			**(82.5)**
Finance income			**1.8**
Net movement on fair valuation of interest rate financial instruments			**(1.2)**
Share of loss from associates			**(9.6)**
Loss before taxation from continuing operations			**(135.6)**
Depreciation	**(10.1)**	**(8.4)**	**(18.5)**

	Year ended 31 Dec 2013 (Restated)[1]		
	Grocery £m	Sweet Treats £m	Continuing operations £m
Revenue	615.4	227.6	843.0
Divisional contribution	158.5	19.7	178.2
Group and corporate costs			(38.7)
Trading profit			139.5
Amortisation of intangible assets			(43.8)
Fair value movements on foreign exchange and other derivative contracts			(1.9)
Restructuring costs associated with divestment activity			(7.3)
Re-financing costs			(0.2)
Net interest on pensions and administrative expenses			(31.3)
Operating profit before loss on disposal of operations			55.0
Loss on disposal of operations			(2.4)
Operating profit			52.6
Finance cost			(62.2)
Finance income			2.4
Net movement on fair valuation of interest rate financial instruments			11.6
Profit before taxation from continuing operations			4.4
Depreciation	(10.9)	(6.4)	(17.3)

[1] Comparatives have been restated to reflect the reclassification of certain commercial costs from selling, marketing and distribution costs into revenue.

Revenues in the period ended 4 April 2015, on a continuing basis, from the Group's four principal customers, which individually represent over 10% of total revenue, are £224.4m, £161.2m, £122.4m and £113.6m (Year ended 31 December 2013: £173.4m, £140.0m, £114.1m and £87.3m).

Inter-segment transfers or transactions are entered into under the same terms and conditions that would be available to unrelated third parties.

The Group primarily supplies the UK market, although it also supplies certain products to other European countries and a number of other countries. The following table provides an analysis of the Group's revenue, which is allocated on the basis of geographical market destination, and an analysis of the Group's non-current assets by geographical location.

Revenue - continuing operations

	Period ended 4 Apr 2015 **£m**	Year ended 31 Dec 2013 (Restated)[1] £m
United Kingdom	**925.0**	808.1
Other Europe	**23.4**	21.7
Rest of world	**15.9**	13.2
Total	**964.3**	843.0

[1] Comparatives have been restated to reflect the reclassification of certain commercial costs from selling, marketing and distribution costs into revenue.

Non-current assets

	As at 4 Apr 2015 £m	As at 31 Dec 2013 £m
United Kingdom	**1,676.4**	1,558.4

4. Finance income and costs

	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Interest payable on bank loans and overdrafts	**(7.8)**	(7.7)
Interest payable on term facility	**(7.2)**	(17.4)
Interest payable on senior secured notes	**(32.3)**	-
Interest payable on revolving facility	**(7.0)**	(5.8)
Interest payable on interest rate derivatives	**(2.9)**	(7.2)
Other interest receivable/(payable)	**0.3**	(1.4)
Amortisation of debt issuance costs	**(4.3)**	(6.4)
Deferred fees[1]	**(6.7)**	(16.3)
	(67.9)	(62.2)
Write off of financing costs[2]	**(14.6)**	-
Total finance cost	**(82.5)**	(62.2)
Interest receivable on bank deposits	**1.8**	2.4
Total finance income	**1.8**	2.4
Movement on fair valuation of interest rate derivatives	**(1.2)**	11.6
Net finance cost	**(81.9)**	(48.2)

[1] Relates to accrual of deferred interest relating to the Group's previous financing arrangements.

[2] Relates to the write-off of debt issuance costs relating to the Group's previous financing arrangements.

The net movement on fair valuation of interest rate financial instruments relates to a £1.2m adverse movement on interest rate swaps held (2013: £11.6m favourable).

5. Taxation

Current tax

	Continuing operations £m	Discontinued operations £m	Total £m
2014/15			
Deferred tax			
- Current year	**42.3**	**2.1**	**44.4**
- Prior years	**0.6**	**-**	**0.6**
Income tax credit for the period	**42.9**	**2.1**	**45.0**
2013			
Deferred tax			
- Current year	(52.7)	37.9	(14.8)
- Prior years	3.2	-	3.2
- Adjustment to restate opening deferred tax at 20.0%	(1.6)	5.6	4.0
Income tax (charge)/credit for the year	(51.1)	43.5	(7.6)

As a result of the 2013 Finance Act provision to reduce the UK corporation tax rate from 23% to 21% from 1 April 2014 the applicable rate of corporation tax for the period is 21.4%. As a result of the 2013 Finance Act provision to reduce the UK corporation tax rate to 20% from 1 April 2015 deferred tax balances have been restated at 20%, the rate at which they are expected to reverse.

Tax relating to items recorded in other comprehensive income for continuing operations was:

	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Deferred tax charge on reduction of corporate tax rate	**-**	(13.3)
Deferred tax (charge)/credit on pension movements	**(75.8)**	28.3
Deferred tax charge on losses	**-**	(6.6)
	(75.8)	8.4

The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 21.4% (2013: 23.25%). The reasons for this are explained below:

	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
(Loss)/profit before taxation for continuing operations	**(135.6)**	4.4
Tax credit/(charge) at the domestic income tax rate of 21.4% (2013: 23.25%)	**29.0**	(1.0)
Tax effect of:		
Non-deductible items	**(1.0)**	(0.3)
Other disallowable items	**(1.3)**	(0.5)
Impairment of goodwill	**(14.5)**	-
Share of loss from associates	**(2.1)**	-
Previously unrecognised advanced capital allowances	**(9.6)**	-
Adjustment for share-based payments	**(1.0)**	(1.0)
Previously unrecognised losses utilised	**7.3**	3.3
Capital gain on disposal of business	**-**	(3.3)
Adjustment due to current period/year deferred tax being provided at 20.0% (2013: 20%)	**(1.1)**	0.4
Movements in losses recognised	**36.6**	(52.2)
Adjustment to restate opening deferred tax at 20% (2013: 20%)	**-**	(1.6)
Adjustments to prior years	**0.6**	3.2
Deferred tax released on disposal of properties	**-**	1.9
Income tax credit/(charge)	**42.9**	(51.1)

Deferred tax

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset/(liability) arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled. In all cases this is 20% (2013: 20%) except for an asset of £2.0m (2013: £0.5m) relating to Irish retirement benefit obligations where the local rate of 12.5% has been used.

	2014/15 £m	2013 £m
At 1 January	**72.7**	71.9
Credited/(charged) to the statement of profit or loss	**45.0**	(7.6)
(Charged)/credited to other comprehensive income	**(75.8)**	8.4
At 4 April / 31 December	**41.9**	72.7

Due to the level of taxable profits anticipated the Group has not recognised deferred tax assets of £14.9m (2013: £14.9m) relating to capital losses, £43.0m (2013: £95.9m) relating to UK corporation tax losses and £24.9m (2013: £24.9m) relating to ACT. Under current legislation these losses can generally be carried forward indefinitely.

Deferred tax liabilities	Intangibles £m	Other £m	Total £m
At 1 January 2013	(100.0)	(4.6)	(104.6)
Prior year restatement of opening balances	11.4	0.6	12.0
Current year credit	3.8	-	3.8
Prior year charge	(0.3)	-	(0.3)
Deferred tax credit on discontinued activities	12.1	-	12.1
At 31 December 2013	**(73.0)**	**(4.0)**	**(77.0)**
Current period credit	**3.1**	**-**	**3.1**
Prior year charge	**0.1**	**-**	**0.1**
At 4 April 2015	**(69.8)**	**(4.0)**	**(73.8)**

Deferred tax assets	Accelerated tax depreciation £m	Retirement benefit obligation £m	Share based payments £m	Financial instruments £m	Losses £m	Other £m	Total £m
At 1 January 2013	(6.2)	106.0	0.3	47.9	28.5	-	176.5
Prior year restatement of opening balances							
- To statement of profit or loss	(3.2)	(1.2)	(0.1)	(6.3)	(2.8)	-	(13.6)
- To other comprehensive income	-	(12.3)	-	-	(1.0)	-	(13.3)
Current year credit/(charge)	3.5	(0.5)	0.7	(1.9)	(58.3)	-	(56.5)
Prior year credit/(charge)	-	0.4	0.1	(37.2)	40.2	-	3.5
Credited/(charged) to other comprehensive income	-	28.3	-	-	(6.6)	-	21.7
Deferred tax credit on discontinued activities	31.4	-	-	-	-	-	31.4
At 31 December 2013	**25.5**	**120.7**	**1.0**	**2.5**	**-**	**-**	**149.7**
Current period (charge)/credit	**(5.0)**	**(2.0)**	**(0.4)**	**0.4**	**41.9**	**4.3**	**39.2**
Prior year credit							
- To statement of profit or loss	**0.2**	**0.1**	**0.2**	**-**	**-**	**-**	**0.5**
- To other comprehensive income	**-**	**0.8**	**-**	**-**	**-**	**-**	**0.8**
Charged to other comprehensive income	**-**	**(76.6)**	**-**	**-**	**-**	**-**	**(76.6)**
Deferred tax credit on discontinued activities	**2.1**	**-**	**-**	**-**	**-**	**-**	**2.1**
At 4 April 2015	**22.8**	**43.0**	**0.8**	**2.9**	**41.9**	**4.3**	**115.7**

Net deferred tax asset	£m
At 4 April 2015	**41.9**
At 31 December 2013	72.7

Where there is a legal right of offset and an intention to settle as such, deferred tax assets and liabilities may be presented on a net basis. This is the case for most of the Group's deferred tax balances and therefore they have been offset in the tables above. Substantial elements of the Group's deferred tax assets and liabilities, primarily relating to the defined benefit pension obligation, are greater than one year in nature.

6. Earnings/(loss) per share

Basic loss per share has been calculated by dividing the loss attributable to owners of the parent of £123.6m (2013: £245.9m loss) by the weighted average number of ordinary shares of the Company.

	Period ended 4 Apr 2015			Year ended 31 Dec 2013 (Restated)[1]		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Continuing operations						
Loss after tax (£m)	**(92.7)**		**(92.7)**	(46.7)		(46.7)
Weighted average number of shares (m)	**731.4**	**-**	**731.4**	366.1	-	366.1
Loss per share (pence)	**(12.7)**	**-**	**(12.7)**	(12.8)	-	(12.8)
Discontinued operations						
Loss after tax (£m)	**(30.9)**		**(30.9)**	(199.2)		(199.2)
Weighted average number of shares (m)	**731.4**	**-**	**731.4**	366.1	-	366.1
Loss per share (pence)	**(4.2)**	**-**	**(4.2)**	(54.4)	-	(54.4)
Total						
Loss after tax (£m)	**(123.6)**		**(123.6)**	(245.9)		(245.9)
Weighted average number of shares (m)	**731.4**	**-**	**731.4**	366.1	-	366.1
Loss per share (pence)	**(16.9)**	**-**	**(16.9)**	(67.2)	-	(67.2)

[1] Comparatives have been restated to reflect the dilutive effect of the rights issue in the period

Dilutive effect of share options

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only dilutive potential ordinary shares of the Company are share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options.

No adjustment is made to the profit or loss in calculating basic and diluted earnings per share.

	2014/15 **Number**	2013 (Restated)[1] Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**731,390,308**	366,149,872
Effect of dilutive potential ordinary shares:		
- Share options	**1,906,379**	692,235
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**733,296,687**	366,842,107

[1] Comparatives have been restated to reflect the dilutive effect of the rights issue in the period

Given that the Group made a loss in the period there is no dilutive effect of share options.

Adjusted earnings per share ("Adjusted EPS")

Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 21.4% (2013: 23.25%) divided by the weighted average number of ordinary shares of the Company.

Net regular interest is defined as net finance costs after excluding write-off of financing costs, fair value adjustments on interest rate financial instruments and other interest.

Trading profit and Adjusted EPS have been reported as the directors believe these provide an alternative measure by which the shareholders can better assess the Group's underlying trading performance.

	Period ended 4 Apr 2015
	Continuing operations £m
Operating loss	**(44.1)**
Impairment of goodwill and property, plant and equipment	**83.9**
Loss on disposal of operations	**6.0**
Operating profit before impairment and loss on disposal of operations	**45.8**
Net interest on pension and administrative expenses	**48.0**
Fair value movements on foreign exchange and other derivative contracts	**0.6**
Amortisation of intangible assets	**47.6**
Restructuring costs associated with divestment activity	**8.2**
Trading profit	**150.2**
Less net regular interest	**(66.4)**
Adjusted profit before tax	**83.8**
Notional tax at 21.4%	**(17.9)**
Adjusted profit after tax	**65.9**
Average shares in issue (m)	**731.4**
Adjusted EPS (pence)	**9.0**
Net regular interest	
Net finance cost	**(81.9)**
Exclude fair value adjustments on interest rate financial instruments	**1.2**
Exclude write off of financing costs	**14.6**
Exclude other interest	**(0.3)**
Net regular interest	**(66.4)**

	Year ended 31 Dec 2013 (Restated)[1] Continuing operations £m
Operating profit	52.6
Loss on disposal of operations	2.4
Operating profit before loss on disposal of operations	55.0
Net interest on pension and administrative expenses	31.3
Fair value movements on foreign exchange and other derivative contracts	1.9
Amortisation of intangible assets	43.8
Restructuring costs associated with divestment activity	7.3
Re-financing costs	0.2
Trading profit	139.5
Less net regular interest	(58.4)
Adjusted profit before tax	81.1
Notional tax at 23.25%	(18.9)
Adjusted profit after tax	62.2
Average shares in issue (m)	366.1
Adjusted EPS (pence)	17.0
Net regular interest	
Net finance cost	(48.2)
Exclude fair value adjustments on interest rate financial instruments	(11.6)
Exclude other interest	1.4
Net regular interest	(58.4)

[1] Comparatives have been restated to reflect the dilutive effect of the rights issue in the period

7. Discontinued operations

Income and expenditure incurred on discontinued operations during the period comprises the Bread business, in light of the completion of the sale of the Group's majority share in this business on 26 April 2014.

	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Revenue	**177.5**	654.6
Operating expenses	**(188.6)**	(662.9)
Operating loss before impairment and loss on disposal of operations	**(11.1)**	(8.3)
Impairment	**(10.9)**	(234.4)
Loss on disposal of operations	**(8.6)**	-
Operating loss	**(30.6)**	(242.7)
Finance cost	**(2.4)**	-
Loss before taxation	**(33.0)**	(242.7)
Taxation credit	**2.1**	43.5
Loss after taxation from discontinued operations	**(30.9)**	(199.2)

During the period, discontinued operations contributed to a net outflow of £7.8m (2013: £14.7m inflow) to the Group's operating cash flows, a net inflow of £5.7m (2013: £3.8m inflow) to investing activities and £nil (2013: £nil) to financing activities.

8. Disposal of businesses

On 26 April 2014 the Group completed the transaction with the Gores Group which led to the disposal of the Group's majority share in the Bread business. The Bread business is classified as a discontinued operation for the period up to the date of sale and the loss on disposal is included in discontinued operations. The investment in associates of £14.4m has been recognised at the fair value of the 49% retained share in the Bread business, based on the initial cash consideration of £15.0m being received for 51% of the business.

On 28 June 2014 the Group completed the transaction with Specialty Powders Holdings Limited which led to the disposal of the Group's majority share in the Powdered Beverages and Desserts business. This is not a discontinued operation as it was previously integrated and reported as part of the Grocery business. The loss on disposal is included within continuing operations. The investment in associates and loans to associates totalling £13.1m have been recognised at the fair value of the assets that transferred to the associate as part of the disposal transaction.

	Bread £m	**Powdered Beverages and Desserts £m**
Net cash flow arising on disposal:		
Initial consideration	**15.0**	**-**
Working capital adjustments and transaction costs	**(12.7)**	**(0.7)**
Net cash inflow/(outflow) for the period	**2.3**	**(0.7)**
Property, plant and equipment	**3.5**	**13.9**
Inventories	**22.5**	**4.5**
Trade and other receivables	**0.6**	**-**
Trade and other payables	**(1.3)**	**-**
Net assets disposed	**25.3**	**18.4**
Investments in associates	**14.4**	**9.6**
Loans to associates	**-**	**3.5**
Loss on disposal before tax	**(8.6)**	**(6.0)**

9. Property, plant and equipment

An impairment charge of £16.0m was recognised in the first half of 2014/15 against property, plant and equipment relating to a reduction in the recoverable value of certain assets in the Grocery business.

An impairment charge of £155.5m was recognised in 2013 against property, plant and equipment due to the write down of the Bread business to fair value less costs to sell in light of the announcement of the conditional sale of the Group's majority share in this business on 27 January 2014.

10. Goodwill

A total impairment charge of £83.9m was recognised in continuing operations in 2014/15, comprising goodwill allocated to the Sweet Treats CGU (£67.9m) and property, plant and equipment relating to a reduction in the recoverable value of certain assets in the Grocery business (£16.0m).

A total impairment charge of £234.4m was recognised in 2013 primarily against property, plant and equipment and other intangible assets allocated to the Bread CGU. This was due to the write down of the Bread business to fair value less costs to sell in light of the announcement of the conditional sale of the Group's majority share in this business on 27 January 2014.

11. Other intangible assets

An impairment charge of £6.8m was recognised in discontinued operations in 2014/15 due to the write down of software associated with the Bread business.

An impairment charge of £66.9m was recognised in 2013 against other intangible assets due to the write down of the Bread business to fair value less costs to sell in light of the announcement of the conditional disposal of the Group's majority share in this business on 27 January 2014.

12. Investments in associates

The Group disposed of its majority interest in the Bread business and Powdered Beverages and Desserts business in the period, as disclosed in note 8. The Group's 49% retained interest in the share capital of these businesses has been recognised as an investment in associates and the carrying value of these investments are given in the table below.

	Hovis Limited	Knighton Foods Limited	Total
	£m	**£m**	**£m**
At 1 January 2014	**-**	**-**	**-**
Additions	**14.4**	**9.6**	**24.0**
Share of loss from associates	**(8.9)**	**(0.7)**	**(9.6)**
At 4 April 2015	**5.5**	**8.9**	**14.4**

13. Loans to associates

The Group issued a loan note to Hovis Limited for £15.7m in the period. The value at 4 April 2015 of £17.1m includes interest accrued to date. As part of the Powdered Beverages and Desserts business disposal transaction, the Group holds a promissory note from Knighton Foods of £3.5m. The value at 4 April 2015 of £3.7m includes interest accrued to date.

	Hovis Limited	Knighton Foods Limited	Total
	£m	**£m**	**£m**
At 1 January 2014	**-**	**-**	**-**
Additions	**15.7**	**3.5**	**19.2**
Interest receivable	**1.4**	**0.2**	**1.6**
At 4 April 2015	**17.1**	**3.7**	**20.8**

14. Bank and other borrowings

	As at 4 Apr 2015 £m	As at 31 Dec 2013 £m
Current:		
Secured senior credit facility – revolving	-	(17.6)
Transaction costs	-	0.3
	-	(17.3)
Secured senior credit facility – term	-	(32.4)
Transaction costs	-	0.6
	-	(31.8)
Bank overdrafts	**(23.0)**	-
Total bank borrowings due within one year	**(23.0)**	(49.1)
Securitisation facility	**(19.7)**	(120.0)
Transaction costs	**0.7**	-
	(19.0)	(120.0)
Total borrowings due within one year	**(42.0)**	(169.1)
Non-current:		
Secured senior credit facility – revolving	**(113.0)**	(186.9)
Transaction costs	**8.3**	3.4
	(104.7)	(183.5)
Secured senior credit facility – term	-	(647.1)
Transaction costs	-	11.9
	-	(635.2)
Senior secured notes	**(500.0)**	-
Transaction costs	**17.1**	-
	(482.9)	-
Total borrowings due after more than one year	**(587.6)**	(818.7)
Total bank and other borrowings	**(629.6)**	(987.8)

Following completion of the capital restructuring in 2014, the Group's previous term loan and revolving credit facilities were repaid to the respective lenders and replaced by a revolving credit facility and senior secured notes.

Revolving credit facility
The revolving credit facility of £272m is due to mature in March 2019 and attracts an initial bank margin of 3.50% above LIBOR. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.

The Group entered into a three year floating to fixed interest rate swap in June 2014, with a nominal value of £150m amortising to £50m, attracting a swap rate of 1.44%.

Securitisation facility
The debtor's securitisation facility is secured against the Group's trade receivables. It is a three year programme maturing in December 2016, with a £120m facility priced at 2.75% above the cost of commercial paper.

Senior secured notes
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.

15. Provisions for liabilities and charges

Provisions for liabilities and charges comprise restructuring and other provisions. Restructuring provisions at 4 April 2015 and 31 December 2013 primarily relate to provisions for non-operational leasehold properties. Other provisions at 4 April 2015 and 31 December 2013 primarily relate to insurance claims, dilapidations against leasehold properties and environmental liabilities. The costs relating to certain non-operational leasehold properties and dilapidation provisions will be incurred over a number of years in accordance with the length of the leases. These provisions have been discounted at rates between 0.47% and 2.55%. The unwinding of the discount is charged to the statement of profit or loss under interest payable.

16. Retirement benefit schemes

Defined benefit schemes

The Group operates a number of defined benefit schemes under which current and former employees have built up an entitlement to pension benefits on their retirement. These are as follows:

(a) The Premier schemes, which comprise:

Premier Foods Pension Scheme (“PFPS”)
Premier Grocery Products Pension Scheme (“PGPPS”)
Premier Grocery Products Ireland Pension Scheme (“PGPIPS”)
Chivers 1987 Pension Scheme
Chivers 1987 Supplementary Pension Scheme.

(b) The RHM schemes, which comprise:

RHM Pension Scheme
Premier Foods Ireland Pension Scheme

The most recent full actuarial valuation of the PFPS, the PGPPS and RHM pension schemes was carried out on 31 March 2013 / 5 April 2013 to establish ongoing funding arrangements. Deficit recovery plans have been agreed with the Trustees of each of the schemes. Actuarial valuations for the schemes based in Ireland took place during the course of 2014.

The exchange rates used to translate the overseas euro based schemes are £1.00 = €1.2636 for the average rate during the period, and £1.00 = €1.3678 for the closing position at 4 April 2015.

On 30 September 2013 the Group’s UK defined benefit pension schemes closed to future accrual. The future pension provision for these members is now made through the Group’s defined contribution pension scheme. In accordance with IAS 19 (Revised), the scheme obligations were re-valued by the scheme actuaries immediately prior to the change and assumptions reviewed at that date. The resulting change of £18.2m was credited to the income statement within past service costs.

At the balance sheet date, the combined principal actuarial assumptions used for all the schemes were as follows:

	Premier schemes	RHM schemes
At 4 April 2015		
Discount rate	**3.30%**	**3.30%**
Inflation – RPI	**3.00%**	**3.00%**
Inflation – CPI	**1.90%**	**1.90%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.00%**	**2.00%**
At 31 December 2013		
Discount rate	4.40%	4.40%
Inflation – RPI	3.35%	3.35%
Inflation – CPI	2.35%	2.35%
Expected salary increases	n/a	n/a
Future pension increases	2.15%	2.15%

For the smaller overseas schemes the discount rate used was 1.40% (2013: 3.50%) and future pension increases were 1.50% (2013: 1.75%).

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are as follows:

	Premier schemes	RHM schemes
Life expectancy at 4 April 2015		
Male pensioner, currently aged 65	**87.8**	**86.4**
Female pensioner, currently aged 65	**90.1**	**88.6**
Male non-pensioner, currently aged 45	**89.2**	**87.7**
Female non-pensioner, currently aged 45	**91.6**	**90.1**
Life expectancy at 31 December 2013		
Male pensioner, currently aged 65	87.8	86.3
Female pensioner, currently aged 65	90.0	88.5
Male non-pensioner, currently aged 45	89.2	87.6
Female non-pensioner, currently aged 45	91.5	90.0

A sensitivity analysis on the principal assumptions used to measure the scheme liabilities at the period end is as follows:

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £78m/£81m
Inflation	Increase/decrease by 0.1%	Increase/decrease by £34m/£33m
Assumed life expectancy at age 60 (rate of mortality)	Increase by 1 year	Increase by £140m

The sensitivity information has been derived using projected cash flows for the Schemes valued using the relevant assumptions and membership profile as at 4 April 2015. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

The fair values of plan assets split by type of asset are as follows:

	Premier schemes £m	% of total %	RHM schemes £m	% of total %	Total £m	% of total
Assets with a quoted price in an active market at 4 April 2015:						
UK equities	**0.9**	**0.1**	**51.7**	**1.4**	**52.6**	**1.2**
Global equities	**21.4**	**3.5**	**274.5**	**7.5**	**295.9**	**7.0**
Government bonds	**21.4**	**3.5**	**526.1**	**14.5**	**547.5**	**12.9**
Corporate bonds	**4.4**	**0.7**	**325.4**	**8.9**	**329.8**	**7.8**
Property	**7.5**	**1.3**	**252.5**	**7.0**	**260.0**	**6.1**
Absolute return products	**391.0**	**63.8**	**941.9**	**25.9**	**1,332.9**	**31.4**
Cash	**13.8**	**2.3**	**280.6**	**7.7**	**294.4**	**6.9**
Other	**152.1**	**24.8**	**-**	**-**	**152.1**	**3.6**
Assets without a quoted price in an active market at 4 April 2015:						
Infrastructure funds	**-**	**-**	**196.6**	**5.4**	**196.6**	**4.6**
Swaps	**-**	**-**	**430.0**	**11.9**	**430.0**	**10.1**
Private equity	**-**	**-**	**250.9**	**6.9**	**250.9**	**5.9**
Other	**-**	**-**	**105.8**	**2.9**	**105.8**	**2.5**
Fair value of scheme assets as at 4 April 2015	**612.5**	**100**	**3,636.0**	**100**	**4,248.5**	**100**
Assets with a quoted price in an active market at 31 December 2013:						
UK equities	0.9	0.2	46.6	1.7	47.5	1.5
Global equities	19.3	3.6	232.9	8.8	252.2	7.8
Government bonds	12.1	2.3	503.6	18.7	515.7	16.0
Corporate bonds	60.3	11.3	323.8	12.1	384.1	11.9
Property	0.9	0.2	180.8	6.7	181.7	5.6
Absolute return products	370.2	69.7	898.0	33.4	1,268.2	39.4
Cash	9.1	1.7	183.2	6.8	192.3	6.0
Other	58.6	11.0	0.1	-	58.7	1.8
Assets without a quoted price in an active market at 31 December 2013:						
Infrastructure funds	-	-	193.5	7.2	193.5	6.0
Swaps	-	-	(116.6)	(4.3)	(116.6)	(3.6)
Private equity	-	-	190.2	7.1	190.2	5.9
Other	-	-	50.9	1.8	50.9	1.7
Fair value of scheme assets as at 31 December 2013	531.4	100	2,687.0	100	3,218.4	100

The RHM scheme invests directly in interest rate and inflation swaps to protect from fluctuations in interest rates and inflation.

The amounts recognised in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes are as follows:

	Premier schemes £m	**RHM schemes £m**	**Total £m**
At 4 April 2015			
Present value of funded obligations	**(1,065.9)**	**(3,394.4)**	**(4,460.3)**
Fair value of plan assets	**612.5**	**3,636.0**	**4,248.5**
(Deficit)/surplus in schemes	**(453.4)**	**241.6**	**(211.8)**
At 31 December 2013			
Present value of funded obligations	(916.9)	(2,904.8)	(3,821.7)
Fair value of plan assets	531.4	2,687.0	3,218.4
Deficit in schemes	(385.5)	(217.8)	(603.3)

The aggregate deficit has decreased by £391.5m during the period (2013: £136.5m increase) primarily due to asset performance in the RHM schemes offset by the impact of a decrease in the discount rate on the defined benefit obligations.

Changes in the present value of the defined benefit obligation were as follows:

	Premier schemes £m	**RHM schemes £m**	**Total £m**
Defined benefit obligation at 1 January 2013	(871.1)	(2,805.0)	(3,676.1)
Current service cost	(3.4)	(7.6)	(11.0)
Past service credit	17.7	18.3	36.0
Interest cost	(37.3)	(121.3)	(158.6)
Remeasurement losses	(56.6)	(118.4)	(175.0)
Exchange differences	(1.3)	(0.4)	(1.7)
Contributions by plan participants	(2.2)	(4.0)	(6.2)
Benefits paid	37.3	133.6	170.9
Defined benefit obligation at 31 December 2013	**(916.9)**	**(2,904.8)**	**(3,821.7)**
Current service cost	**(0.1)**	**-**	**(0.1)**
Interest cost	**(49.4)**	**(156.5)**	**(205.9)**
Remeasurement losses	**(149.4)**	**(521.5)**	**(670.9)**
Exchange differences	**6.6**	**3.5**	**10.1**
Benefits paid	**43.3**	**184.9**	**228.2**
Defined benefit obligation at 4 April 2015	**(1,065.9)**	**(3,394.4)**	**(4,460.3)**

Changes in the fair value of plan assets were as follows:

	Premier schemes £m	RHM schemes £m	Total £m
Fair value of plan assets at 1 January 2013	535.9	2,673.4	3,209.3
Interest income on plan assets	22.9	116.1	139.0
Remeasurement gains	2.1	20.2	22.3
Administrative costs	(5.9)	(5.7)	(11.6)
Contributions by employer	10.8	12.1	22.9
Contributions by plan participants	2.2	4.0	6.2
Exchange differences	0.7	0.5	1.2
Benefits paid	(37.3)	(133.6)	(170.9)
Fair value of plan assets at 31 December 2013	**531.4**	**2,687.0**	**3,218.4**
Interest income on plan assets	**28.5**	**145.4**	**173.9**
Remeasurement gains	**81.7**	**968.5**	**1,050.2**
Administrative costs	**(7.8)**	**(8.1)**	**(15.9)**
Contributions by employer	**28.2**	**31.1**	**59.3**
Exchange differences	**(6.2)**	**(3.0)**	**(9.2)**
Benefits paid	**(43.3)**	**(184.9)**	**(228.2)**
Fair value of plan assets at 4 April 2015	**612.5**	**3,636.0**	**4,248.5**

The reconciliation of the net defined benefit (deficit)/surplus over the period is as follows:

	Premier schemes £m	RHM schemes £m	Total £m
Deficit in schemes at 1 January 2013	(335.2)	(131.6)	(466.8)
Amount recognised in profit or loss	(6.0)	(0.2)	(6.2)
Remeasurements recognised in other comprehensive income	(54.5)	(98.2)	(152.7)
Contributions by employer	10.8	12.1	22.9
Exchange rate (losses)/gains	(0.6)	0.1	(0.5)
Deficit in schemes at 31 December 2013	**(385.5)**	**(217.8)**	**(603.3)**
Amount recognised in profit or loss	**(28.8)**	**(19.2)**	**(48.0)**
Remeasurements recognised in other comprehensive income	**(67.7)**	**447.0**	**379.3**
Contributions by employer	**28.2**	**31.1**	**59.3**
Exchange rate gains	**0.4**	**0.5**	**0.9**
(Deficit)/surplus in schemes at 4 April 2015	**(453.4)**	**241.6**	**(211.8)**

Remeasurements recognised in the consolidated statement of comprehensive income are as follows:

	Premier schemes £m	RHM schemes £m	Total £m
2014/15			
Remeasurement loss on plan liabilities	**(149.4)**	**(521.5)**	**(670.9)**
Remeasurement gain on plan assets	**81.7**	**968.5**	**1,050.2**
Net remeasurement (loss)/gain for the period	**(67.7)**	**447.0**	**379.3**
2013			
Remeasurement loss on plan liabilities	(56.6)	(118.4)	(175.0)
Remeasurement gain on plan assets	2.1	20.2	22.3
Net remeasurement loss for the year	(54.5)	(98.2)	(152.7)

The actual return on plan assets was a £1,224.1m gain (2013: £161.3m gain), which is £1,050.2m more (2013: £22.3m more) than the interest income on plan assets of £173.9m (2013: £139.0m) at the start of the relevant periods.

The remeasurement loss on liabilities of £670.9m (2013: £175.0m loss) comprises a gain due to member experience of £1.8m (2013: £45.0m loss), a gain due to demographic assumptions of £5.3m (2013: £15.6m loss) and a loss due to changes in financial assumptions of £678.0m (2013: £114.4m loss).

The net remeasurement gain taken to the consolidated statement of comprehensive income was £379.3m (2013: £152.7m loss). This gain was £303.4m (2013: £124.4m loss) net of taxation (with tax at 20% for UK schemes, and 12.5% for Irish schemes).

With the change in financial year end the Group expects to contribute approximately £8m to its defined benefit plans in 2015/16 in relation to expenses and government levies and £6m of additional contributions to fund the scheme deficits. This is subject to final formal approval by the scheme trustees.

The total amounts recognised in the consolidated statement of profit or loss are as follows:

	Premier schemes £m	RHM schemes £m	Total £m
2014/15			
Operating profit			
Current service cost	**(0.1)**	**-**	**(0.1)**
Administrative costs	**(7.8)**	**(8.1)**	**(15.9)**
Net interest cost	**(20.9)**	**(11.1)**	**(32.0)**
Total	**(28.8)**	**(19.2)**	**(48.0)**
2013			
Operating profit			
Current service cost	(3.4)	(7.6)	(11.0)
Past service credit	17.7	18.3	36.0
Administrative costs	(5.9)	(5.7)	(11.6)
Net interest cost	(14.4)	(5.2)	(19.6)
Total	(6.0)	(0.2)	(6.2)

Defined contribution schemes

A number of companies in the Group operate defined contribution schemes, predominantly stakeholder arrangements. In addition a number of schemes providing life assurance benefits only are operated. The total expense recognised in the statement of profit or loss of £8.5m (2013: £3.4m) represents contributions payable to the plans by the Group at rates specified in the rules of the plans.

17. Other liabilities

	As at 4 Apr 2015 £m	As at 31 Dec 2013 £m
Deferred financing fees	**-**	(15.8)
Deferred income	**(12.8)**	(14.0)
Other accruals	**(0.2)**	(0.6)
Other liabilities	**(13.0)**	(30.4)

18. Notes to the cash flow statement

Reconciliation of (loss)/profit before tax to cash flows from operating activities

	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Continuing operations		
(Loss)/profit before taxation	**(135.6)**	4.4
Net finance cost	**81.9**	48.2
Share of loss from associates	**9.6**	-
Operating (loss)/profit	**(44.1)**	52.6
Depreciation of property, plant and equipment	**18.5**	17.3
Amortisation of intangible assets	**47.6**	43.8
Loss on disposal of businesses	**6.0**	2.4
Loss on disposal of property, plant and equipment	**2.5**	7.8
Impairment of property, plant and equipment	**16.0**	-
Impairment of intangible assets	**67.9**	-
Revaluation losses on financial instruments	**0.6**	1.9
Equity settled employee incentive schemes	**3.4**	4.1
(Increase)/decrease in inventories	**(11.2)**	5.0
Decrease in trade and other receivables	**23.6**	35.7
Decrease in trade and other payables and provisions	**(53.4)**	(45.6)
Movement in retirement benefit obligations	**(7.1)**	(16.3)
Cash generated from continuing operations	**70.3**	108.7
Discontinued operations	**(7.8)**	14.7
Cash generated from operating activities	**62.5**	123.4

Reconciliation of cash and cash equivalents to net borrowings

	Period ended 4 Apr 2015 £m	Year ended 31 Dec 2013 £m
Net (outflow)/inflow of cash and cash equivalents	**(135.3)**	147.2
Decrease in finance leases	**-**	0.4
Decrease/(increase) in borrowings	**401.7**	(21.4)
Other non-cash movements	**(20.5)**	(6.3)
Decrease in borrowings net of cash	**245.9**	119.9
Total net borrowings at beginning of period	**(830.8)**	(950.7)
Total net borrowings at end of period	**(584.9)**	(830.8)

Analysis of movement in borrowings

	As at 1 Jan 2014 £m	**Cash flows £m**	**Other non-cash movements £m**	**As at 4 Apr 2015 £m**
Bank overdrafts	-	(23.0)	-	**(23.0)**
Cash and bank deposits	157.0	(112.3)	-	**44.7**
Net cash and cash equivalents	157.0	(135.3)	-	**21.7**
Borrowings - term facilities	(679.5)	679.5	-	**-**
Borrowings - revolving credit facilities	(204.5)	91.5	-	**(113.0)**
Borrowings - senior secured notes	-	(500.0)	-	**(500.0)**
Securitisation facility	(120.0)	100.3	-	**(19.7)**
Gross borrowings net of cash[1]	(847.0)	236.0	-	**(611.0)**
Debt issuance costs	16.2	30.4	(20.5)	**26.1**
Total net borrowings[1]	(830.8)	266.4	(20.5)	**(584.9)**

[1] Borrowings excludes derivative financial instruments.

19. Contingencies

There were no material contingent liabilities at 4 April 2015.

20. Subsequent events

There were no subsequent events.