BOPARAN HOLDINGS LIMITED

Annual report and financial statements

For the 53 weeks ended 1 August 2020

Company registration no. 03558065

BOPARAN HOLDINGS LIMITED

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BOPARAN HOLDINGS LIMITED

Officers and professional advisers

DIRECTORS

C L Allen	(Chairman)	(resigned 27 January 2020)
B K Boparan		
R S Boparan		
I A Ellis	(Non-executive)	(appointed 28 May 2020)
D S J T Gregory	(Non-executive)	
R K O Kers		
R J Pennycook	(Chairman)	(appointed 27 January 2020)
R C Rivaz	(Non-executive)	(resigned 25 October 2019)
A Russo	(Non-executive)	(resigned 30 June 2020)
C A Tomkinson		

COMPANY SECRETARY

L Greenbury

REGISTERED OFFICE

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WF2 8EE

BANKERS

Barclays Bank plc
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Leeds
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Birmingham
B1 1HQ

Goldman Sachs Bank USA
200 West Street
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INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
1 City Square, Leeds,
LS1 2AL

BOPARAN HOLDINGS LIMITED

Strategic report

The directors present their Strategic Report for the 53 weeks ended 1 August 2020 compared to 52 weeks for the prior period.

Principal activities

Boparan Holdings Limited (the Company) is the parent company which owns, directly or indirectly, companies constituting the 2 Sisters Food Group of companies (together herein defined as the Group).

The principal activity of the Group is food manufacture with diversified market positions in both own label and branded products. Following a number of disposals in the periods 2017/18, 2018/19 and in the current period, the business has been reorganised with the operations now managed and reported under the three divisions of Poultry, Meals and Bakery.

Events after the balance sheet date

On 7th October 2020, the Group announced it had reached an agreement to sell part of the biscuits business. This was completed on the 31st October and the business has been sold for £246m.

Key performance indicators

The Group uses a number of key performance indicators to manage the business:

	1 August 2020	27 July 2019
Turnover	**£2,692.0m**	£2,740.6m
Operating profit before exceptional items	**£39.9m**	£4.5m
EBITDA*	**£128.7m**	£91.7m
EBITDA margin %	**4.8%**	3.3%
Profit / (loss) before taxation	**£1.8m**	(£17.5m)
Net debt**	**£580.4m**	£631.4m
Net debt to EBITDA ratio	**4.51x**	6.89x

* EBITDA is operating profit including share of operating profit from associates and joint ventures, before depreciation, amortisation, defined benefit pension scheme administration costs and exceptional items (note 5).

** Net debt comprises bonds, other borrowings and finance leases net of cash. These are stated at period end exchange rates, or hedged rates where there is an effective external hedge in place (note 28).

In addition to financial key performance indicators, the Group monitors and focuses on improving non-financial key performance indicators on an individual site basis. The Group's Safety and Governance Committee closely monitors its over three day Accident Frequency rate, which has decreased by 16.7% to 0.25 in the current period (2019: 0.30). The Safety and Governance Committee are also responsible for reviewing all matters across health and safety, food safety and legal compliance.

Strategic report (continued)

Business overview

During the period, the Group reported turnover of £2,692.0m (2019: £2,740.6m) and a pre-exceptional operating profit of £39.9m (2019: £4.5m). The key drivers of performance during the period are set out in the trading performance section of this Strategic Report.

The Group has successfully delivered its key turnaround initiatives due during the period. As a result, the performance of the business is improving, with increasing resilience, leaving it well placed for the challenges ahead and to continue to improve in the future.

Trading performance

The overall turnover decrease of 1.8% principally arises from the continuation of the Group's strategy to dispose of non-core businesses. The decrease in turnover is driven by a combination of both the disposal made during the year and the lost revenue associated with the disposals made towards the end of the prior period and the impact of COVID-19; partially offset by the additional 53rd week trading in the period.

Adjusted EBITDA (adjusted to exclude exceptional items) of £128.7m (2019: £91.7m) increased by £37.0m in the year. Growth was seen across all divisions despite the disposal of the Matthew Walker Christmas pudding business which impacted the Bakery segment. The increase in performance was in UK Poultry driven by turnaround actions taken to improve the operating performance of the business.

The Group reported a profit before tax of £1.8m compared to a loss of £17.5m in the prior period. Profit before tax includes a gain from business disposals of £28.8m (2019: £63.9m).

Poultry

Sales in the Poultry division have increased by 2.3% from £1,880.6m to £1,924.1m, predominantly due to the additional 53rd week of trading in the current period.

Operating result before exceptional items has improved by £24.3m from a loss of £7.4m to a profit of £16.9m. This is driven by the turnaround actions taken in the UK Poultry business which more than offset the decline in profits in the European operations primarily due to the COVID-19 outbreak and the removal of sales to China, together with the effects of oversupply in certain European markets.

Strategic report (continued)

Trading performance (continued)

Meals

Sales within the Meals division have reduced by 13.7% from £583.8m to £503.8m. This is due to the Group's disposal of the Manton Wood sandwich business mid-way through the prior year and the impact of the COVID-19 pandemic on sales of Core Ready Meals.

Operating profit before exceptional items has increased by £8.7m from £4.3m to £13.0m driven by performance improvements in our Ready Meals business.

Bakery

The Bakery division has reported a decrease in sales performance year-on-year of 4.4% from £276.2m to £264.1m. This was driven by the disposal of Matthew Walker Christmas pudding business at the start of the current year.

Operating profit before exceptional items has increased from £7.6m to £10.0m, driven by the lower production costs and overheads resulting from the restructuring announced during the final quarter of the previous year.

Financing

Funding for the Group is provided primarily through Senior Loan Notes. The Group has sterling notes totalling £330m maturing in July 2021, and a euro note of €300m maturing in July 2021. The Group holds a cross currency swap against 85% of the euro denominated Senior Loan Notes, which together with cash flow from European businesses, has significantly reduced exchange rate exposure. The loan notes mature in less than twelve months so £624.4m has been reclassified from long term to current.

The Group also has an £80m Revolving Credit Facility maturing in March 2021 of which £78m is drawn down, and at the balance sheet date a loan of £35m repayable June 2021. The Company or its affiliates may from time to time seek to retire or purchase the Company's outstanding debt. Such retirements or repurchases, if any, may depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

Net debt reduced during the period to £580.4m (2019: £631.4m) with a cash balance of £130.3m (2019: £99.8m). The net debt: EBITDA ratio decreased to 4.51 times from 6.89 times due to the increase in EBITDA, driven by actions taken as part of the turnaround strategy, cash proceeds from disposals and cash generated from operations.

Pensions

The net deficit for the Group post retirement schemes increased from £282.4m at the prior period end to £286.8m. The net pension scheme deficit in the balance sheet is stated before deduction of the associated deferred tax asset of £22.2m (2019: £19.2m), with the deferred tax asset shown separately within current assets. The increase in the deficit is predominately driven by the performance of scheme assets in the period. Cash contributions to the defined benefit pension schemes in the period were £36.3m (2019: £23.1m). This increase was driven by one off contribution to the Irish pension scheme, agreed as part of the 2018 Goodfella's disposal.

The balance sheet position of the post-retirement benefit schemes and the net pension financing in the profit and loss account will continue to be unpredictable as discount rates and inflation remain volatile. The net pensions financing charge was £5.5m (2019: £6.6m) for the period and a further £2.9m (2019: £3.1m) was charged to the profit and loss including scheme administration costs and PPF levy. There was no amount recognised in relation to Gross Minimum Pension Equalisation in the year (2019: £11.6m), in the prior year this was recognised in the balance sheet position of the pension scheme.

All of the Group's defined benefit schemes in the UK and Ireland are closed to future accrual.

Strategic report (continued)

Outlook

Whilst 2020/21 performance will benefit from annualisation of 2018/19 performance and new initiatives for 2020/21, the business is facing substantial headwinds, including the ongoing COVID-19 pandemic, Brexit and feed inflation.

The business is stronger as a result of the actions it has taken in executing its strategy of focusing on its core business, realising value from non-core business and strengthening its balance sheet.

However, the environment is volatile both in the markets in which we operate and the economy at large. Brexit continues to present substantial uncertainty for all food processors but we are taking steps to ensure our business is fit for the future. The Group continues to feel the impact of commodity inflation and has mechanisms to recover this in part. The Group has a number of pass through agreements in place with major retail customers in order to minimise exposure to raw materials inflation and has plans to add further such agreements. The Group remains confident in its Poultry Plus turnaround strategy and is committed to its vision of being a trusted and respected food company, famous for our quality products and for our people strength.

The COVID-19 pandemic continues to bring volatility and uncertainty to the business. The main uncertainty is disruption to labour supply through self-isolation, and potential for changing consumer behaviour resulting from future lockdowns.

The Board is regularly updated on the evolving risks of COVID-19 and monitors developments closely. Whilst absences, social distancing and materials shortages have been challenging operationally, we continue to prioritise the safety of our products and the wellbeing of our colleagues.

Communication and engagement are fundamental in these unprecedented times. Regular update meetings across all levels to address any concerns our people have and to ensure any COVID-19 related information is communicated in a comprehensive way. We acknowledge that for some of our employees COVID-19 has had a negative impact on their mental wellbeing so we have made available support from our own trained Mental Health First Aiders as well as help and advice from third party support already available to all staff.

Unfortunately, Covid-19 outbreaks both of which originated in the local community, have resulted in two temporary site closures. In both cases we worked in close partnership with local Public Health bodies, local councils, the Health & Safety Executive, the Foods Standard Agency, the Scottish FSA, and Unite union. All offered advice, scientific knowledge and support resulting in rapid return to full production.

We have worked in close partnership with our supermarket customers to enable to meet the COVID-19 related surges in demand from consumers, so that we could optimise production and maximise output although the business remains impacted with the closure of many restaurants, hotels and food-to-go outlets.

Strategic report (continued)

Principal risks and uncertainties

The Group has robust internal control and risk management processes, which are designed to provide assurance but which cannot avoid all risks. Outlined below are potential risks that could impact the Group's performance, causing actual results to vary from those previously experienced. These risks are monitored on an ongoing basis through the Group's risk management processes. Additional risks and uncertainties not identified may also have an adverse effect on the Group.

	Risk area and description of risks	**Measures to reduce risks**
	Industry risks	
Brexit & Economic uncertainty	Brexit presents significant uncertainty for the food manufacturing sector as a whole and our business is no exception. Without a parliamentary approved withdrawal agreement in place, it is difficult to speculate on the outcome and therefore what the impact might be on the Group. This could present itself as a direct impact through labour availability issues or commodity inflation driven by a weakening currency and on costs relating to custom tariffs. It could also manifest more indirectly through a weakening consumer confidence and economy at large in the UK, Ireland, Netherlands and Poland leading to reduced demand. We also expect more volatility in tax and interest rates in the short and medium term, particularly in a 'Hard Brexit' scenario.	In the event of a "Hard Brexit", the Group has made the necessary arrangements to ensure continuity of supply. Where appropriate the Group has increased its inventory and explored opportunities to reduce the impact on the supply chain working with its customers. The group have activated a plan to mitigate the impact on the EU of anticipated change in the business mix.
COVID-19	The arrival of COVID-19 in January 2020 emerged as a significant issue to both our industry and our UK and European operations. The impact was not only to the operations of the Group but to businesses around the world.	Following the emergence of COVID-19, the Group immediately established a coronavirus team consisting of Directors, Senior Managers and key internal stakeholders. Using existing and newly created crisis management procedures and business continuity plans, the team ensures all emerging issues and risks are effectively addressed. The Group has taken advantage of the UK governments deferral of certain tax and at the balance sheet date the amount accrued in relation to these was £22.6m and furlough income of £3.5m. Challenges include rapid site closures and reallocation of work to other sites; fast return to operation of closed sites; fluctuating staff absenteeism; ensuring continuous supply of raw materials from our suppliers; and consistent and timely communication with employees across the Group.

Strategic report (continued)

Principal risks and uncertainties (continued)

	Industry risks (continued)	
Customer relationships	The Group's top five customers are leading UK retailers. The strength of the major multiple retailers' bargaining position gives them significant leverage over their suppliers in dictating pricing, product specification and the level of supplier participation in promotional campaigns and offers. The loss of any of these key customers, or a significant worsening in commercial terms could adversely affect the Group's results.	The Group seeks to reduce the risks presented by its consolidated customer base by ensuring high levels of service, maintaining strong commercial relationships and by working closely with customers on product development programmes to provide each customer with unique products and consumers with greater choice and convenience. The Group also monitors customer credit risk to manage exposure in the current challenging environment.
Consumer preferences	Exposure to changing consumer trends can impact profitability. There are a number of trends in consumer preferences which impact the industry as a whole. These trends include, amongst others, dietary concerns (salt, sugar and fat reduction), and increased convenience and value. Providing or developing modified or alternative products to meet changing consumer trends may increase our costs.	The Group seeks to manage changes in customer preference by investing in consumer insight to understand trends in the market and then adjusting existing product mix or developing new products to address these trends.
Avian Influenza	As a manufacturer and supplier of poultry products to the retail, food service and food manufacturing sectors, the Group is at risk of an outbreak of Avian influenza. An outbreak could significantly affect the Group's supply of live birds, demand for our poultry products and our ability to conduct operations.	The Group has developed contingency plans should an outbreak of Avian Influenza occur in close proximity to any of its operating facilities or on the farms of our principal suppliers, including but not limited to; area restrictions, additional washing and disinfecting of transport vehicles and veterinarian checks.
Commodity inflation	The Group's margins can be affected by fluctuations in raw material, packaging and energy costs. Increases in significant components of our cost base can adversely affect individual product margins. An inability to pass on these cost increases within a reasonable timeframe impacts the Group's profitability.	The Group has pass-through mechanisms in place with key customers to share the impact of changes in commodity prices on its margins. The Group is looking to increase the share of customers on pass through mechanisms and is reviewing the robustness of those mechanisms. The Procurement team has a strong commercial focus on purchase pricing and quality, in order to proactively respond to changes in commodity markets. The Group also mitigates these risks by investing in productivity enhancements across its sites.
	Operational risks	
Food Safety	As a reputable food manufacturer, product quality and safety issues are paramount to the Group's success. Failure to maintain the quality of our products may result in damage to the reputation of our business, which in turn could adversely impact our market share and our financial results.	The Group has established policies and procedures in order to monitor the processes associated with food safety. Food hygiene practices are taken very seriously throughout the Group and are monitored both through internal audit procedures and external bodies such as environmental health departments, the Food Standards Agency (FSA) in the UK and our customers. In addition, all sites as part of our governance programme receive independent unannounced audits. The group maintains, an independent whistle blower line. The Group is committed to food safety and hygiene compliance and ensures regular training of its staff against documented procedures to support this aim.

Strategic report (continued)

Principal risks and uncertainties (continued)

Health & safety	The Group has a duty of care to secure and protect the Health & Safety of our employees and to reduce the environmental impact of our operations. Failure to do could result in a serious workplace injury or fatality, which could directly impact our employees and could also carry serious financial, reputational and legal risk.	The Group has strong health and safety policies and procedures in place. The Group's Leadership team work together to promote a culture of high standards and engagement through the workforce. This is enforced using clear and quantifiable objectives and regular review by the Safety & Governance Committee of key performance measures, such as Accident Frequency Rates. The Group H&S team complete governance audits of the sites on a rolling 2 year programme and sites are also subject to independent assessment through our insurance risk engineers. The group has a strategy to deliver ISO 45001, this standard has been successfully achieved across the Group.
Change management, recruitment and retention	The ongoing success of the Group is dependent on attracting and retaining high quality employees who have the ability to effectively manage the Group's operations. Failure to recruit and retain high quality employees can impact financial results.	The Group mitigates the risk associated with the loss of key personnel through robust succession planning, strong recruitment processes and effective management incentives. The Group continue to invest in talent and capability by recruiting the best in the industry and by providing training for all employees. The Group have made several management changes to help facilitate the change in direction of the Group.
	Financial risks	
IT Systems and Controls	The Group relies heavily on information technology and systems to support our business. An extended failure of our core systems, caused by accidental or malicious actions (including cyber-crime), could result in a significant impact on the business.	The Group maintains a programme of controls to protect the confidentiality, integrity and availability of information across the business. Cisco perimeter firewalls protect the network and public IP range is scanned weekly. A third party completes an annual penetration test and cyber security review and has achieved a 'pass' status for the last three years. VPN is accessed through two factor authentication; third party VPN is provided in the same manner but is restricted. A managed service is monitored 24/7 to manage network security and anti-virus software is maintained and operated on all hardware; restrictions are placed on the use of external hard drives and USB sticks.
Pensions	The Group has defined benefit pension plans that are currently in deficit (on an actuarial basis). Valuations of all defined benefit plans are dependent upon market conditions and the actuarial methods and assumptions used. The Group may be required to increase pension contributions which may have an adverse effect on its financial condition. Pension regulation could restrict the freedom of the Group to undertake certain corporate activities (including disposals and return of capital to shareholders).	The Board regularly reviews the value of assets and liabilities of the Group's pension schemes as well as the potential impact of changes in actuarial assumptions and actions that can be taken to mitigate the risks associated with the defined benefit pension schemes. The UK and Irish schemes are closed to future benefit accrual. The Group maintains a good working relationship with the Pension scheme trustees with whom it agrees a long term funding plan.
Liquidity risk	The Group has committed financing in place, which can only be withdrawn in the event of a breach of financing agreement, such as a breach of financial covenants, when the Group might be restricted in its ability to operate normally and could be required to dispose of assets to pay down debt and incur additional costs.	Liquidity risk is monitored by the Board who review the adequacy of available funding and compliance with borrowing covenants on a monthly basis. No breaches to the Group's borrowing covenants have occurred or are forecast to occur.

Strategic report (continued)

Financial risk management policies and objectives

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period.

At the date of this report the committed bank facilities, invoice discount facilities, super senior £35m debt and €300m & £330m bond debt are classified as current liabilities, that are due for renewal or repayment within 12 months. The Group places reliance upon the access to these facilities and expects to renegotiate these or similar facilities as part of a full capital structure refinance ahead of the maturities in 2021.

Interest rate risk - The Senior Loan Notes which comprise the Group's core funding are fixed interest.

Liquidity risk - The Group uses a mixture of long-term borrowings and short-term cash placement in order to maintain liquidity and ensure sufficient funds are available for ongoing operations and future developments.

Foreign currency risk - The Group manages net foreign exchange exposures in respect of sales and purchases of its UK and European subsidiaries through short term currency hedges.

The long term bond debt denominated in euros is monitored by the Board. Arrangements have been put in place to mitigate the currency exposure on the euro element of the bond by way of cross currency swaps. The Group seeks to minimise its exposure to these risks by using derivative financial instruments where applicable. The use of derivative financial instruments is governed by Group policies which have been approved by the Board.

The Group only enters into trades of financial instruments for specific purposes; speculative purchases are not made.

Our stakeholders
Section 172(1) statement

As a Board, we understand our long-term growth and success are dependent on engagement with stakeholders. We continually explore how to make our decision making process more inclusive in order to involve our key stakeholders.

The leadership teams of the Group and each business unit make decisions with a long term view in mind and with the highest standards in line with the Group's policy. In order to fulfil their duties the Directors and decision makers in each business of the Group take care to have regard for each of the different stakeholders and the likely consequence of their decisions on these stakeholders for both the short term and long term.

Our decision making process through the current pandemic is one of many examples where we consider all stakeholders. The impact of COVID-19 has been widespread and we have consulted with all our stakeholders as we continue to produce and supply food.

Sustainability is a key priority for us. We aim to minimise our impact on the environment and respect the livelihoods of those working in our supply chains. It is our ambition to be the employer of choice within the Food Manufacturing Industry and to be welcomed and seen as a key part of the local community in which we operate.

Strategic report (continued)

Engagement with our main stakeholder groups is summarised below.

Why we engage	How we engage	What matters most to our stakeholders	How we respond	COVID – 19 specific considerations
Our people				
It is our colleagues that drive the business. We want our colleagues to feel valued, so it is important to understand what matters to them	Internal communication of developments Staff engagement surveys and "temperature" checks Intranet Appraisals process Colleague magazine	Employee health & safety Employee wellbeing Career and personal development opportunities Employee engagement Fair pay	Employee engagement score improvement Annual appraisals including review of development plans	Welfare fund Working from home (where possible) Socially distancing Additional PPE Education and guidance Group COVID management committee daily meetings
Our customers				
We need to understand customer and consumer demands in order to create innovative products and respond to new trends By engaging and sharing ideas with customers we can identify new ways of working together	Key teams engage with customers in all areas to ensure effective communication	Consumer trends highlight that health conscious choices and convenience foods Sustainability is an important consideration as our consumers focus on the overall impact of their food choices on the environment	We continue to focus on new product development to meet emerging consumer trends	Working closely with retail customers to meet surges in demand
Our suppliers				
We work closely with suppliers who share our values and beliefs in food safety, provenance and quality	Audits and visits Supplier policies	We need to ensure raw materials, ingredients and packaging are supplied at the right time to the right place and that the supply chain is transparent and sustainable	We continue to undertake supplier audits to ensure the safety, traceability, quality and provenance of the raw materials that we use	Remote audits Ethical requirements
Trade bodies, industry and government groups				
We work with many trade bodies including, British Poultry Council (BPC), Chilled Food Association (CFA), Red Tractor. We also actively engage in key industry groups such as Food Industry Intelligence Network (Fiin), Food Industry Initiatives on Antimicrobials (FIIA) and Food Network, Ethical Trade(FNET), and DEFRA and Public Health England (PHE) engaged through the Food Resilience Industry Forum	Our Directors and management sit on steering committees, groups & boards including co- chairing some prominent industry groups such as FIIN and the IGD Sustainable diets forum.	BPC sets policies for the poultry industry; Red Tractor provides assurance that products are safe, traceable and farmed with care, and the RSPCA certifies higher welfare farming systems. FIIN shares industry Intelligence on Food integrity. FIIA supports farming practices for reduction and responsible use of antibiotics. FNET supports ethical trade and human rights especially in our supply chains.	We continue to provide input, resources and leadership into these groups for the benefit of our business, the sectors we operate in and the food industry as a whole.	Remote support Representative on government groups Share of intelligence and best practice across the sector

Strategic report (continued)

Why we engage	How we engage	What matters most to our stakeholders	How we respond	COVID – 19 specific considerations
Our communities				
We produce from 24 facilities across the UK covering multiple towns and cities. We want to be part of these communities and give back where we can	Foodbank donations Working with local schools and universities Charity fundraising We provide employment	Local communities have a justifiable expectation that businesses operate safely and sustainably. We need to reduce edible food waste and increase the amount of food that can be shared in the community	We support a wide range of projects within our local communities.	Additional food donations PPE donations to local hospitals
Our financial creditors and shareholders				
The Group is funded through the public markets in conjunction with a supportive banking group. Along with the shareholders and pension trustees, these external stakeholders rely on timely, accurate and insightful reporting from the Group to manage their risks	Annual Financial Accounts Quarterly updates to lenders including trading updates, financial statement and outlook Regular announcements and press releases Website including Investor Relations section	The commercial success and financial health of the Group is paramount to our lenders as they assess their appetite to support the Group going forward	We provide regular press releases and results announcements to ensure our external stakeholders have the latest information on our performance Further dialogue is had through our Investor Relations team who respond to any further queries	Regular dialogue on the impact of temporary site closures Update on financial impacts of COVID-19 on the Group Liquidity management

Going concern

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the directors considered the 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 annual report and the application of sensitivities to those forecasts
- The directors have considered a sensitivity reflecting a 30% reduction in EBITDA as a reasonable worst case scenario. Under this scenario, no breach is identified in respect of either cash or covenant headroom, with significant headroom remaining in this sensitised scenario.
- 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 and invoice discounting facility to meet day to day working capital requirements; and
- the impact of COVID-19 on the business and its prospects.

Strategic report (continued)

Going concern (continued)

The BHL Board is regularly updated on the evolving risks of the ongoing COVID 19 situation and continues to monitor developments closely. Whilst managing absence, social distancing and materials shortages have been challenging operationally and demand has been volatile in some parts of our business, we are fortunate in that we have had, and continue to have, sufficient demand in all of our businesses to remain operational. Whilst we have been able to mitigate the profit impacts of COVID-19, we have seen a working capital outflow driven by the fall in demand across retail food service.

At the date of this report the committed bank facilities, invoice discount facilities, super senior £35m debt and €300m & £330m bond debt are classified as current liabilities that are due for renewal or repayment within 12 months.

The Group places reliance upon the access to these facilities and expects to renegotiate these or similar facilities as part of a full capital structure refinance ahead of the maturities in 2021.

Significant work for this capital structure refinance has already commenced, specifically external due-diligence on the Companies' forecasts and business plans, and the appointment of external advisors and sponsoring banks.

Based on the progress made to date, the directors expect a refinance to complete before the bond debt falls due for repayment in 2021 and the directors have therefore adopted the going concern basis on preparation of the financial statements.

However, the directors have noted that if the above full capital structure refinance did not complete and if substantially similar funds were not available to fund the repayment of the debt maturing in the forecast period, this represents a material uncertainty which may cast significant doubt upon the Group's and Company's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Approved by the Board of directors and signed by a director on its behalf

C A Tomkinson
Director
13th November 2020

BOPARAN HOLDINGS LIMITED

Governance Report

For the year ended 1 August 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies.

Principle 1 – Company Purpose and Values

We started out from very humble beginnings in the early 1990s, and from there the Group has grown to become one of the leading food manufacturing companies in Europe, producing great quality, great value food.

We employ more than 20,000 colleagues drawn from over 40 nationalities help to make a mind-boggling array of some of the finest food in Britain - from poultry to pizza to pies and from ready meals to ranges of soup. Our teams, working at factories and office locations in England, Scotland, Wales, the Republic of Ireland, the Netherlands and Poland, represent more than 40 different nationalities. These colleagues are the main reason why our company delivers day in, day out.

The Group's stated aim is we want to be the leading Poultry Plus business in Europe; our DNA is

- one team where everyone counts,
- we buy for less, produce for less, sell more for less,
- our customers are at the heart of everything we do,
- we relentlessly innovate to delight our customers,
- every penny counts

These can be summarised by the relaunch of our ADART behavioural values in May 2019: Accountability, Discipline, Agility, Respect and Transparency.

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose. In this respect:-

- Shareholders are represented on the board to ensure an understanding of their views.
- We have identified the main stakeholders for BHL as being staff, customers, suppliers, bond holders, pension trustees & regulator.
- We regularly engage with all stakeholders, with updates to staff at all levels on a regular basis; business reviews with customers and key suppliers; quarterly updates given to bond holders; regular meeting with pension trustees.
- We launched new behaviours in May 2019 and these are included in on-going performance management.
- We have an established whistleblowing procedure in place which are reported on to the SAG Committee.

Principle 2 - Board Composition

The Group has a single management board, and a number of sub committees, each with different responsibilities and accountabilities. The roles of Chair, Chief Executive Officer and President are defined and distinct.

The main management board, led by a Non- Executive Chairman, provides the governance control for the business. The Chairman is joined on the board by the Chief Executive Officer, Chief Financial Officer, and representatives of the ultimate shareholders together with two other independent non-executive directors.

The Independent Non-Executive Directors of the Board are wholly independent in that they have no material business or relationships with the Company that might influence their independence or judgement.

In addition, certain governance responsibilities are delegated to Board sub committees. The two Non – Executive directors sit on both the Remuneration and Audit Committees, with the Audit Committee chaired by Ian Ellis and the Remuneration Committee chaired by David Gregory. David Gregory also chairs the Safety and Governance Committee.

Governance Report

Principle 2 - Board Composition (continued)

The Chairman plays a key role in providing the overall conditions and framework to allow the main Board to govern effectively. Board members represent a wide range of experiences, knowledge and disciplines appropriate for the organisation. Board meetings enable broad discussion, opinion and challenge and facilitate decision making.

Principle 3 - Director Responsibilities

The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

The Group looks to provide a strong governance framework to allow its boards and committees to make clear and considered decisions based on a clear understanding of their accountability and responsibilities. The structure and organisation of the business is clearly defined and documented, and the Board has access to reports ahead of Board meetings to give opportunity to review and then challenge.

The main Board meets a minimum of ten times a year, supported by Audit, Safety and Governance and Remuneration Committee meetings on at least a quarterly basis.

All boards and committees receive regular and timely information to support their work, including reports on financial performance, commercial and market analysis, people and culture, health and safety, procurement, technical delivery, sustainability and risk status.

Integrity of information is critical in allowing the Directors to exercise their duties and responsibilities. Key financial information is collated from the Group's various accounting systems. The Group's finance function has appropriately qualified staff in each business to ensure the integrity of this information.

Financial controls are reviewed as part of an internal audit programme. Their work schedule is set each year in agreement with the Audit Committee.

Principle 4 - Opportunity and Risk

The Board looks to promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

The Group seeks to deliver profitable growth opportunities that will benefit all its stakeholders whilst mitigating risks that may arise and is focussed on creating long term value.

Opportunity

The main Board develops, documents and communicates the business strategy. This seeks to optimise opportunities identified for the group to develop and improve its performance and operations. Please see the Strategic Report for further information.

Risk

The Group is currently developing and strengthening its risk management framework to mitigate the risks faced by the business, with internal controls reviewed by the Group's Internal Audit function and reported on to the Audit Committee. The Group's key operational risks are described in the Strategic Report, with risk reviews undertaken and reviewed by the Audit Committee.

Performance of each business is reviewed by the CEO & CFO at monthly BPR; KPIs for each business, and each site are developed and reviewed as part of the BPR.

Governance Report

Principle 4 - Opportunity and Risk (continued)

Responsibilities

The Group has a documented "Board book" to provide a framework of rules, processes and delegated authorities. Responsibility for day-to day financial and operational control rests with the divisional management. However, certain decisions are reserved to the main board or a relevant sub-committee. This ensures that all expenditure, investments and commitments are subject to appropriate review and approval by the business.

Principle 5 – Remuneration

The Board looks to promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company. The Remuneration Committee has the responsibility for managing Executive and Senior Management remuneration.

The Remuneration Committee's primary objectives are to record the philosophy and strategy for remuneration and development of key members of the central and divisional management team. The philosophy shall ensure that we have the best people in our business. The remuneration policy shall cover:

(i) base salary;

(ii) performance related remuneration to align the interest of the Directors and the Shareholders and reward their individual contribution to the success of the company;

(iii) benefits in kind;

(iv) pensions;

The Remuneration Committee is also to approve the design of, and determine the targets for, any performance related incentive schemes and approve the calculation and payment of all awards.

The Group is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit.

Principle 6 - Stakeholders

The Directors foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

For details of how we engage with our stakeholders please see the section 172 (1) statement that forms part of this report by cross reference.

Directors' report

The directors present their annual report and the audited financial statements for the 53 weeks ended 1 August 2020.

Directors

The directors of the Company who served during the period ended 1 August 2020 and up to the date of signing the financial statements are those listed on page 1.

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

Dividends

No dividends have been declared or paid for the period ending 1 August 2020. There were also no dividends declared or paid in respect of the period ending 27 July 2019.

Financial risk management

The financial risks faced by the Group and the measures taken to reduce these risks are addressed within the Strategic report on page 8 and form part of this report by cross-reference.

Donations

The Group made £0.1m charitable donations during the period (2019: £0.2m) to charities which the directors deem it appropriate to support.

Future Developments

Details of future prospects of the Group can be found in the Strategic Report on page 5 and form part of this report by cross-reference.

Employees

Details of the number of employees and related costs can be found in note 7.

The Group takes its responsibilities to its employees seriously and places great emphasis on optimising the contribution made by employees at all levels. The Group recognises the value of its employees and seeks to create an energetic, dynamic and responsive environment in which to work. It places considerable importance on communications with employees, which occur throughout the organisation on both a formal and informal basis. The Group's policy is to provide opportunities for active participation and personal development, with the goals of motivating individuals and helping them to enhance their skills and maximise their potential.

The Group is committed to:

- providing equality of opportunity for all existing and potential employees. It aims to treat all of its employees fairly in every aspect of employment;
- ensuring that employees have access to information and training that enables them to contribute and participate fully in the Group's achievement of its objectives; and
- providing employees with clear and fair terms of employment and competitive remuneration packages.

The Company uses a variety of methods to enable its employees to understand the performance of the Group and of their own operating business unit. These include briefing groups, meetings with employee representatives, e-mail bulletins and in-house magazines. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting the businesses in which they work.

Directors' report (continued)

Employees (continued)

Applications for employment by disabled persons are fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Sustainability

As a leading food business, we recognise that success means building sustainability into our strategy, anticipating the impacts of climate change and the increasing pressures on the world's resources. Our strategy is informed by the UN Sustainable Development Goals, a framework to promote prosperity while protecting the planet. We have set targets to reduce greenhouse gas emissions (GHG), energy and water use within our processing and manufacturing operations. We have made a public commitment to reduce the amount of plastic we use and ensure that 90% of the plastic in our product packaging is recyclable. We are measuring the GHG emissions of our UK poultry and exploring means to make reductions in its carbon footprint. Through the IGD/WRAP Food Waste Reduction Roadmap, we have committed to halve food waste in our operations by 50% by 2030. By sourcing ingredients responsibly, we aim to minimise our impact on the environment and the respect the livelihoods of those working in our supply chains. It is our ambition to be the employer of choice within the Food Manufacturing Industry and to be welcomed and seen as a key part of the local community in which we operate.

Energy consumption

Period	Total UK energy consumption Kwh	UK energy consumption Kwh per tonne product
2019/20	658,600,643	652.5

GHG emissions

Period	Total UK GHG emissions tonnes CO2e	UK GHG emissions tonnes CO2e per tonne product
2019/20	148,253.5	0.147

The Group has participated in Phase 2 of the Energy Savings Opportunities Scheme. From the internal survey results from all the manufacturing and processing sites a report detailing energy saving measures was produced. A number of sites have already implemented energy savings opportunities that could be achieved in the short term during 2019, such as replacing lights with low energy bulbs.

Initiatives have also centred on refrigeration systems including updating to more energy efficient equipment and adjustments to existing systems, such as resetting defrost timers. Other measures have made efficiency savings from heating, including replacement of a gas fired heater with condensing water heater.

Research and development

Throughout the period the Group invested across the business in food hygiene and product research in the development of new and enhanced products. The costs incurred in the period of £4.0m (2019: £3.3m) comprise all directly attributable costs necessary to create and produce new products which are both brand new in design and those being modified.

Directors’ report (continued)

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order 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.

Auditor

Deloitte LLP acted as auditor for the 53 weeks ended 1 August 2020 and have expressed their willingness to continue in office as auditor of the Company. A resolution proposing their reappointment will be submitted at the Company’s annual general meeting.

Post balance sheet events

Details of the post balance sheet events can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Going concern

Details of the going concern basis of preparation of the Group can be found in the Strategic Report on page 11 and form part of this report by cross-reference.

Approved by the Board of directors and signed by a director on its behalf

C A Tomkinson
Director
13th November 2020

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor’s report to the members of Boparan Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Boparan Holdings Limited (the ‘parent company’) and its subsidiaries (the ‘group’):

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 1 August 2020 and of the group’s loss for the year 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 consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 34.

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 group and the parent 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, 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Group’s current financing facilities are due for renewal or repayment within 12 months. The group places reliance upon access to these facilities and the outcome of the refinancing is uncertain at the date of approval of these financial statements. These events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicates that a material uncertainty exists that may cast significant doubt on the Group’s and company’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 group and of the parent company and their 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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

We have nothing to report in respect of these matters.

Independent auditor’s report to the members of Boparan Holdings Limited

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, UK

13th November 2020

BOPARAN HOLDINGS LIMITED

Consolidated profit and loss account
For the 53 weeks ended 1 August 2020

	Note	**53 weeks ended 1 August 2020**	**53 weeks ended 1 August 2020**	52 weeks ended 27 July 2019	52 weeks ended 27 July 2019
		£m	**£m**	£m	£m
Turnover	3		**2,692.0**		2,740.6
Cost of sales			**(2,306.4)**		(2,368.2)
Gross profit			**385.6**		372.4
Distribution costs			**(181.6)**		(197.8)
Administrative expenses:					
- before exceptional items		**(164.1)**		(170.1)	
- exceptional items	5	**(18.4)**		(24.0)	
Total administrative expenses			**(182.5)**		(194.1)
Operating profit:					
- before exceptional items		**39.9**		4.5	
- exceptional items	5	**(18.4)**		(24.0)	
Operating profit / (loss)			**21.5**		(19.5)
Profit on disposal of operations	15		**28.8**		63.9
Share of operating profit from associate and joint venture	14		**0.3**		1.3
Net finance charge	4		**(48.8)**		(63.2)
Profit / (loss) before taxation	3, 6		**1.8**		(17.5)
Taxation (charge) / credit	9		**(9.8)**		2.4
Loss for the financial period			**(8.0)**		(15.1)

Loss for the period attributable to:		
Non-controlling interest	**0.3**	0.5
Equity shareholders of the Company	**(8.3)**	(15.6)
	(8.0)	(15.1)

BOPARAN HOLDINGS LIMITED

Consolidated statement of comprehensive income
For the 53 weeks ended 1 August 2020

	Note	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m
Loss for the financial period		**(8.0)**	(15.1)
Cash flow hedges:			
Gains arising during the period		**0.6**	1.8
Less: reclassified to profit and loss	4	**(6.0)**	(2.4)
Remeasurement of net defined benefit pension liability	30	**(31.8)**	(14.9)
Currency translation difference on foreign currency net investments		**(0.9)**	(1.6)
		(38.1)	(17.1)
Tax relating to components of other comprehensive income	9	**11.9**	(0.9)
Other comprehensive expense for the period		**(26.2)**	(18.0)
Total comprehensive loss for the period		**(34.2)**	(33.1)
Total comprehensive loss for the period attributable to:			
Non-controlling interest		**0.2**	-
Equity shareholders of the Company		**(34.4)**	(33.1)
		(34.2)	(33.1)

BOPARAN HOLDINGS LIMITED

Consolidated balance sheet
At 1 August 2020

	Note	1 August 2020 £m	27 July 2019 £m
Fixed assets			
Intangible fixed assets	12	**187.4**	219.8
Tangible fixed assets	13	**346.4**	389.6
Investment in associate	14	**5.6**	5.6
Investment in joint venture	14	**3.2**	2.9
		542.6	617.9
Current assets			
Inventories	16	**100.9**	101.4
Debtors	17	**177.2**	194.6
Deferred tax asset due after more than one year	18	**58.6**	54.0
Cash at bank and in hand		**130.3**	99.8
		467.0	449.8
Creditors: amounts falling due within one year	19	**(1,125.3)**	(488.5)
Net current liabilities		**(658.3)**	(38.7)
Total assets less current liabilities		**(115.7)**	579.2
Creditors: amounts falling due after more than one year	20	**(12.3)**	(663.9)
Provisions for liabilities	22	**(10.4)**	(23.9)
Net liabilities excluding pension liability		**(138.4)**	(108.6)
Pension scheme net deficit	30	**(286.8)**	(282.4)
Net liabilities		**(425.2)**	(391.0)
Capital and reserves			
Called up share capital	25	**-**	-
Share premium account	25	**132.6**	132.6
Cash flow hedge reserve		**(9.6)**	(4.1)
Profit and loss account		**(550.4)**	(521.5)
Shareholders' deficit		**(427.4)**	(393.0)
Non-controlling interest		**2.2**	2.0
Total capital employed		**(425.2)**	(391.0)

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 13th November 2020. They were signed on its behalf by:

C A Tomkinson
Director
Company Number 03558065

BOPARAN HOLDINGS LIMITED

Consolidated statement of changes in equity
At 1 August 2020

	Equity attributable to equity shareholders of the Company					
	Called-up share capital £m	Share premium account £m	Cash flow hedge £m	Profit and loss account £m	Non-controlling interest £m	Total capital employed £m
At 28 July 2018	-	132.6	(3.6)	(488.9)	2.0	(357.9)
(Loss) / profit for the financial period	-	-	-	(15.6)	0.5	(15.1)
Cash flow hedges:						
Gains arising during the period	-	-	1.8	-	-	1.8
Less: reclassified to profit and loss (note 4)	-	-	(2.4)	-	-	(2.4)
Remeasurement of net defined benefit pension liability (note 30)	-	-	-	(14.9)	-	(14.9)
Currency translation difference on foreign currency net investments	-	-	-	(1.1)	(0.5)	(1.6)
Tax relating to components of other comprehensive income (note 9)	-	-	0.1	(1.0)	-	(0.9)
Total comprehensive expense	-	-	(0.5)	(32.6)	-	(33.1)
At 27 July 2019	-	132.6	(4.1)	(521.5)	2.0	(391.0)
(Loss) / profit for the financial period	**-**	**-**	**-**	**(8.3)**	**0.3**	**(8.0)**
Cash flow hedges:						
Gains arising during the period	**-**	**-**	**0.6**	**-**	**-**	**0.6**
Less: reclassified to profit and loss (note 4)	**-**	**-**	**(6.0)**	**-**	**-**	**(6.0)**
Remeasurement of net defined benefit pension liability (note 30)	**-**	**-**	**-**	**(31.8)**	**-**	**(31.8)**
Currency translation difference on foreign currency net investments	**-**	**-**	**-**	**(0.8)**	**(0.1)**	**(0.9)**
Tax relating to components of other comprehensive income (note 9)	**-**	**-**	**(0.1)**	**12.0**	**-**	**11.9**
Total comprehensive (expense) / income	**-**	**-**	**(5.5)**	**(28.9)**	**0.2**	**(34.2)**
At 1 August 2020	**-**	**132.6**	**(9.6)**	**(550.4)**	**2.2**	**(425.2)**

Consolidated cash flow statement
For the 53 weeks ended 1 August 2020

	Note	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m
Cash flows from operating activities			
Cash generated from operations	26	**73.6**	(33.3)
Taxation paid		**(3.6)**	(1.5)
Net cash flows from operating activities		**70.0**	(34.8)
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		**-**	0.7
Purchase of intangible fixed assets		**(0.1)**	(0.7)
Purchase of tangible fixed assets		**(31.6)**	(68.4)
Disposal of operations		**67.0**	133.1
Dividends paid to associate		**-**	(0.5)
Capital grants received		**1.0**	-
Net cash flows from investing activities		**36.3**	64.2
Cash flows from financing activities			
Proceeds from financing on fixed assets		**-**	0.5
Repayments of obligations under finance leases		**(8.7)**	(7.9)
New loans received		**35.0**	131.7
Redemption of bonds		**-**	(250.0)
Repayment of loan		**(53.0)**	-
Disposal of derivative instrument		**-**	3.7
Interest paid		**(48.8)**	(59.4)
Net cash flows from financing activities		**(75.5)**	(181.4)
Net increase / (decrease) in cash and cash equivalents	26, 27	**30.8**	(152.0)

BOPARAN HOLDINGS LIMITED

Consolidated cash flow statement
For the 53 weeks ended 1 August 2020

	Note	**53 weeks ended 1 August 2020**	52 weeks ended 27 July 2019
		£m	£m
Cash and cash equivalents at the beginning of the period		**99.8**	251.2
Net increase / (decrease) in cash and cash equivalents during the period		**30.8**	(152.0)
Effect of foreign exchange rate changes		**(0.3)**	0.6
Cash and cash equivalents at the end of the period	28	**130.3**	99.8
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		**130.3**	99.8
Cash and cash equivalents		**130.3**	99.8

BOPARAN HOLDINGS LIMITED

Company balance sheet
At 1 August 2020

	Note	1 August 2020 £m	27 July 2019 £m
Fixed assets			
Investments	14	**144.9**	144.9
Current assets			
Debtors	17	**1,310.5**	1,248.0
Deferred tax asset due after more than one year		**1.4**	9.2
Cash at bank and in hand		**4.5**	17.9
		1,316.4	1,275.1
Creditors: amounts falling due within one year	19	**(1,352.2)**	(693.0)
Net current assets		**(35.8)**	582.1
Total assets less current liabilities		**109.1**	727.0
Creditors: amounts falling due after more than one year	20	**-**	(599.7)
Net assets		**109.1**	127.3
Capital and reserves			
Called up share capital	25	**-**	-
Share premium account	25	**132.6**	132.6
Cash flow hedge reserve		**(9.9)**	(4.3)
Profit and loss account		**(13.6)**	(1.0)
Shareholders' funds		**109.1**	127.3

The loss for the financial year dealt with in the financial statements of the parent Company was £13.6m (2019: loss of £30.0m).

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 13th November 2020. They were signed on its behalf by:

C A Tomkinson
Director

BOPARAN HOLDINGS LIMITED

Company statement of changes in equity
At 1 August 2020

	Equity attributable to equity shareholders of the Company				
	Called-up share capital £m	Share premium account £m	Cash flow hedge reserve £m	Profit and loss account £m	Total capital employed £m
At 28 July 2018	-	132.6	(3.8)	29.0	157.8
Loss for the financial period	-	-	-	(30.0)	(30.0)
Cash flow hedges:					
Gains arising during the period	-	-	1.8	-	1.8
Less: reclassified to profit or loss	-	-	(2.4)	-	(2.4)
Tax relating to components of other comprehensive income	-	-	0.1	-	0.1
Total comprehensive expense	-	-	(0.5)	(30.0)	(30.5)
At 27 July 2019	-	132.6	(4.3)	(1.0)	127.3
Loss for the financial period	**-**	**-**	**-**	**(13.6)**	**(13.6)**
Cash flow hedges:					
Gains arising during the period	**-**	**-**	**0.6**	**-**	**0.6**
Less: reclassified to profit or loss	**-**	**-**	**(6.2)**	**-**	**(6.2)**
DT asset on pension	**-**	**-**	**-**	**1.0**	**1.0**
Total comprehensive expense	**-**	**-**	**(5.6)**	**(12.6)**	**(18.2)**
At 1 August 2020	**-**	**132.6**	**(9.9)**	**(13.6)**	**109.1**

Notes to the financial statements
For the 53 weeks ended 1 August 2020

1. Accounting policies

Basis of accounting

Boparan Holdings Limited 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.

The nature of the group's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and 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.

The prior year consolidated profit and loss account and Note 5 for Exceptional Items has been restated to reclassify and separately disclose the profit on disposal of operations of £63.9m, the impact of this has reduced operating profit by £63.9m, the reclassification has £nil impact on profit before tax.

Parent company disclosure exemptions

Boparan Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

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.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings at 1 August 2020 using acquisition accounting.

The results of subsidiary undertakings acquired or disposed of during a financial period are included from, or up to, the effective date of an acquisition or disposal.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the directors considered the 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 annual report and the application of sensitivities to those forecasts

1. Accounting policies (continued)

Going concern (continued)

- The directors have considered a sensitivity reflecting a 30% reduction in EBITDA as a reasonable worst case scenario. Under this scenario, no breach is identified in respect of either cash or covenant headroom, with significant headroom remaining in this sensitised scenario.
- 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 and invoice discounting facility to meet day to day working capital requirements; and
- the impact of COVID-19 on the business and its prospects.

The BHL Board is regularly updated on the evolving risks of the ongoing COVID 19 situation and continues to monitor developments closely. Whilst managing absence, social distancing and materials shortages have been challenging operationally and demand has been volatile in some parts of our business, we are fortunate in that we have had, and continue to have, sufficient demand in all of our businesses to remain operational. Whilst we have been able to mitigate the profit impacts of COVID-19, we have seen a working capital outflow driven by the fall in demand across retail food service.

At the date of this report the committed bank facilities, invoice discount facilities, super senior £35m debt and €300m & £330m bond debt are classified as current liabilities that are due for renewal or repayment within 12 months.

The Group places reliance upon the access to these facilities and expects to renegotiate these or similar facilities as part of a full capital structure refinance ahead of the maturities in 2021.

Significant work for this capital structure refinance has already commenced, specifically external due-diligence on the Companies' forecasts and business plans, and the appointment of external advisors and sponsoring banks.

Based on the progress made to date, the directors expect a refinance to complete before the bond debt falls due for repayment in 2021 and the directors have therefore adopted the going concern basis on preparation of the financial statements.

However, the directors have noted that if the above full capital structure refinance did not complete and if substantially similar funds were not available to fund the repayment of the debt maturing in the forecast period, this represents a material uncertainty which may cast significant doubt upon the Group's and Company's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax (VAT) and other sales related taxes.

The Group provides trade discounts, primarily in the form of rebate arrangements or other incentive arrangements, to its customers. The arrangements can take the form of volume related rebates, marketing fund contributions, promotional fund contributions or lump sum incentives. The Group recognises revenue net of such discounts over the period to which the arrangement applies.

Sales of goods are recognised when goods are delivered and title has passed, and to the extent that sales are invoiced in advance of delivery, income is deferred.

1. Accounting policies (continued)

Supplier rebates

The Group enters into rebate arrangements with its suppliers. The arrangements are primarily volume related. The supplier rebates received are recognised as a deduction from cost of sales (or administration or distribution costs if more appropriate), based on the entitlement that has been earned up to the balance sheet date, for each relevant supplier arrangement.

Net financing charges

Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at the effective interest rate applicable on the carrying amount.

The net impact of the unwinding of the discount rate on the net pension scheme liability is charged to interest payable in the profit and loss account.

Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. The Group has not adopted the policy of capitalising borrowing costs, and therefore all borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Research and development

Research and development costs are expensed in the period to which they relate. Costs comprise all directly attributable costs necessary to create and produce new products which are both brand new in design and those being modified. Costs classified as research and development include raw materials, labour costs, artwork origination and market research directly attributable to developing the product.

Government grants

Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Exceptional items

In order to ensure comparability between the Group's results year on year, the Directors present certain items separately in exceptional items, so that the reader of the accounts can better understand the underlying performance of the business.

The decision to present an item as highlighted is a judgement of the Directors and is reserved for items of a non-recurring nature, or of a such significant size that they would distort the results of any particular period. For further information on items disclosed in the period see note 5.

Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

(b) Transactions and balances

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.

1. Accounting policies (continued)

Foreign currencies (continued)

(c) Group companies

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit and loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks;
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (thereby forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

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.

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

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less / (more) than the value at which it is recognised, a deferred tax liability / (asset) is recognised for the additional tax that will be paid / (avoided) in respect of that difference.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

1. Accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset only if:

(a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goodwill

Goodwill arising on acquisition, representing the difference between the cost and the fair value of the net assets acquired in a business combination is capitalised in the period of acquisition and written off on a straight line basis over its useful economic life which is estimated to be twenty years. Provision is made for any impairment.

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses.

Negative goodwill is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair value of non-monetary assets acquired is credited to the profit or loss account in the period it is expected to benefit.

Software

Software separately acquired, including computer software which is not an integral part of an item of hardware, is stated at cost less accumulated amortisation. Cost comprises purchase price and other directly attributable costs.

Software is recognised as an asset only if it meets the following criteria:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the development cost / acquisition cost of the asset can be reliably measured.

Costs relating to the development of software for internal use are capitalised once the recognition criteria outlined above are met.

Software is amortised over its expected useful life, which ranges from three to seven years. Amortisation commences when the asset is ready for use.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost, less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

No depreciation is provided on land. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The principal annual rates used for other assets are:

Freehold properties	2% - 5%
Leasehold properties	2% - 20%
Plant, fixtures and motor vehicles	6.66% - 25%

1. Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Leased assets

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives.

The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease, are similarly spread on a straight-line basis over the lease term.

Sale and leaseback

When a sale and leaseback transaction results in a finance lease no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by future lease payments at below market price. In that case, any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

1. Accounting policies (continued)

Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment.

Associates

In the Group financial statements, investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate.

Joint ventures

In the Group financial statements, investments in joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of the joint venture's profits less losses, with the Group's share of the net assets of the joint venture being shown in the consolidated balance sheet.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective inventory where appropriate.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1. Accounting policies (continued)

Financial assets and liabilities

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 Group 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.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

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

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, 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.

1. Accounting policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hedge accounting

The Group designates some of its derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge, the Group determines and documents causes for hedge ineffectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at their present value and at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Pension schemes

Defined contribution pension schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension schemes

The Group operates a number of defined benefit pension schemes; the UK and Irish schemes are closed to future benefit accrual.

For defined benefit schemes, the amounts charged to operating profit are the costs arising from settlements and curtailments. They are included as part of staff costs.

1. Accounting policies (continued)

Pension schemes (continued)

The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the defined benefit liability) are recognised immediately in other comprehensive income. Costs of administering the closed defined benefit schemes are charged to administration costs.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Post-retirement healthcare

The Group provides post-retirement healthcare benefits to eligible employees who retired before 31 March 1999. The expected cost of this benefit has been computed using an accounting methodology similar to that for defined benefit pension schemes. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses. These obligations are valued annually for the purpose of the financial statements by independent qualified actuaries.

Dividends

Dividend distributions to the Company’s shareholders are recognised in the Group and Company financial statements as follows:

- Final dividend: when approved by the Company’s shareholders at the annual general meeting;
- Interim dividend: when paid by the Company.

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Reserves

The Group and Company’s reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging foreign exchange risk. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Related party transactions

The Group has taken advantage of the exemption under FRS 102 Section 33.1A ‘Related Party Disclosures’ and has not disclosed transactions or balances between wholly owned subsidiary undertakings.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 Group's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Defined benefit pension schemes

The Group operates a number of defined benefit pension schemes. The actuarial valuations of these schemes are reliant on a number of assumptions, including the discount rate, the inflation rate and the mortality rate. The assumptions applied as part of these valuations are based on forecasted trends and are closely monitored by the Group.

The most recent actuarial valuations of these schemes and the present value of the defined benefit obligations for the purpose of the financial statements were carried out at 1 August 2020 by independent qualified actuaries. The directors have conducted sensitivity analysis around the key assumptions; if the discount rate were to increase by 0.1%, this could decrease the pension scheme net deficit by approximately £31.0m. Further details of the principal actuarial assumptions used in calculating the defined benefit pension deficit are given in note 30.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key source of estimation uncertainty (continued)

Recognition of deferred tax assets

The Group recognised a deferred tax asset of £58.6m (2019: £54.0m) at the period end. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The total deferred tax asset of £142.3m (2019: £142.6m) relates to timing differences on pensions, capital allowances, short term timing differences, corporate interest expense and capital losses. Of this amount £58.6m (2019: £54.0m) has been recognised on pensions, capital allowances, short term timing differences and corporate interest expense. Recognition involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. The Group has considered the impact and assumptions used in these calculations and has conducted sensitivity analysis to ensure the recognition of these deferred tax assets is appropriate. Details of deferred tax assets including amounts recognised at the period end can be found in note 18.

Customer rebates

The Group provides rebate arrangements or other incentive arrangements, to its customers. In assessing provisions required for these arrangements, the Group carefully monitors the sales levels and ensures that provisions are in line with all agreements in place with each customer.

The Group uses estimation techniques to assess performance against growth targets for third party agreements with non-coterminous year ends.

The Board have not disclosed sensitivity analysis in relation to the commercial accruals balance at the year-end due to the commercial sensitivity of this disclosure.

Impairment of goodwill, intangible and tangible assets

When determining whether assets are impaired, the recoverable amount of assets are determined based on the higher of net realisable value and value-in-use calculations. The value-in-use calculation requires an estimate of the future cash flows expected to arise from each cash-generating unit, along with a suitable discount rate in order to calculate present value. The Group has considered the impact of the assumptions used on these calculations and has conducted sensitivity analysis to ensure these carrying values are appropriate. A one percentage point increase in the pre tax discount rate would reduce the recoverable amount by £49.4m. The sensitivity analysis includes the modelling of future outcomes within management control.

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

3. Turnover and segmental information

Following a number of disposals in the periods 2017/18 and 2018/19 the business has been reorganised and from 28 July 2019 the operations are now managed and reported under the three divisions of Poultry, Meals and Bakery. Prior year results have been restated for comparison purposes.

Turnover

	53 weeks ended 1 Aug 2020 £m	52 weeks ended 27Jul 2019 £m
Poultry	**1,924.1**	1,880.6
Meals	**503.8**	583.8
Bakery	**264.1**	276.2
Total	**2,692.0**	2,740.6

All turnover relates to the Group's principal activity of food manufacturing

Adjusted EBITDA

	Note	**53 weeks ended 1 Aug 2020 £m**	52 weeks ended 27 Jul 2020 £m
Poultry		**68.1**	39.9
Meals		**34.1**	26.8
Bakery		**26.5**	25.0
Total Group Adjusted EBITDA		**128.7**	91.7
Exceptional items	5	**(18.4)**	(24.0)
Depreciation	13	**(65.8)**	(60.4)
Amortisation of intangible assets	12	**(19.8)**	(22.4)
Share of profit from associate and joint venture	14	**(0.3)**	(1.3)
Pension scheme administration costs	30	**(2.9)**	(3.1)
Operating profit / (loss)		**21.5**	(19.5)
Profit on disposal of operations	14	**28.8**	63.9
Share of profit from associate and joint venture	14	**0.3**	1.3
Net finance (charge)	4	**(48.8)**	(63.2)
Profit / (loss) before taxation		**1.8**	(17.5)

3. Turnover and segmental information (continued)

Other information - 53 weeks ended 1 August 2020	**Poultry £m**	**Meals £m**	**Bakery £m**	**Group £m**
Depreciation	**39.3**	**15.8**	**10.7**	**65.8**
Impairment of tangible fixed assets	**-**	**9.9**	**0.5**	**10.4**
Amortisation of intangible assets	**11.6**	**4.1**	**4.1**	**19.8**

Other information - 52 weeks ended 27 July 2019	Poultry £m	Meals £m	Bakery £m	Group £m
Depreciation	38.2	14.3	7.9	60.4
Impairment of tangible fixed assets	0.3	-	-	0.3
Amortisation of intangible assets	7.8	6.9	7.7	22.4

	Assets £m	**Liabilities £m**	**1 August 2020 Total £m**	Assets £m	Liabilities £m	27 July 2019 Total £m
Poultry	**428.6**	**(222.2)**	**206.4**	455.8	(230.5)	225.3
Meals	**191.7**	**(76.2)**	**115.5**	230.7	(84.2)	146.5
Bakery	**159.8**	**(57.9)**	**101.9**	190.1	(60.1)	130.0
Operating assets / (liabilities)	**780.1**	**(356.3)**	**423.8**	876.6	(374.8)	501.8
Unallocated corporate assets:						
Cash at bank and in hand	**130.3**	**-**	**130.3**	99.8	-	99.8
Corporate other receivables	**26.6**	**-**	**26.6**	23.8	-	23.8
Deferred tax assets	**58.6**	**-**	**58.6**	54.0	-	54.0
Corporate intangible assets	**1.6**	**-**	**1.6**	2.2	-	2.2
Derivatives	**12.4**	**-**	**12.4**	11.3	-	11.3
Unallocated corporate liabilities:						
Total borrowings (note 21)	**-**	**(740.9)**	**(740.9)**	-	(750.6)	(750.6)
Pension scheme net deficit	**-**	**(286.8)**	**(286.8)**	-	(282.4)	(282.4)
Current taxation liabilities	**-**	**(2.0)**	**(2.0)**	-	(4.1)	(4.1)
Corporate other payables	**-**	**(48.8)**	**(48.8)**	**-**	(46.8)	(46.8)
Total assets / (liabilities)	**1,009.6**	**(1,434.8)**	**(425.2)**	1,067.7	(1,458.7)	(391.0)

3. Turnover and segmental information (continued)

	Turnover by destination		Turnover by origin		Profit / (loss) before tax		Net (liabilities) / assets	
	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
United Kingdom	**2,135.0**	2,206.8	**2,075.9**	2,132.0	**(4.8)**	(34.9)	**(523.5)**	(488.4)
Rest of Europe	**544.0**	517.5	**616.1**	608.6	**6.6**	17.4	**98.3**	97.4
Rest of the World	**13.0**	16.3	**-**	-	**-**	-	**-**	-
Total	**2,692.0**	2,740.6	**2,692.0**	2,740.6	**1.8**	(17.5)	**(425.2)**	(391.0)

All unallocated costs and assets noted in the segmental reconciliations have been allocated to the United Kingdom in the above table, consistent with where the Group's head office is based.

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

4. Net finance charge

	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m
Interest income and expense		
Interest payable on loans and overdrafts	**(48.5)**	(57.9)
Interest on finance leases	**(0.6)**	(0.8)
	(49.1)	(58.7)
Foreign exchange on financial instruments		
Exchange loss	**(0.2)**	(0.3)
Fair value gains		
On derivative financial liabilities designated in an effective hedging relationship	**6.0**	2.4
Other finance costs		
Net charge on defined benefit pension liability	**(5.5)**	(6.6)
Net finance charge	**(48.8)**	(63.2)

Foreign exchange on financial instruments arose on the retranslation of the element of the Group's euro bond funding that was unhedged during the period.

5. Exceptional Items

	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m
Redundancy, disruption and closure costs	**14.5**	10.1
Project costs	**3.9**	-
Other claims and settlements	**-**	2.3
GMP equalisation on pension scheme	**-**	11.6
Total exceptional items	**18.4**	24.0

Current period

The Group recognised costs incurred on redundancy, disruption and closure costs, the majority of which incurred in the Meals division where a site closure took place and the production lines were relocated to another existing site. The £14.5m is presented net of £1.6m of income relating to the disposal of Group properties during the year.

A strategic project to review the options available to the Group in relation to long term financing and future capital structure incurred £3.9m of non-recurring professional advisory fees.

Prior period

The Group recognised £10.1m of redundancy, disruption and closure costs, predominantly relating to the reorganisation of the Poultry division.

£2.3m of costs were incurred in relation to claims and settlements.

The Group also recognised £11.6m in relation to past pension service costs arising from the guaranteed minimum pension equalisation exercise.

The tax effect of the exceptional items on the amounts charged to the profit and loss account for taxation was:

	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m
Tax credit on exceptional items	**3.5**	4.8
Decrease in tax charge to profit and loss account	**3.5**	4.8

The credit of £3.5m (2019: £4.8m) relates to a corporation tax credit of £3.5m (2019: £2.6m) and a £nil deferred tax credit (2019: charge £2.2m).

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

6. Profit / (loss) before taxation

Profit / (loss) before taxation is arrived at after charging / (crediting):

	Note	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m
Auditor's remuneration for audit services		**0.5**	0.6
Operating lease rentals:			
- hire of plant and machinery		**8.4**	8.0
- other		**4.8**	5.7
Depreciation of tangible fixed assets:			
- owned	13	**58.8**	54.7
- leased	13	**7.0**	5.7
Impairment of tangible fixed assets			
- owned	13	**10.4**	0.3
Amortisation of goodwill	12	**19.8**	22.4
Research and development costs		**4.0**	3.3
Loss on disposal of tangible fixed assets		**-**	0.6
Government grants			
- capital		**-**	(0.2)
- revenue		**(0.2)**	(0.2)
Furlough income		**(3.5)**	-
Pension scheme administration costs	30	**2.9**	3.1
Defined contribution pension costs	7	**14.7**	13.7

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

6. Profit / (loss) before taxation (continued)

The analysis of auditor's remuneration is as follows:

	53 weeks ended 1 August 2020 £000	52 weeks ended 27 July 2019 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**31**	31
Audit of the Company's subsidiaries pursuant to legislation	**507**	607
Total audit fees	**538**	638
Corporate finance services	**879**	285
Total non-audit fees	**879**	285

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

7. Staff numbers and costs

Group

The average monthly number of employees (including directors), was:

	53 weeks ended 1 August 2020 (Number)	52 weeks ended 27 July 2019 (Number)
Production	**17,183**	17,970
Distribution	**629**	728
Administration	**2,031**	2,048
	19,843	20,746

Staff costs (including directors), consists of:

	£m	£m
Wages and salaries	**420.4**	439.6
Social security costs	**41.5**	38.9
Defined contribution pension costs (note 30)	**14.7**	13.7
	476.6	492.2

In addition to the above, redundancy costs of £3.7m (2019: £2.4m) are included in exceptional items.

Company

The Company has ten employees (2019: twelve), all of whom fall within Administration functions.

The directors are remunerated through other Group companies. During the period £0.8m (2019: £0.8m) was recharged to the Company in relation to directors.

8. Directors' remuneration

Emoluments of Company's directors:	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m
Salaries, bonuses and benefits	**4.1**	5.5
	4.1	5.5
Emoluments of highest paid director:		
Salaries, bonuses and benefits	**2.1**	3.2
	2.1	3.2

Bonuses are accruing to the directors based on pre-determined performance targets.

One director (2019: one director) is a member of the money purchase pension scheme.

Directors' advances, credits and guarantees

There are no further transactions with directors during the period to disclose.

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

9. Taxation on profit / (loss)

	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m
United Kingdom corporation tax		
Current tax on income for the period	**0.4**	-
Adjustment in respect of prior periods	**(1.3)**	(1.1)
Total charge	**(0.9)**	(1.1)
Overseas taxation		
Current tax on income for the period	**(1.6)**	(4.3)
Total charge	**(1.6)**	(4.3)
Deferred taxation		
Net origination of timing differences	**2.2**	9.8
Adjustment in respect of prior periods	**(1.6)**	(1.5)
Change in corporation tax rate	**0.2**	(0.1)
Deferred tax on pension scheme	**(8.1)**	(0.4)
Total (charge) / credit	**(7.3)**	7.8
Current taxation	**(2.5)**	(5.4)
Deferred taxation	**(7.3)**	7.8
Tax (charge) / credit on loss	**(9.8)**	2.4
Tax relating to components of other comprehensive income	**11.9**	(0.9)
	2.1	1.5

Finance Act No 2 2015 was substantively enacted on 26 October 2015 with provisions to reduce the corporation tax rate to 19% with effect from corporation tax rate to 19% with effect from 1 April 2017. Finance Bill 2016 was substantively enacted on 6 September 2016 further reducing the corporation tax rate to 17% with effect from 1 April 2020. However, Finance Bill 2020 reversed this move to maintain the corporation tax rate at 19%. This was substantively enacted on 17 March 2020. Accordingly these rates have been applied when calculating the deferred tax assets and liabilities as at 1 August 2020.

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

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

9. Taxation on profit / (loss) (continued)

The corporation tax charge is different to the standard UK corporation tax rate of 19.0% (2019: 19.0%). The differences are analysed below:

	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m
Current tax reconciliation		
Profit / (loss) before taxation	**1.8**	(17.5)
Taxation on profit / (loss) at the standard UK corporation tax rate of 19.0% (2019: 19.0%)	**(0.3)**	3.3
Effects of:		
- Amortisation not deductible for tax purposes	**(3.7)**	(4.2)
- Depreciation not deductible for tax purposes	**(1.5)**	(1.6)
- Expenses / income not deductible/taxable for tax purposes	**(1.6)**	(2.9)
- Gains on disposal subject to substantial shareholding exemption	**5.5**	15.1
- Differences between UK and overseas tax rates	**0.2**	(0.1)
- Tax rate differences	**(0.3)**	(1.3)
- Adjustment in respect of prior periods	**(3.0)**	(2.8)
- Derecognition of deferred tax assets on pensions and advanced capital allowances	**(5.1)**	(3.1)
Tax (charge) / credit for the period	**(9.8)**	2.4

10. Loss attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit / (loss) attributable to the Company is disclosed in the footnote to the Company's balance sheet.

11. Dividends on equity shares

No dividends have been declared or paid for the period ending 1 August 2020.

There were also no dividends declared in respect of the period ending 27 July 2019.

12. Intangible fixed assets

Group

	Goodwill	Software	Total
Cost	£m	£m	£m
At 27 July 2019	482.2	3.8	486.0
Disposal of subsidiaries	(12.6)	-	(12.6)
At 1 August 2020	**469.6**	**3.8**	**473.4**
Amortisation			
At 27 July 2019	265.3	0.9	266.2
Charge for the period	19.0	0.8	19.8
At 1 August 2020	**284.3**	**1.7**	**286.0**
Net book value			
At 1 August 2020	**185.3**	**2.1**	**187.4**
At 27 July 2019	216.9	2.9	219.8

There were £nil intangible fixed assets held by the Company (2019: £nil).

Amortisation charged during the period is recognised within administrative expenses in profit and loss.

13. Tangible fixed assets

Group	Freehold properties £m	Long / short leasehold properties £m	Plant, fixtures and motor vehicles £m	Total £m
Cost				
At 27 July 2019	106.2	19.7	530.7	656.6
Additions	13.9	-	28.1	42.0
Disposals as a result of sale of subsidiaries	(1.9)	-	(12.1)	(14.0)
Disposals	(5.5)	-	(17.8)	(23.3)
Foreign currency translation	0.5	-	(0.5)	-
At 1 August 2020	**113.2**	**19.7**	**528.4**	**661.3**
Depreciation				
At 27 July 2019	23.1	4.6	239.3	267.0
Charge for the period	6.0	0.7	59.1	65.8
Disposals as a result of sale of subsidiaries	-	-	(10.7)	(10.7)
Disposals	(1.3)	-	(16.6)	(17.9)
Impairment	-	-	10.4	10.4
Foreign currency translation	0.3	-	-	0.3
At 1 August 2020	**28.1**	**5.3**	**281.5**	**314.9**
Net book value				
At 1 August 2020	**85.1**	**14.4**	**246.9**	**346.4**
At 27 July 2019	83.1	15.1	291.4	389.6

The net book value of tangible fixed assets includes £25.6m (2019: £24.5m) in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £7.0m (2019: £5.7m).

There were £nil fixed assets held by the Company (2019: £nil).

14. Investments

The parent Company and the Group have investments in the following subsidiary undertakings, associates, joint ventures and other investments.

Companies marked * are directly owned by Boparan Holdings Limited.

Company name	Principal activity	Country of incorporation
2 Sisters Food Group Limited*	Chicken processing	England
2 Sisters Poultry Limited*[1+]	Chicken processing	Scotland
Amber Foods Limited*[2]	Chicken processing	Jersey
BH Acquisitions Limited*[+]	Holding company	England
Boparan Finance plc*	Group financing	England
2 Sisters Fish Limited[+]	Non-trader	England
Cavaghan & Gray Limited[+]	Food processing	England
Convenience Foods Limited[+]	Food processing	England
F W Farnsworth Limited[+]	Food processing	England
Northern Foods Grocery Group Limited[+]	Food processing	England
Solway Foods Limited[+]	Food processing	England
Hook 2 Sisters Limited[4^]	Chicken growing	England
2 Sisters Europe B.V.*[5]	Holding company	Netherlands
2 Sisters Hamrol Sp. Z.o.o.[6]	Chicken processing	Poland
2 Sisters Storteboom B.V.[5]	Chicken processing	Netherlands
Noblesse Proteins Investments B.V.[8]	Chicken processing	Netherlands
Storteboom Agri B.V.[5]	Chicken processing	Netherlands
Storteboom Zeewolde B.V [10]	Chicken processing	Netherlands
Storteboom Fresh B.V.[5]	Chicken processing	Netherlands
Storteboom Kornhorn B.V.[7]	Chicken processing	Netherlands
Storteboom Nijkerk B.V.[9]	Chicken processing	Netherlands
Storteboom Barneveld B.V. [17]	Chicken processing	Netherlands
Storteboom Proevlokaal A7 B.V. [18]	Chicken processing	Netherlands
Cavaghan & Gray Group Limited[+]	Holding company	England
Beverley House Food Group Limited	Holding company	Republic of Ireland
Northern Foods Limited	Holding company	England
Solway Foods Holdings Limited[+]	Holding company	England
R & K Wise Limited[+]	Pension holder	England
2 Sister Food Services Limited*[+]	Non-trader	England
Beverley House (9000) Limited[+]	Non-trader	England
BH9000 (Jersey) Limited	Non-trader	Jersey
Beverley House Investments Limited[+]	Non-trader	England
Boparan Foods Limited*[+]	Non-trader	England
Challenger Foods Limited[+]	Non-trader	England
Dreamphoto Limited[+]	Non-trader	England
Dreamplayer Limited[+]	Non-trader	England
Storteboom UK Limited[19]	Chicken processing	England

14. Investments (continued)

Company name	Principal activity	Country of incorporation
Dressadmire Limited[+]	Non-trader	England
Ethnic Cuisine Limited[+]	Non-trader	England
Farnsworth Investments Limited[+]	Non-trader	England
Beverley House Foods (Boyle) Limited (formerly known as Green Isle Foods (Boyle) Limited)	Non-trader	Republic of Ireland
Beverley House Foods Portumna (formerly known as Green Isle Foods Portumna Limited)	Non-trader	Republic of Ireland
Beverley House Group Services Limited (formerly known as Green Isle Group Services Limited)	Non-trader	Republic of Ireland
Beverley House Holdings ApS (formerly known as Green Isle Holdings ApS)[11]	Non-trader	Denmark
Hulcay Limited[+12]	Non-trader	Cayman Islands
Island Wharf (100) Limited[+]	Non-trader	England
Island Wharf (300) Limited[+]	Non-trader	England
John Rannoch Limited[+]	Non-trader	England
Joseph Mitchell (Letham) Limited[1+]	Non-trader	England
Lloyd Maunder Limited[+]	Non-trader	England
Melwood Investments Limited[+]	Non-trader	England
Norcay Limited[+12]	Non-trader	Cayman Islands
Northern Foods American Holdings Limited[+]	Non-trader	England
Northern Foods Finance Limited[+]	Non-trader	England
Poldy's Fresh Foods Limited	Non-trader	Republic of Ireland
Scot-Lad Limited[1+]	Non-trader	Scotland
2 Sister Food Processors Limited	Dormant	England
2 Sisters Food Group Inc.[15]	Dormant	United States of America
2 Sisters Premier Division Limited*	Dormant	England
2 Sisters Site Certification Limited	Dormant	England
2 Sisters (Wolverhampton) Limited*	Dormant	England
Amber Proteins Limited	Dormant	Jersey
Billcrest Products Limited[3]	Dormant	Republic of Ireland
Buxted Chicken Limited	Dormant	England
Buxted Fresh Quality Foods Limited	Dormant	England
Century Way (Number One) Limited	Dormant	England
Century Way (Wiltshire) Pension Scheme Trustees Limited	Dormant	England
Century Way Dale Limited	Dormant	England
Devon Crest Foods Limited	Dormant	England
Entrancelord Limited	Dormant	England
Fleur De Lys Pies Limited	Dormant	England
Fox's Biscuits Limited	Dormant	England
George Payne & Co Limited	Dormant	England
Hortonwood Bakeries Limited	Dormant	England
Island Wharf (600) Limited	Dormant	England
Mitchell (Game) Limited[1]	Dormant	Scotland

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

14. Investments (continued)

Company name	Principal activity	Country of incorporation
Portumna Pastry Limited (formerly known as Green Isle Pastry Limited)[16]	Food Processing	Republic of Ireland
Montgomery Bell Limited[13]	Dormant	Northern Ireland
Penwood Agriculture Limited*	Dormant	England
Penwood Foods Limited*	Dormant	England
Premier Farming Limited	Dormant	England
Premier Fresh Foods Limited	Dormant	England
Prime Game Limited[1]	Dormant	Scotland
Silverbeach Limited[14]	Dormant	Jersey
Swiss Milk Products Limited	Dormant	England
The Salad Company Limited	Dormant	England
Todayultra Limited	Dormant	England
Walter Holland & Sons Limited	Dormant	England

Other than those investments listed below, the Company and the Group own 100% of the ordinary share capital and voting rights of all the companies above.

The Company's subsidiary 2 Sisters Europe B.V. owns 96% of the ordinary share capital of 2 Sisters Hamrol Sp. Z.o.o.

The Company and the Group own 99.9% of the ordinary share capital of 2 Sisters Premier Division Limited.

The registered address of all undertakings is Trinity Park House, Trinity Business Park, Fox Way, Wakefield, West Yorkshire, WF2 8EE unless otherwise stated.

Registered office:

[1] George Street, Coupar Angus, Blairgowrie, Perthshire, PH13 9LU

[2] No2, The Forum, Grenville Street, St Helier, Jersey, JE1 4HH

[3] 29 Earlsfort Terrace, Dublin 2, D02 AY28, Ireland

[4] Cote, Bampton, Oxfordshire, OX18 2EG

[5] Post Box 42, Voorthuizerstraat 148, NL-3881, Putten, The Netherlands

[6] Kotowo 1A, 62-066 Granowo, Poland

[7] Post Box 7, Provincialeweg 70, NL-9864 PG, Kornhorn, The Netherlands

[8] Ambachtsweg 7, NL-9418, TW Wijster, The Netherlands

[9] Post Box 1020, Galvanistraat 2, NL-3861, Nijkerk, The Netherlands

[10] Akkerweg 3, NL-3899, BL Zeewolde, The Netherlands

[11] Harbour House, Sundkrogsgade 21, 2100 Copenhagen, Denmark

[12] PO Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands

[13] 19 Bedford Street, Belfast, Northern Ireland, BT2 7EJ

[14] 12 Castle Street, St Helier, Jersey, JE2 3RT

[15] 21801 Cactus Ave, Falcon Business Park, Meridian, Riverside, CA 92518

[16] 29 Earlsfort Terrace, Dublin, D02 AY28, Ireland

[17] Hanzeweg 22, 3771 NG Barneveld

[18] Schilligepad 8, 9356 TK Tolbert

14. Investments (continued)

[19] Ground Floor Unit 501 Centennial Park, Centennial Avenue, Elstree, Hertfordshire, United Kingdom

^The Company's subsidiary 2 Sisters Food Group Limited owns 50% of the ordinary share capital of Hook 2 Sisters Limited.

For the period ending 1 August 2020 the subsidiaries of the Company marked + were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Investment in associate

The Company's subsidiary 2 Sisters Europe BV holds a 26% interest in Noblesse Proteins Investments B.V., a company incorporated in The Netherlands.

The amount shown in the consolidated balance sheet represents the amount invested and the Group's share of Noblesse Proteins Investments B.V. post tax profits.

Investment in joint venture

The Company's subsidiary 2 Sisters Food Group Limited owns 50% of the ordinary share capital of Hook 2 Sisters Limited.

The amount shown in the consolidated balance sheet represents the amount invested and the Group's share of Hook 2 Sisters Limited's post tax profits.

Group	Associated undertaking £m	Joint venture £m	Total £m
At 27 July 2019	5.6	2.9	8.5
Share of retained profit for the period	-	0.3	0.3
At 1 August 2020	**5.6**	**3.2**	**8.8**

The Group's share of retained profit for the period is in relation to continuing operations.

Company	£m
Cost at 27 July 2019	144.9
At 1 August 2020	**144.9**

Provisions for impairment are made where it is deemed the carrying value of the investment will not be recovered. The directors consider the value of investments to be supported by their underlying assets and future cash flows.

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

15. Sale of Subsidiaries

On 26 October 2019, the Group sold its 100% interest in the ordinary share capital of Bakery Foods Limited. The loss up to the date of disposal was £1.8m.

	Bakery Foods Limited £m
Fixed assets	3.3
Current assets	22.3
Net assets	25.6
Goodwill	12.6
Profit on disposal of subsidiary	28.8
Sale Proceeds	67.0
Satisfied by:	
Cash and cash equivalents	67.0

In the prior period, the Group sold its 100% interest in the ordinary share capital of Manton Wood Limited, a new company in the year. The Group also sold its 100% interest in the ordinary share capital in Green Isle Brands Limited. The profit up to the date of disposal was £0.3m.

16. Inventory

	Group	
	1 August 2020 £m	27 July 2019 £m
Raw materials and consumables	**30.4**	31.2
Work in progress	**5.1**	7.3
Finished goods and goods for resale	**65.4**	62.9
	100.9	101.4

In the opinion of the directors the carrying value of inventory is not materially different to the replacement cost.

There was £nil inventory held by the Company at the period end (2019: £nil).

17. Debtors

	Group		Company	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Amounts falling due within one year:				
Trade debtors	**104.8**	115.0	**-**	0.4
Amounts owed by group undertakings	**-**	-	**1,292.5**	1,236.4
Amounts owed by related parties	**4.6**	3.2	**-**	-
Amounts owed by joint ventures	**3.3**	3.3	**-**	-
Other debtors	**38.3**	40.9	**-**	-
Prepayments and accrued income	**13.8**	20.9	**3.8**	-
Corporation tax	**-**	-	**2.0**	-
Derivatives	**12.4**	0.1	**12.2**	-
	177.2	183.4	**1,310.5**	1,236.8
Amounts falling due after more than one year:				
Derivatives	**-**	11.2	**-**	11.2
	-	11.2	**-**	11.2
Total debtors	**177.2**	194.6	**1,310.5**	1,248.0

18. Deferred tax asset

	53 weeks ended 1 August 2020 £m	52 weeks ended 27 July 2019 £m
Deferred tax asset at the start of the period	**54.0**	47.3
Current period (charge) / credit to profit and loss account	**(5.7)**	9.3
Current and prior period charge to other comprehensive income	**12.0**	(0.9)
Other movements	**-**	(0.1)
Foreign currency translation	**-**	(0.1)
Adjustments in respect of prior periods	**(1.7)**	(1.5)
Deferred tax asset at the end of the period	**58.6**	54.0

Deferred tax assets / liabilities are recognised at the rate applicable at the time the underlying asset / liability is expected to reverse, and are analysed as follows:

	1 August 2020 £m	27 July 2019 £m
Accelerated capital allowances	**33.9**	23.7
Short term timing differences	**2.5**	2.9
Deferred tax arising in relation to retirement benefit obligations	**22.2**	19.2
Corporate interest expense	**-**	8.2
	58.6	54.0

No deferred tax asset has been recognised on balances totalling £440.5m at 1 August 2020 (2019: £520.5m) as it is uncertain whether these will be utilised against future taxable profits, gains or interest capacity. Of this, £160.6m (2019: £159.3m) relates to capital losses, £170.1m (2019: £163.5m) relates to the pension liability, £13.8m (2019: £141.0m) relates to accelerated capital allowances and £96.0 (2019: £56.5m) relates to corporate interest expense carried forward as at 1 August 2020. The Group's unrecognised deferred tax asset on these balances at 19% would be £83.7m (2019: £88.5m).

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

19. Creditors: Amounts falling due within one year

	Group		Company	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Obligations under finance leases (note 21)	**7.8**	7.0	**-**	-
Bond interest accrual (note 21)	**13.4**	12.9	**-**	-
Bond notes (note 21)	**594.8**	-	**-**	-
Short term borrowings (note 21)	**113.5**	74.5	**113.5**	74.5
Trade creditors	**209.7**	223.1	**-**	0.4
Amount owed to group undertakings	**-**	-	**1,238.2**	611.9
Amount owed to related parties	**3.2**	1.4	**-**	-
Amount owed to joint venture	**52.8**	50.1	**-**	-
Corporation tax	**2.0**	4.1	**-**	5.5
Other taxation and social security	**9.8**	7.1	**-**	-
Other creditors	**15.9**	22.6	**-**	-
Accruals and deferred income	**100.0**	85.0	**0.5**	0.5
Government grants	**2.4**	0.7	**-**	0.2
	1,125.3	488.5	**1,352.2**	693.0

20. Creditors: Amounts falling due after more than one year

	Group		Company	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Obligations under finance leases (note 21)	**11.4**	12.1	**-**	-
Bond notes	**-**	596.9	**-**	-
Long term borrowings	**-**	47.2	**-**	-
Amount owed to group undertakings	**-**	-	**-**	599.7
Accruals and deferred income	**0.9**	6.8	**-**	-
Government grants	**-**	0.9	**-**	-
	12.3	663.9	**-**	599.7

The amount owed to group undertakings comprises £330m of intercompany loans due July 2021 at an interest rate of 5.50% and €300m of intercompany loans due July 2021 at an interest rate of 4.375%.

The terms of the bond notes are disclosed within note 21.

21. Borrowings

	Group	
	1 August 2020 £m	27 July 2019 £m
Bond notes	**581.1**	581.1
Foreign exchange on hedged portion of debt (note 28)	**18.7**	18.5
Bond interest accrual (note 28)	**13.4**	12.9
Unamortised prepaid bond fees (note 28)	**(1.4)**	(2.7)
Bond notes at amortised cost (note 23)	**611.8**	609.8
Other borrowings (note 20)	**113.5**	131.0
Unamortised prepaid borrowing fees	**(3.6)**	(9.3)
	109.9	121.7
Obligations under finance leases	**19.2**	19.1
Total borrowings	**740.9**	750.6
Due within one year	**729.5**	94.4
Due after more than one year	**11.4**	656.2
Total borrowings	**740.9**	750.6
Bond notes and other borrowings:		
Within one year or less or on demand (note 19)	**721.7**	87.4
More than one year but not more than two years (note 20)	**-**	644.1
	721.7	731.5
Obligations under finance leases:		
Within one year or less or on demand (note 19)	**7.8**	7.0
More than one year but not more than two years (note 20)	**5.6**	7.4
More than two years but not more than five years (note 20)	**4.8**	4.7
More than five years (note 20)	**1.0**	-
	19.2	19.1
Total borrowings (note 23)	**740.9**	750.6

The bond comprises £330m of Senior Loan Notes due 2021 at an interest rate of 5.50% and €300m of Senior Loan Notes due July 2021 at an interest rate of 4.375%. The Group has an £80m Revolving Credit Facility maturing in March 2021 and a £35m secured term loan due to be repaid June 2021.

21. Borrowings (continued)

The RCF balance drawn at 1 August 2020 was £78.0m (2019: £78.0). Interest on RCF drawings is calculated with reference to LIBOR and EURLIBOR plus applicable margin. In addition, a commitment fee is charged for the undrawn amount. The principal subsidiaries are guarantors to the facilities.

Finance leases are secured over the assets to which they relate.

22. Provisions for liabilities

	Onerous lease £m	Restructuring £m	Dilapidations £m	Other £m	Total £m
At 27 July 2019	2.5	11.9	0.9	8.6	23.9
Current period charge / (credit) to profit and loss account:					
- exceptional	-	14.3	-	-	14.3
- non-exceptional	-	-	-	1.3	1.3
Utilised in the period:					
- exceptional	(0.2)	(20.9)	-	(5.3)	(26.4)
- non-exceptional	-	-	-	(0.6)	(0.6)
Released in the period:					
- exceptional	(0.7)	-	-	(1.4)	(2.1)
At 1 August 2020	**1.6**	**5.3**	**0.9**	**2.6**	**10.4**

Provisions of £10.4m (2019: £23.9m) comprise:

- £1.6m (2019: £2.5m) in respect of onerous leases costs at Haughley Park. These provisions are expected to be utilised over a period of greater than 12 months.
- £5.3m (2019: £11.9m) in relation to the restructuring of the Group’s operations during the period, predominantly being the closure of the Pennine site and transfer of production lines to Rogerstone. These provisions are materially expected to be utilised over a period of less than 12 months.
- £0.9m (2019: £0.9m) in relation to dilapidations. These provisions are materially expected to be utilised over a period of less than 12 months.
- £2.6m (2019: £8.6m) of other provisions which largely relate to potential employer liability and industrial illness claims. These provisions are materially expected to be settled within 12 months.

At the period end the Company had £nil provisions (2019: £nil).

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

23. Financial instruments

The carrying values of the Group's financial instruments are summarised by category below:

	Note	**1 August 2020 £m**	27 July 2019 £m
Financial assets			
Equity instruments measured at cost less impairment:			
Fixed asset unlisted investments	14	**8.8**	8.5
Measured at fair value and designated in an effective hedging relationship:			
Derivative financial assets	24	**12.2**	11.2
Measured at fair value through profit and loss:			
Derivative financial assets	24	**0.2**	0.1
Debt instruments measured at amortised cost:			
Trade debtors	17	**104.8**	115.0
Cash and cash equivalents		**130.3**	99.8
		256.3	234.6
Financial liabilities			
Measured at amortised cost:			
Trade creditors	19	**209.7**	223.1
Bond notes	21	**611.8**	609.8
Other borrowings	21	**109.9**	121.7
Obligations under finance leases	21	**19.2**	19.1
		950.6	973.7

23. Financial instruments (continued)

The Group's income, expenses, gains and losses recognised in profit and loss in respect of financial instruments are summarised below:

	Note	**53 weeks ended 1 August 2020 £m**	52 weeks ended 27 July 2019 £m
Interest expenses			
Total interest expense for financial liabilities at amortised cost	4	**49.1**	58.7
		49.1	58.7
Fair value gain / (loss)			
On derivative financial liabilities designated in an effective hedging relationship	4	**(6.0)**	(2.4)
On derivative financial liabilities measured at fair value through profit and loss	4	**0.2**	0.3
		(5.8)	(2.1)
Other (income) / expenses in respect of financial instruments			
Profit recognised in the period relating to unlisted equity investments	14	**(0.3)**	(1.3)
Total foreign exchange loss / (gain) on financial liabilities measured at amortised cost (bond notes)	28	**2.6**	6.2
		2.3	4.9

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

24. Derivative financial instruments

The Group has the following derivatives which are included at fair value in the balance sheet:

	Due within one year		Due after one year	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Derivatives that are designated and effective as hedging instruments carried at fair value				
Assets				
Cross currency swaps (note 17)	**12.2**	-	**-**	11.2
Derivatives accounted for at fair value through profit and loss				
Assets				
Forward foreign currency contracts (note 17)	**0.2**	0.1	**-**	-

The Company has the following derivatives which are included at fair value in the balance sheet:

	Due within one year		Due after one year	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Derivatives that are designated and effective as hedging instruments carried at fair value				
Assets				
Cross currency swaps (note 17)	**12.2**	-	**-**	11.2

The Group's cross currency swaps are valued at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and applicable yield curves derived from quoted interest rates matching maturities of the contracts.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

24. Derivative financial instruments (continued)

Cash flow hedges

Cross currency swaps

The following table details the notional principal amounts and remaining terms of the Group's cross currency swap contracts outstanding as at the reporting date:

	Fixed interest rate		Notional value GBP €255m at £1:€1.209		Fair Value	
Receive fixed euro, pay fixed GBP contracts	**Euro receive**	**GBP pay**	**2020 £m**	2019 £m	**2020 £m**	2019 £m
0 to 1 years	4.38%	7.74%	**210.9**	210.9	**(12.2)**	(11.2)
			210.9	210.9	**(12.2)**	(11.2)

The Group's borrowings include €300m of Senior Loan Notes due 2021 (note 21). The Group has entered into cross currency swaps (the Hedging Instrument) to hedge against the exchange rate risk arising from the future interest and principal repayments on €255m of the €300m Senior Loan Notes (the Hedged Item).

These cross currency swaps are designated as cash flow hedges. Under the terms of the cross currency swaps the Group's repayment of the principal and interest payments are fixed in GBP at a GBP:Euro exchange rate of 1:1.209. The Group will settle the difference between the euro denominated interest payable on the Senior Loan Note and the GBP denominated fixed interest due on the SWAP on a bi-annual basis, and on the principal repayment in July 2021. The hedged cash flows are expected to occur over the period to maturity of the cross currency swap.

The net gain recognised in other comprehensive income relating to cash flow hedges amounted to £0.6m (2019: gain of £1.8m). This comprised of gains of £1.0m (2019: gains of £4.4m) on the Hedging Instrument disclosed above, and foreign exchange loss on the Hedged Item of £0.4m (2019: loss of £2.6m).

Hedge ineffectiveness resulting in a loss of £6.0m (2019: loss of £2.4m) was reclassified and recognised in profit and loss for the period.

Cross currency swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Notes to the financial statements (continued)
For the 53 weeks ended 1 August 2020

24. Derivative financial instruments (continued)

Accounted for at fair value through profit or loss

The following table details the forward foreign currency contracts outstanding at each period end.

	Average contractual exchange rate		Notional value		Fair value	
	2020	2019	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Buying EUR:						
In less than 3 months	**1.1243**	1.1120	**0.2**	0.5	**0.2**	0.1
In 3 months to 1 year	**-**	-	**-**	-	**-**	-
			0.2	0.5	**0.2**	0.1

The Group has entered into contracts to purchase goods from suppliers in Europe and USA. The Group entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions. These forward exchange contracts were accounted for at fair value through profit and loss. £0.2m fair value gains (2019: £0.1m) were recognised through operating profit in the period.

25. Share capital and share premium account

	1 August 2020 £m	27 July 2019 £m
Allotted, called up and fully paid	**-**	-

The nominal value of the share capital issued at the end of the period was £7,730 (2019: £7,730).

The classes of ordinary share capital in issue at the start and the end of the period are shown below:

	No of shares	**Nominal value**	**Price paid**	**Issued share capital**	**Share premium**
				£m	**£m**
Ordinary (1) shares of £0.01 each	500,800	£0.01	£0.01	-	-
Ordinary (2) shares of £0.01 each	2	£0.01	£487.16	-	-
Ordinary (3) shares of £0.01 each	12,316	£0.01	£487.17	-	6.0
Ordinary (4) shares of £0.01 each	225,799	£0.01	£487.15	-	110.0
Ordinary (5) shares of £0.01 each	20,527	£0.01	£487.16	-	10.0
Ordinary (6) shares of £0.01 each	13,548	£0.01	£487.16	-	6.6
	772,992			**-**	**132.6**

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

The cash flow hedge reserve of (£9.6m) is in relation to the derivative financial instrument as noted in note 24.

26. Reconciliation of operating profit to net cash flow from operating activities

	Note	**1 August 2020 £m**	27 July 2019 £m
Operating profit / (loss)		**21.5**	(19.5)
Adjustments for:			
Depreciation	13	**65.8**	60.4
Amortisation of goodwill	12	**19.8**	22.4
Defined benefit pension scheme administration costs	30	**2.9**	3.1
Exceptional items charged to operating profit	5	**18.4**	24.0
Grants and other non-cash movements		**(0.7)**	(2.3)
Operating cash flow before movement in working capital		**127.7**	88.1
(Increase) / decrease in inventory		**(12.1)**	2.5
Decrease in debtors		**5.7**	26.7
Increase / (decrease) in creditors and provisions		**5.5**	(101.0)
Cash impact of exceptional items		**(16.9)**	(26.5)
Payments made in respect of defined benefit pension schemes	30	**(36.3)**	(23.1)
Cash generated from / (used in) operations		**73.6**	(33.3)

27. Reconciliation of net cash flow to movement in net debt

	1 August 2020 £m	27 July 2019 £m
Increase / (decrease) in cash	**30.8**	(152.0)
Cash outflow from debt and lease financing	**23.1**	125.8
Disposal of subsidiary	**-**	2.2
Change in net debt resulting from cash flows	**53.9**	(24.0)
Effect of foreign exchange rates	**(2.9)**	(5.6)
Movement in net debt	**51.0**	(29.6)
Net debt brought forward	**(631.4)**	(601.8)
Net debt carried forward	**(580.4)**	(631.4)

28. Analysis of net debt

	27 July 2019 £m	Cash flow £m	Reclassification £m	Other Movements £m	Foreign exchange £m	**1 August 2020 £m**
Cash balances	**99.8**	30.8	-	-	(0.3)	**130.3**
Debt due within one year	**(87.4)**	29.8	(624.4)	(30.6)	(9.6)	**(722.2)**
Debt due after more than one year	**(644.1)**	13.9	624.4	(1.0)	6.8	**-**
Finance leases	**(19.1)**	8.7	-	(8.8)	-	**(19.2)**
Total borrowings (note 21)	**(750.6)**	52.4	-	(40.4)	(2.8)	**(741.4)**
Prepayment of bond fees & other financing fees	**(12.0)**	9.3	-	1.3	-	**(1.4)**
Foreign exchange on bond notes	**18.5**	-	-	-	0.2	**18.7**
Interest accrual	**12.9**	(29.8)	-	30.3	-	**13.4**
Adjusted borrowings	**(731.2)**	31.9	-	(8.8)	(2.6)	**(710.7)**
Net debt	**(631.4)**	62.7	-	(8.8)	(2.9)	**(580.4)**

28. Analysis of net debt (continued)

Net debt comprises bonds, other borrowings and finance leases net of cash. These are stated at period end exchange rates, or hedged rates where there is an effective external hedge in place. The other movement of £1.0m on debt due after more than one year is amortisation of the prepayment of bond fees and other loan fees. In the balance sheet, the bond balance is shown net of the prepaid bond fees. Management monitor and view the net debt figure excluding prepaid fees and so it is added back into net debt in the table above.

During the period the Group entered into finance lease agreements with a capital value at the inception of the lease of £8.7m (2019: £2.3m).

	28 July 2018 £m	Cash flow £m	Disposal of subsidiary £m	Loan incepting into a finance lease £m	Other movements £m	Foreign exchange £m	**27 July 2019 £m**
Cash balances	**251.2**	(152.0)	-	-	-	0.6	**99.8**
Debt due within one year	**(269.8)**	215.0	-	1.8	(34.3)	(0.1)	**(87.4)**
Debt due after more than one year	**(592.2)**	(53.0)	-	-	3.9	(2.8)	**(644.1)**
Finance leases	**(27.0)**	7.4	2.2	(1.8)	-	0.1	**(19.1)**
Total borrowings (note 21)	**(889.0)**	169.4	2.2	-	(30.4)	(2.8)	**(750.6)**
Prepayment of bond fees	**(4.6)**	-	-	-	(7.4)	-	**(12.0)**
Foreign exchange on bond notes	**21.9**	-	-	-	-	(3.4)	**18.5**
Interest accrual	**18.7**	(43.6)	-	-	37.8	-	**12.9**
Adjusted borrowings	**(853.0)**	125.8	2.2	-	-	(6.2)	**(731.2)**
Net debt	**(601.8)**	(26.2)	2.2	-	-	(5.6)	**(631.4)**

The other movement of £3.9m on debt due after more than one year is amortisation of the prepayment of bond fees.

29. Financial commitments

Capital commitments

Group

There were capital commitments of £0.6m at 1 August 2020 (2019: £0.9m) provided for at the period end and capital commitments contracted for but not provided for of £0.5m (2019: £2.2m). These commitments related to the purchase of plant & fixtures.

Company

There were no capital commitments provided for at the period end (2019: £nil) and also no capital commitments contracted for but not provided (2019: £nil).

Operating lease commitments

Group

Total future minimum lease payments under non-cancellable operating leases are as follows:

	1 August 2020 £m	27 July 2019 £m
Land and buildings leases expiring:		
Within one year	**5.4**	5.8
Between one and five years	**15.1**	18.7
After five years	**13.7**	17.2
	34.2	41.7
Other leases expiring:		
Within one year	**4.7**	6.6
Between one and five years	**5.1**	7.1
After five years	**0.1**	0.1
	9.9	13.8

Company

Total future minimum lease payments under non-cancellable operating leases at the period end were £nil (2019: £nil).

30. Pension arrangements

DEFINED CONTRIBUTION SCHEMES

The Group contributes to defined contribution schemes for all qualifying employees. The total cost charged to income of £14.7m (2019: £13.7m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. At 1 August 2020 contributions of £1.4m (2019: £1.1m) due in respect of the current reporting period had not been paid over to the schemes.

DEFINED BENEFIT SCHEMES

The Group operates a number of defined benefit schemes for qualifying employees, principally the Northern Foods Pension Scheme, the R & K Wise Scheme, the Lloyd Maunder Limited Retirement Benefit and Life Assurance Scheme (collectively the Schemes) and Northern Foods Pension Builder (the Pension Builder) in the United Kingdom, the Green Isle Food Group Retirement and Death Benefit Plan (the Plan) in the Republic of Ireland and 2 Sisters Holland B.V pension arrangements in the Netherlands. Under the Schemes, the Pension Builder and the Plan, employees are entitled to retirement benefits based on pay and service. The Schemes, the Pension Builder and the Plan are funded schemes whilst the Group's Post-retirement medical benefit scheme is unfunded. The Schemes and the Plan are final salary schemes. The Pension Builder is a defined benefit scheme based on the career average principle. The assets of all the Schemes, the Pension Builder and the Plan are held in trustee administered funds separate from the finances of the Group. All UK and Irish schemes are closed to new entrants.

The Northern Foods Pension Scheme and Northern Foods Pension Builder Scheme were both closed to future accrual with effect from 1 November 2011. A similar proposal became effective for the Green Isle pension scheme from 31 October 2013.

The most recent actuarial valuations of the defined benefit schemes for the purpose of the financial statements and the present value of defined benefit obligations were carried out at 1 August 2020 by independent qualified actuaries. The present value of the defined benefit obligation was measured using the projected unit credit method.

It has been deemed appropriate by management to aggregate all pension schemes together in the disclosure notes below. Funding plans agreed to reduce the deficit (principally relating to the Northern Foods Pension Scheme) are discussed later in this note. Principal assumptions are disclosed for the Northern Foods Pension Scheme only on the basis that there are no significant differences between the assumptions used for the other schemes.

The principal assumptions used for the actuarial valuations of the Schemes were:

	1 August 2020	27 July 2019
Rate of increase in salaries	**n/a**	n/a
Inflation assumption	**3.04%**	3.32%
Discount Rate	**1.40%**	2.06%
Rate of increase in pension payments	**2.88%**	3.08%
Mortality	CMI_2019	CMI_2018

The Group has adopted the SAPS S3 Heavy tables with scaling factors appropriate for each section of the membership with the core CMI 2019 projections with a long-term rate of improvement of 1.25% (2019: 1.25%) per annum.

30. Pension arrangements (continued)

The life expectancy in years for a member aged 65 is as follows:

		1 August 2020 (years)	27 July 2019 (years)
Current pensioner	- male	**20.7**	20.7
	- female	**22.5**	22.3
Future pensioner	- male	**21.7**	21.5
	- female	**24.0**	23.9

POST-RETIREMENT MEDICAL BENEFIT SCHEME

Until 31 March 1999, Northern Foods Limited operated a post-retirement medical benefit scheme. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes detailed above. The main actuarial assumptions are the underlying medical cost inflation of 5.04% per annum (2019: 5.32%) and the discount rate of 1.40% per annum (2019: 2.06%).

Amounts recognised in the income statement in respect of the Group's defined benefit schemes and post-employment medical benefit scheme are as follows:

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Net interest cost	**5.5**	6.6	**-**	-	**5.5**	6.6
Past service cost	**-**	11.6	**-**	-	**-**	11.6
Scheme Administration expenses	**1.9**	1.9	**-**	-	**1.9**	1.9
Charge to profit and loss account	**7.4**	20.1	**-**	-	**7.4**	20.1
Actuarial losses	**24.6**	14.8	**-**	0.1	**24.6**	14.9
Effect of asset ceiling (loss)	**7.2**	-	**-**	-	**7.2**	-
Recognised in other comprehensive income	**31.8**	14.8	**-**	0.1	**31.8**	14.9
Total loss relating to defined benefit schemes	**39.2**	34.9	**-**	0.1	**39.2**	35.0

30. Pension arrangements (continued)

Amounts recognised in the consolidated balance sheet in respect of the Group's defined benefit schemes and post-retirement medical benefit scheme are as follows:

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Present value of obligations	**(1,611.4)**	(1,528.7)	**(0.5)**	(0.6)	**(1,611.9)**	(1,529.3)
Fair value of scheme assets	**1,325.1**	1,246.9	**-**	-	**1,325.1**	1,246.9
Net liability recognised in the balance sheet	**(286.3)**	(281.8)	**(0.5)**	(0.6)	**(286.8)**	(282.4)

The net pension scheme deficit in the balance sheet is stated before deduction of the associated deferred tax asset of £22.2m (2019: £19.2m), with the deferred tax asset shown separately within current assets (note 18).

Movement in the present value of defined benefit obligations were as follows:

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	1 August 2020 £m	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m	**1 August 2020 £m**	27 July 2019 £m
Scheme liabilities at the start of the period	**1,528.7**	1,394.3	**0.6**	0.6	**1,529.3**	1,394.9
Interest cost	**30.6**	34.7	**-**	-	**30.6**	34.7
Actuarial losses	**96.1**	140.4	**-**	0.1	**96.1**	140.5
Benefits paid	**(51.4)**	(52.7)	**(0.1)**	(0.1)	**(51.5)**	(52.8)
Effect of asset ceiling	**7.2**	-	**-**	-	**7.2**	-
Past service cost	**-**	11.6	**-**	-	**-**	11.6
Exchange	**0.2**	0.4	**-**	-	**0.2**	0.4
Scheme liabilities at the period end	**1,611.4**	1,528.7	**0.5**	0.6	**1,611.9**	1,529.3

30. Pension arrangements (continued)

Movements in the fair value of scheme assets were as follows:

	Defined benefit pension schemes	
	1 August 2020 £m	27 July 2019 £m
Scheme assets at start of the period	**1,246.9**	1,125.9
Interest income	**25.1**	28.1
Contributions by the employer	**35.0**	21.6
Benefits paid	**(51.4)**	(52.7)
Administration expenses	**(2.0)**	(1.9)
Actuarial gain on scheme assets	**71.5**	125.7
Exchange	**-**	0.2
Fair value of scheme assets at the period end	**1,325.1**	1,246.9

Contributions by the employer of £35.0m (2019: £21.6m) include £33.4m (2019: £20.0m) funding contributions and £1.6m (2019: £1.6m) in respect of administrative expenses.

The Group have agreed to make payments in respect of the shortfall in the Northern Foods Pension Scheme, until March 2034. The current funding rate under the agreement is £20m per year for the 5 year period ending March 2022. This increased in April 2017 from the previous rate of £15m per annum.

The analysis of the scheme assets at the balance sheet date was as follows:

	1 August 2020 £m	27 July 2019 £m
Equities	**131.3**	150.5
Bonds	**811.5**	720.3
Cash	**173.0**	224.8
Hedge Funds	**189.4**	129.7
Other	**19.9**	21.6
Total fair value of assets	**1,325.1**	1,246.9

The other asset category includes derivatives and property assets.

30. Pension arrangements (continued)

The analysis of the total costs charged through administrative expenses during the period was as follows:

	1 August 2020 £m	27 July 2019 £m
Scheme administrative expenses	**1.9**	1.9
PPF levies	**0.9**	0.9
Other	**0.1**	0.3
Total defined benefit pensions costs charged through administrative expenses (note 3 & 26)	**2.9**	3.1

£11.6m in relation to the gross minimum pension equalisation was expensed in the previous year as per note 5.

The analysis of the total cash payments during the period was as follows:

	1 August 2020 £m	27 July 2019 £m
Contributions	**35.0**	21.6
PPF levies	**0.9**	0.9
Other	**0.4**	0.6
Total cash payments in respect of defined benefit pension schemes during the period (note 26)	**36.3**	23.1

31. Contingent liabilities

Boparan Holdings Limited and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes due 2021, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £80m Revolving Credit Facility which is a facility of Boparan Holdings Limited.

The amount drawn down on this facility at the balance sheet date was £78.0m (2019: £78.0m). The total bond value as at 1 August 2020 per the Group financial statements was £611.8m net of fees (2019: £609.8m) (note 21). The individually guaranteed amount is not readily available.

During the year the Group obtained a term loan for £35m repayable June 2021, the loan is secured on Group assets.

There are a number of contingent liabilities relating to litigation or potential claims from customers and counterparties that arise in the normal course of business, which if realised are not expected to result in a material liability to the Group. The Group regularly reviews all of these claims to determine any possible financial loss; as at 1 August 2020 no provision was considered necessary. A provision will be recognised if it is more likely than not a settlement will be required and the value of the payment can be reliably estimated.

For the purposes of the exemptions referred to in section 357 of the Irish Companies Act 2014, and not otherwise, Boparan Holdings Limited as the holding undertaking of the undertakings listed below, hereby irrevocably guarantees in respect of the financial period ended on the 1 August 2020, all of the liabilities of the undertakings listed below; provided that this guarantee shall not extend to any liability or commitment of the undertakings listed below which shall not have arisen otherwise than in respect of that financial period or which shall not constitute a liability or loss.

The liabilities in respect of the undertakings listed below, which have arisen in respect of the financial period ended on 1 August 2020, are already included within the Group's consolidated balance sheet.

Billcrest Products Limited

Beverley House Foods (Boyle) Limited (formerly known as Green Isle Foods (Boyle) Limited)

Beverley House Food Group Limited

Beverley House Foods Portumna Limited (formerly known as Green Isle Foods Portumna Limited)

Beverley House Group Services Limited (formerly known as Green Isle Group Services Limited)

Poldy's Fresh Foods Limited

Beverley House Foods (Longford) (formally known as Green Isle Foods (Longford))

Portumna Pastry Limited (formerly known as Green Isle Pastry Limited)

31. Contingent liabilities (continued)

For the period ending 1 August 2020 the subsidiaries of the Company listed below were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Company name	Company registration number
2 Sister Food Services Limited	03475845
Challenger Foods Limited	04274510
Dreamphoto Limited	03055258
Dreamplayer Limited	03055269
Dressadmire Limited	03055284
Ethnic Cuisine Limited	02764810
Island Wharf (100) Limited	04541503
Island Wharf (300) Limited	04541512
John Rannoch Limited	00277563
Joseph Mitchell (Letham) Limited	SC034227
Lloyd Maunder Limited	00234992
Melwood Investments Limited	00755925
Northern Foods American Holdings Limited	00045394
Northern Foods Finance Limited	03945309
Scot-Lad Limited	SC170045
Beverley House (9000) Limited	00772317
Beverley House Investments Limited	02475726
Boparan Foods Limited	03188828
Cavaghan and Gray Group Limited	01357837
Farnsworth Investments Limited	02475724
BH Acquisitions Limited	07495745
Northern Foods Grocery Group Limited	00313761
Solway Foods Limited	02189139
Cavaghan & Gray Limited	00159189
FW Farnsworth Limited	00255912
R. & K. Wise Limited	00386864
Solway Foods Holding Limited	02930016
Oakhco Limited	11913434
2 Sisters Fish Limited	07208651
2 Sisters Poultry Limited	SC440782
Convenience Foods Limited	02226886
Storteboom UK Limited	11913526

31. Contingent liabilities (continued)

The liabilities in respect of the undertakings listed above, which have arisen in respect of the financial period ended on 1 August 2020, are already included within the Group's consolidated balance sheet.

32. Related party transactions

The Group has taken advantage of the exemption under FRS 102 Section 33.1A 'Related Party Disclosures' and has not disclosed transactions or balances between wholly owned subsidiary undertakings.

Related party transactions for the 53 weeks ended 1 August 2020, and the 52 weeks ended 27 July 2019 are shown below:

	53 weeks ended 1 August 2020	52 weeks ended 27 July 2019
Amber REI Holdings Limited and subsidiaries	**£m**	£m
Relationship: Related by virtue of common ownership		
Charges received from Amber REI Holdings:		
Rental charges	**4.2**	3.2
Property service charges	**0.1**	0.2
Equipment rental charges	**0.5**	0.8
Equipment service charges	**-**	0.1
Purchases made by the Group	**3.0**	2.9
Outstanding creditor at the period end	**0.5**	1.3
Amounts charged to Amber REI Holdings:		
Service charges	**-**	0.1
Hook 2 Sisters Limited		
Relationship: The Group hold a 50% investment in the company		
Loans made to the related party (Repayable 9th Feb 2021)	**3.3**	3.3
Purchases made by the Group	**652.5**	671.2
Outstanding creditor at the period end	**52.8**	50.1

32. Related Party Transactions (Continued)

	53 weeks ended 1 August 2020	52 weeks ended 27 July 2019
2 Agriculture Limited	**£m**	£m
Relationship: *Related by virtue of common ownership*		
Sales made to the related party	**0.2**	0.2
Outstanding debtor at the period end	**-**	-
Shazan Foods Limited		
Relationship: Related by virtue of common ownership		
Purchases made by the Group	**7.1**	1.1
Outstanding creditor at the period end	**0.8**	-
Group service charges to the related party	**1.8**	1.9
Sales made to the related party	**1.0**	0.2
Outstanding debtor at the period end	**0.2**	0.4
Noblesse Proteins Investments B.V		
Relationship: The Group hold a 26% investment in the company		
Sales made to the related party	**1.6**	1.9
Outstanding debtor at the period end	**1.3**	1.4

32. Related Party Transactions (Continued)

	53 weeks ended 1 August 2020	52 weeks ended 27 July 2019
Boparan Charitable Trust	**£m**	£m
Relationship: Related by virtue of common ownership		
Donations made by the Group	**0.1**	0.2
Outstanding creditor at the period end	**-**	-
Lakeside Food Group Limited		
Relationship: Related by virtue of common ownership		
Purchases made by the Group	**0.3**	1.5
Outstanding creditor at the period end	**-**	-
Sales made to the related party	**0.2**	0.2
Outstanding debtor at the period end	**-**	-
Bernard Matthews Food Limited		
Relationship: Related by virtue of common ownership		
Purchases made by the Group	**6.0**	9.2
Outstanding creditor at the period end	**1.6**	0.1
Sales made to the related party	**35.1**	7.2
Outstanding debtor at the period end	**3.1**	1.4
Crawshaw Butchers Limited		
Relationship: Related by virtue of common ownership		
Sales made to the related party	**-**	0.5
Outstanding debtor at the period end	**-**	-

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £9.5m (27 July 2019: £9.3m).

33. Ultimate controlling party

Boparan Midco Limited is the immediate parent of the Group and R S Boparan and B K Boparan are the ultimate controlling parties.

Boparan Holdco Limited is the smallest and largest group into which the Group is consolidated. Their registered address is Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

34. Subsequent events

On 7th October 2020 the Group announced it had reached an agreement to sell part of the biscuits business for £246m. This was completed on the 31st October 2020.