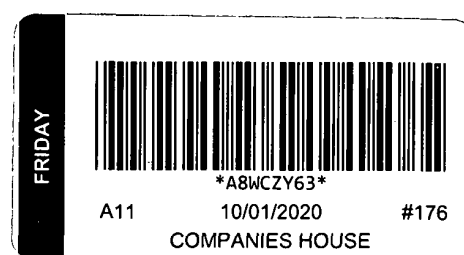


Boparan Finance Plc

Annual report and financial statements

For the 52 weeks ended 27 July 2019

Company registration no. 07594510



Boparan Finance Plc

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Boparan Finance Plc

Officers and professional advisers

Directors

B K Boparan
R S Boparan
M P Fletcher (resigned 31 July 2018)
R K O Kers
C A Tomkinson

Company secretary

C A Tomkinson

Registered office

Trinity Park House
Trinity Business Park
Fox Way
Wakefield
West Yorkshire
WF2 8EE

Bankers

Barclays Bank plc
1 The Headrow
Leeds
LS1 1JS

HSBC
1 Centenary Square
Birmingham
B1 1HQ

Goldman Sachs Bank USA
200 West Street
New York
NY 10282

The Royal Bank of Scotland plc
2 Whitehall Quay
Leeds
LS1 4HR

Independent auditor

Deloitte LLP
Statutory Auditor
1 City Square
Park Row
Leeds
LS1 2AL

Boparan Finance Plc

Strategic report

The directors present their strategic report for Boparan Finance Plc ("the Company") for the 52 weeks ended 27 July 2019.

Business overview and principal activities

The Company is a wholly owned subsidiary of the group headed by Boparan Holdings Limited ("the Group"). The principal activity of the Company is that of a financing vehicle for the Group.

To reflect the purpose of this Company, income received through Group financing is disclosed as turnover and costs paid on external borrowings are disclosed as a cost of sale. The external bond is disclosed as a long term creditor.

There have not been any significant changes in the Company's principal activities in the period under review or post period end.

The results are shown in the statement of income and retained earnings on page 13. The Company has made a loss for the period of £1,937,000 (2018: profit of £4,457,000).

Trading performance and key performance indicators

	52 weeks ended 27 July 2019 £'000	52 weeks ended 28 July 2018 £'000
Turnover	37,428	42,662
Gross loss margin	(5.2)%	(4.3)%
Loss before taxation	(1,958)	(1,848)

Turnover has decreased by £5,234,000 in the 52 weeks ended 27 July 2019 at £37,428,000, compared to £42,662,000 for the 52 weeks ended 28 July 2018.

The loss before taxation has increased by £110,000 from a loss of £1,848,000 in the prior period to a loss of £1,958,000 in the 52 weeks ended 27 July 2019. The movement in both turnover and cost of sales are primarily due to foreign exchange movements on the Company's Euro-denominated assets and liabilities.

The movement in the current tax credit of £21,000 versus the credit in the prior year of £6,305,000 is driven by an adjustment made in 2018 in relation to the Worldwide Debt Cap rules, which resulted in previously disallowed expenses now being deductible for tax for the first time in the prior year.

During the period the Company repaid £250m of Senior Loan Notes. The Company had net assets of £11,382,000 as at 27 July 2019 (2018: £13,319,000). The decrease in the net asset position is a result of the loss after taxation for the period.

There are no non-financial key performance indicators deemed appropriate for this Company, due to its principal activity being that of a financing vehicle.

Boparan Finance Plc

Strategic report (continued)

Principal risks and financial risk management

The principal risk facing the Company is the fulfilment of its obligations under the terms of its external bonds. These obligations include interest payments and also eventual repayment of the principal amounts on their respective due dates.

To mitigate its external interest rate exposure risk, the Company charges interest internally on funds loaned to other Group undertakings. The Company is therefore reliant on the trading performance of the Group.

The principal risks and uncertainties facing the Group are discussed in the annual report of Boparan Holdings Limited.

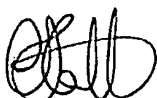
As the long term bond held by the Company is denominated in both Euros and Pounds sterling, the Company is also exposed to foreign exchange risk on the Euro element of the bonds due to exchange rate movements.

The foreign exchange risk on the principal and the related interest costs of the Euro bonds are hedged by on-lending in Euros to other Group undertakings, and by the wider Group through external cross currency swaps held by the parent company.

Future prospects

The directors consider the future prospects of the Company to be satisfactory and expect the current level of activity to continue in the foreseeable future.

By order of the Board



C A Tomkinson
Director

8 January 2020

Boparan Finance Plc

Directors' report

The directors present their annual report and audited financial statements for the 52 weeks ended 27 July 2019.

Directors

The directors who served during the period ended 27 July 2019 and up to the date of signing the financial statements are those listed on page 1.

Directors' indemnities

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

Dividends

No interim dividend was paid in the period (2018: £nil). The directors do not recommend the payment of a final dividend (2018: £nil).

Going concern

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

Further details regarding the adoption of the going concern basis can be found in note 1.

Financial risk management

The financial risks faced by the Company and the way these are managed are addressed within the Strategic report on pages 2 & 3.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the Company's activities. The Company operates in accordance with Group policies, which are described in the Group's annual report which does not form part of this annual report.

Employees

The Company has no employees other than directors. Details of the directors' emoluments can be found in note 5.

Future Developments

Details of future prospects of the Group can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Boparan Finance Plc

Directors' report (continued)

Auditor

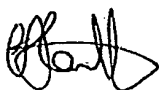
In the case of each of the persons who are directors of the Company at the date when this annual report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as the auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



C A Tomkinson
Director

8 January 2020

Boparan Finance Plc

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Boparan Finance Plc

Independent auditor's report to the members of Boparan Finance Plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Boparan Finance plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 27 July 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.



We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Recoverability of amounts due from group undertakings; and
- Going concern.

Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .

Materiality

The materiality that we used in the current year was £1.7m which was determined on the basis of 0.27% of total assets.

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant Changes in our approach

There have been no significant changes in our approach compared to the prior year.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Boparan Finance Plc

Independent auditor's report to the members of Boparan Finance Plc (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of amounts due from group undertakings

Key audit matter description

Amounts due from group undertakings are stated in the balance sheet at £26,060,000 (2018: £878,660,000), with £599,567,000 (2018: £596,762,000) due after more than one year. The decrease is due to the repayment of a proportion of the bonds during the year.

There is a significant level of judgement involved in determining the recoverability of these amounts due from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings.

Further details are included within the strategic report on pages 2 and 3, the critical accounting estimates and judgements note in note 2 and note 7 to the financial statements.

How the scope of our audit responded to the key audit matter

We evaluated the design and implementation of the key controls related to the valuation and recoverability of amounts due from group undertakings.

We challenged the directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information and our understanding of the future trading performance of the group undertakings by benchmarking against industry peers and by assessing the ability of the group undertakings to repay these amounts. We also reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.

Key observations

Based on the work performed we concluded that amounts due from group undertakings are appropriately stated.

Boparan Finance Plc

Independent auditor's report to the members of Boparan Finance Plc (continued)

Going concern

Key audit matter description

The company has listed debt of £596,930,000 (2018: £842,168,000) as at 27 July 2019, with financing comprising three tranches of debt listed on the Exchange-regulated market within The International Stock Exchange. The details of their respective repayment dates and interest rates can be found in Note 8.

The ability of the company to repay the debt and pay the relevant interest charges is dependent on the trading performance and future prospects of the subsidiaries and whether those subsidiaries will have the ability to repay their loans to the company. In addition, the company is also dependent on support from its parent undertaking Boparan Holdings Limited. Any deterioration in performance of the subsidiaries or unwillingness of the parent undertaking to support the company would in turn affect the going concern basis of accounting under which the financial statements have been prepared.

The directors have prepared cash flow projections for the subsidiaries which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates.

Further details are included within the strategic report on pages 2 and 3, and note 1 to the financial statements.

How the scope of our audit responded to the key audit matter

We evaluated the design and implementation of the key controls related to the assessment of going concern.

We reviewed management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the group undertakings, our understanding of the future performance of the business, industry forecasts and assessed the potential risk of management bias.

We performed sensitivity analysis in relation to the key assumptions used to consider the extent of changes that either individually or collectively would result in the subsidiaries being unable to pay the debt. We reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.

We tested the integrity of the cash flow projections using our computer assisted analytics tools, and tested the accuracy and completeness of the underlying data and formulae used.

We also assessed the willingness and ability of Boparan Holdings Limited to continue to support the company.

We evaluated the adequacy of disclosure made in the strategic report on pages 2 and 3 and note 1 to the financial statements in respect of the company's ability to continue as a going concern.

Key observations

Based on the work performed we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the company's ability to continue as a going concern made in the note 1 to the financial statements are appropriate.

Boparan Finance Plc

Independent auditor's report to the members of Boparan Finance Plc (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Materiality</i>	£1.7m (2018: £2.4m)
<i>Basis for determining materiality</i>	0.27% of total assets (2018: same)
<i>Rationale for the benchmark applied</i>	We determined materiality based on total assets as this is the key metric used by management, investors, analysts and lenders, with shareholder value being driven by total assets value movements. When determining materiality, as the company is part of Boparan Holdings Limited Group, we also considered that this materiality is appropriate for the consolidation of this set of financial statements to the group's results.

We agreed with the directors that we would report to the directors all audit differences in excess of £53,400 (2018: £72,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Boparan Finance Plc

Independent auditor's report to the members of Boparan Finance Plc (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

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



Christopher Powell FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds

8 January 2020

Boparan Finance Plc**Statement of income and retained earnings****For the 52 weeks ended 27 July 2019**

		52 weeks ended 27 July 2019 £'000	52 weeks ended 28 July 2018 £'000
	Note		
Turnover	3	37,428	42,662
Cost of sales	4	(39,386)	(44,510)
Gross loss		(1,958)	(1,848)
Operating loss		(1,958)	(1,848)
Loss before taxation		(1,958)	(1,848)
Taxation credit on loss	6	21	6,305
(Loss) / profit for the financial period		(1,937)	4,457
Retained earnings at the start of the period		5,069	612
Retained earnings at the end of the period		3,132	5,069

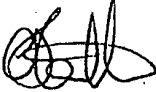
All of the above results derive from continuing operations.

Boparan Finance Plc

**Balance sheet
At 27 July 2019**

	Note	27 July 2019 £'000	28 July 2018 £'000
Current assets			
Debtors			
- due within one year	7	26,414	282,231
- due after one year	7	599,567	596,762
		<u>625,981</u>	<u>878,993</u>
Creditors: amounts falling due within one year	8	<u>(17,669)</u>	<u>(273,506)</u>
Net current assets		<u>608,312</u>	<u>605,487</u>
Creditors: amounts falling due after more than one year	8	<u>(596,930)</u>	<u>(592,168)</u>
Net assets		<u>11,382</u>	<u>13,319</u>
Capital and reserves			
Called up share capital	9	8,250	8,250
Profit and loss account		<u>3,132</u>	<u>5,069</u>
Shareholders' funds		<u>11,382</u>	<u>13,319</u>

The financial statements of Boparan Finance Plc were approved by the board of directors and authorised for issue on 8 January 2020. They were signed on its behalf by:



C A Tomkinson
Director
Company Number 07594510

Boparan Finance Plc

Notes to the financial statements For the 52 weeks ended 27 July 2019

1. Accounting policies

Boparan Finance Plc is a company incorporated in the United Kingdom and prepares its financial statements under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1 and the nature of the Company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling, because that is the currency of the primary economic environment in which the Company operates. These financial statements are also presented in pounds sterling.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions available to it in FRS102 Paragraph 1.12. In preparing these financial statements, exemptions have been taken in respect of:

- The requirements of Section 3; Financial Statement Presentation paragraph 3.17(d), and Section 7, Statement of Cashflows;
- The requirements of Section 11; Basic Financial Instruments paragraphs 11.41(b) - (c), 11.41 (e) - (f), 11.42, 11.44 - .45, 11.47, 11.48(a)(iii) – (a)(iv), 11.48(b) – (c);
- The requirements of Section 12; Other Financial Instruments Issues paragraph 12.26 -27, 12.29(a) – (b) and 12.29A; and
- The requirements of Section 33; Related Party Disclosures paragraph 33.7.

The Company is consolidated in the financial statements of its ultimate parent, Boparan Holdco Limited, which may be obtained from their registered office at Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

The Company has also presented a statement of income and retained earnings in place of a statement of comprehensive income and a statement of changes in equity in accordance with FRS102 Paragraph 6.4.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

1. Accounting policies (continued)

Going concern

The Company is in a net asset position and is financed through external loans. The external interest payments are financed through interest charged on intercompany loans.

The parent company, Boparan Holdings Limited, has confirmed it will provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements, as long as the Company remains within the Group. The going concern of the Company is therefore dependent on the going concern of the Group.

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors considered the Company's and Group's business activities, together with the factors likely to affect its future development, performance and position. The review included the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants. The key factors considered by the directors were as follows:

- consideration of detailed forecasts prepared for the 12 month period from the date of approval of the financial statements and the application of sensitivities to those forecasts;
- the implications of the challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group has access to a committed bank facility to meet day to day working capital requirements.

As at the date of this annual report and financial statements, the directors have a reasonable expectation that the Company have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the financial statements for the 52 weeks ended 27 July 2019 have been prepared on the going concern basis.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

1. Accounting policies (continued)

Turnover

Turnover is measured at the fair value of the consideration received or receivable from other Group entities in line with the Company's loan agreements.

Cost of sales

The Company's cost of sales represents the finance costs incurred by the Company on the external bond notes.

Financial instruments

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received, net of direct issue costs.

Taxation

Current tax, both UK and overseas, is recognised for the amounts payable (or receivable) in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following is a critical judgement that the directors have made in the process of applying the Company's accounting policies and that had the most significant effect on the amounts recognised in the financial statements:

Recoverability of intercompany balances

The recoverability of the intercompany debtor balance is dependent on the trading performance of other group companies. Based on the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants, the directors believe this debtor is recoverable.

Key sources of estimation uncertainty

There are no estimates made in the financial statements for the 52 weeks ended 27 July 2019 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Turnover

Turnover consists of intercompany interest receivable from Group undertakings and arises wholly in the UK. All turnover is destined for the UK.

4. Cost of sales

	52 weeks ended 27 July 2019 £'000	52 weeks ended 28 July 2018 £'000
Interest on loans and overdrafts	(37,791)	(42,601)
Other interest charges	(1,595)	(1,909)
	<u>(39,386)</u>	<u>(44,510)</u>

Interest on loans and overdrafts represents external interest charges on the Company's bond liability shown in note 8.

Other interest charges relate to the amortisation of bond fees offset against the Company's bond liability.

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Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

5. Emoluments of directors and auditor's remuneration

None of the directors received any emoluments from the Company during the period (2018: £nil). The directors are remunerated by other Group companies. The directors received combined emoluments of £4,781,000 (2018: £2,418,000). It is not practicable to ascertain what proportion of these emoluments relates to the Company. The highest paid director received total emoluments of £3,179,000 (2018: £1,182,000).

The Company made contributions of £35,000 in respect of money purchase benefits for one of its directors during the period (2018: £8,000 for two directors). No contributions were made for the highest paid director (2018: £nil).

Fees payable to the Company's auditor for the audit of the Company's annual financial statements of £3,500 (2018: £3,500) were borne by another Group company.

6. Taxation on loss

	52 weeks ended 27 July 2019 £'000	52 weeks ended 28 July 2018 £'000
United Kingdom corporation tax		
Current tax on income for the period	425	404
Adjustments in respect of previous periods	(404)	5,901
Tax credit on loss	21	6,305

The standard rate of tax applied to reported profit on is 19% (2018: 19%).

The Finance Act 2019 received Royal Assent on 12 February 2019, this act outlined a reduction to the main rate of corporation tax to 17% from 1 April 2020. Accordingly, these rates have been taken into account when calculating deferred tax assets, giving consideration to when the assets will reverse.

There is no expiry date on timing differences, unused tax losses or tax credits.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

6. Taxation on loss (continued)

The corporation tax charge is different to the standard UK corporation tax rate of 19.0% (2018: 19.0%). The differences are analysed below:

	52 weeks ended 27 July 2019 £'000	52 weeks ended 28 July 2018 £'000
Loss before taxation	(1,958)	(1,848)
Taxation on loss at the standard UK corporation tax rate of 19.0% (2018: 19.0%)	372	351
Effects of:		
Adjustments in respect of prior periods	(404)	5,901
Income not deductible / taxable for tax purposes	53	53
Total taxation credit for the period	21	6,305

The current tax credit of £21,000 (2018: credit £6,305,000) is driven by an adjustment made in 2018 in relation to the Worldwide Debt Cap rules, which resulted in previously disallowed expenses now being deductible for tax for the first time in the prior year.

7. Debtors

	27 July 2019 £'000	28 July 2018 £'000
Amounts falling due within one year:		
Amounts due from group undertakings	26,060	281,898
Corporation tax receivable	354	333
	26,414	282,231
Amounts falling due after more than one year:		
Amounts due from group undertakings	599,567	596,762

The amounts due from group undertakings include £330m of intercompany loans due 2021 at an interest rate of 5.50% and €300m of intercompany loans due 2021 at an interest rate of 4.375%.

All other amounts due from group undertakings are repayable on demand and held at amortised cost.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

8. Creditors

	27 July 2019 £'000	28 July 2018 £'000
Amounts falling due within one year:		
Bond notes	-	250,000
Bond interest accrual	12,910	18,747
Amounts owed to group undertakings	4,759	4,759
	<u>17,669</u>	<u>273,506</u>
 Amounts falling due after more than one year:		
Bond notes	<u>596,930</u>	<u>592,168</u>

All amounts owed to group undertakings are repayable on demand and held at amortised cost.

The bonds comprise £330m of Senior Loan Notes due 2021 at an interest rate of 5.50% and €300m of Senior Loan Notes due 2021 at an interest rate of 4.375%. These are shown net of capitalised bond fees at the balance sheet date of £2,637,000 (2018: £4,591,000).

9. Called up share capital

	27 July 2019 £'000	28 July 2018 £'000
Allotted, called up and fully paid:		
8,250,000 ordinary shares of £1 each	<u>8,250</u>	<u>8,250</u>

All ordinary shares issued have voting rights and the right to full participation in any dividends and returns of capital.

Boparan Finance Plc

Notes to the financial statements (continued) For the 52 weeks ended 27 July 2019

10. Contingent liabilities

Long term funding for the Company and Group is provided primarily through two tranches of Senior Loan Notes; £330m due 2021, and a euro note of €300m due 2021 (note 8). In addition, the Group has an £80m Revolving Credit Facility maturing in March 2021.

Other Group subsidiary companies are guarantors in respect of the Senior Loan Notes, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies along with Boparan Finance Plc are cross guarantors in respect of the £80m Revolving Credit Facility.

The total bond value including accrued interest as at 27 July 2019 was £609.8m net of fees (2018: £860.9m).

The Company and its affiliates focus on proactively managing and improving its capital structure, through opportunities such as refinancing and repaying or repurchasing debt, including through redemptions, open market purchases, tender offers or other such options. Such retirements or repurchases, if any, may depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. The Company and its affiliates may undertake any of these activities from time to time.

11. Related party transactions

The Company has taken advantage of the exemption under FRS102 Section 33; Related Party Disclosures paragraph 33.7, as a wholly owned subsidiary of Boparan Holdings Limited, not to disclose related party transactions with other wholly owned members of the Group.

12. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Boparan Holdings Limited, a company registered in England and Wales.

The parent company of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdings Limited.

The parent company of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdco Limited, registered in England and Wales. Copies of the consolidated financial statements can be obtained from the Company's registered office.

As at 27 July 2019 Boparan Holdco Limited was also the Company's ultimate parent undertaking. Their registered address is Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

R S Boparan and B K Boparan are the ultimate controlling parties.