

**F.W. Farnsworth Limited**

**Annual report and financial statements**

**For the 52 weeks ended 31 July 2021**

**Company registration no. 00255912**

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## **F.W. Farnsworth Limited**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>7</b>
<b>Directors' responsibilities statement</b>	<b>9</b>
<b>Statement of income and retained earnings</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

# **F.W. Farnsworth Limited**

## **Officers and professional advisers**

### **Directors**

R S Boparan  
R K O Kers  
K R Packer  
C A Tomkinson

### **Registered office**

Trinity Park House  
Fox Way  
Wakefield  
West Yorkshire  
WF2 8EE

### **Bankers**

Barclays Bank plc  
1 Churchill Place  
Canary Wharf  
London  
E14 5HP

HSBC UK Bank PLC  
4th Floor  
City Point  
29 King Street  
Leeds  
West Yorkshire  
LS1 2HL

Goldman Sachs International Bank  
Plumtree Court  
25 Shoe Lane  
London  
EC4A 4AU

National Westminster Bank Plc  
250 Bishopsgate  
London  
EC2M 4AA

## F.W. Farnsworth Limited

### Strategic report

The directors present their Strategic Report for the 52 weeks ended 31 July 2021.

### Business overview and principal activities

F.W. Farnsworth Limited ("the Company"), is a wholly owned indirect subsidiary of the group headed by Boparan Holdings Limited ("the Group"). The principal activity of the Company is the manufacture of chilled and frozen savoury products.

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

The results are shown in the statement of income and retained earnings on page 10. The Company has made a loss for the period of £2,446,000 (2020: loss of £3,751,000).

### Trading performance and key performance indicators

The Group monitors all key performance indicators (KPIs) on a divisional basis. Selected Group KPIs relevant for the Company have been calculated as follows:

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
Turnover	<b>101,684</b>	88,449
Gross profit margin	<b>25.2%</b>	23.4%
Operating profit before share of pension funding	<b>10,976</b>	6,953
Loss before taxation	<b>(2,187)</b>	(5,171)

Turnover for the period amounted to £101,684,000 (2020: £88,449,000), an increase of 15.0% due to promotional activity during the lockdown period that increased orders from existing customers.

The increased activity from existing customers positively impacted the product mix and the gross profit margin increased by 1.8% to 25.2% and the operating profit before taxation increased by £4,023,000 to £10,976,000.

Further information on the Group's KPIs is disclosed in the Group's annual report which does not form part of this annual report. These are included in the strategic report on page 2 of the Boparan Holdings Limited annual report and financial statements for the 52 weeks ended 31 July 2021 ("the Group annual report"). These are available as detailed in note 20.

## **F.W. Farnsworth Limited**

### **Strategic report (continued)**

#### **Principal risks & uncertainties and financial risk management**

The Company's main customers are the UK's leading supermarkets, and the strength of these customers, combined with competitive pressure in the industry, represent continuing risks which could result in lost sales to key competitors and future uncertainties on the Company's revenues and profits. The Company seeks to manage the risks presented by its consolidated customer base, and the highly competitive environment that characterises the industry, through its strategy of pursuing a competitive high service and quality / low cost model targeted across a portfolio of categories where it has good market positions.

The Company is exposed to the effects of commodity inflation, whereby the fluctuations in price of the significant components used cannot be passed to the end customer within a reasonable timeframe affecting profitability. To mitigate this risk, the Company has a strong procurement team to focus on purchase prices and invests in productivity enhancements across the sites. The Company also maintains strong relationships with their key customers in order to facilitate discussions to share the impacts of changes in commodity prices.

The Company's principal financial instruments comprise trading intercompany balances, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The Company's customers have favourable credit ratings and the credit risk on trade debtors is managed through regular monitoring of overdue amounts and review of customer credit limits. The Company is financed by intergroup loans from its parent company and so does not have any exposure to external financing.

Further risks, such as those relating to food safety and health and safety, are managed on a group wide basis and as such are discussed on page 5 of the Group annual report, which is publicly available as detailed in note 20.

The Company faced substantial headwinds in 2020/21, from the COVID-19 pandemic, cost inflation and labour shortages. At the start of 2021/22 the labour shortage situation had not eased and there is accelerated cost inflation across many categories of spend including (but not limited to), labour, energy and most recently CO2 gas.

Labour shortages are an issue across the UK economy, and are not solely confined to this business or even our industry, with the availability of labour significantly restricted as a result of people leaving the country following BREXIT, as well as ongoing staff absence as a result of COVID-19. We are working on initiatives to improve the attraction and retention of labour, including agreeing new payrates are being introduced as well as simplifying operations and product offering. This, will reduce the impact of labour shortages by enabling utilisation of the workforce we have.

Cost inflation is expected to accelerate throughout 2021/22. Price ratchet agreements and pass-through mechanisms covering raw materials are in place however these do not cover the entire customer base and they do not cover other areas of significant inflation including labour, energy and CO2 gas. Price increases with our customer base to recover these increased costs and this programme of cost recovery has been communicated to our customers ahead of the 2020/21 year end. It is expected that these targeted increases will be seen by the customer base in the context of a widespread reset of food prices in the market and it is essential that customers commit to the programme of price increases to facilitate cost recovery.

## F.W. Farnsworth Limited

### Strategic report (continued)

#### Principal risks & uncertainties and financial risk management (continued)

##### Our stakeholders

##### Section 172(1) statement

The stakeholders of the Company are managed by the board.

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

The leadership teams of the Company and each business unit make decisions in accordance with highest standards and Group policies with the long term success of the Group in mind. In taking these decisions, the Directors and leadership teams have regard for the likely consequence on the different stakeholders in both the short and long term.

Our decision making process through the current pandemic is a prime example of how we consider all stakeholders. The impact of COVID-19 has been widespread and we engaged with our colleagues and their representatives, our customers and suppliers, our bondholders and pension trustees to ensure we could continue to produce and supply food in a safe and efficient way.

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.

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
<b>Our people</b>				
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 & retention Fair pay and conditions Improved working environment	Employee engagement score improvement Annual appraisals including review of development plans Introduction of Hybrid working	Welfare fund Working from home (where possible) Site/office risk assessments Socially distancing Additional PPE Education and guidance Twice weekly Group COVID management meetings
<b>Our customers</b>				
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	Our customers want quality products at a price that represent value for money underpinned by good levels of service 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 and deliver mutually incentivising commercial structures

## F.W. Farnsworth Limited

Why we engage	How we engage	What matters most to our stakeholders	How we respond	COVID – 19 specific considerations
<b><i>Our suppliers</i></b>				
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
<b><i>Trade bodies, industry and government groups</i></b>				
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 senior 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
<b><i>Our communities</i></b>				
We produce from 20 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
<b><i>Our financial creditors and shareholders</i></b>				
The Group is funded through the public markets in conjunction with a supportive banking group. The Group has defined benefit pension plans that are currently in deficit (on an actuarial basis). Along with the shareholders, these external funders 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 update meetings with the Chair of the pension trustees 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 and our pension trustees, as they monitor our covenant strength.	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

## **F.W. Farnsworth Limited**

### **Strategic report (continued)**

#### **Going concern**

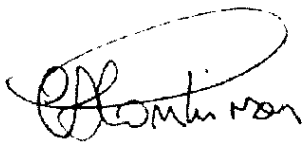
The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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

#### **Future prospects**

The directors consider the future prospects of the Company to be satisfactory.

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C A Tomkinson', with a large, loopy flourish above the name.

C A Tomkinson  
Director  
7 July 2022



## **F.W. Farnsworth Limited**

### **Directors' report**

The directors present their annual report and financial statements for the 52 weeks ended 31 July 2021.

### **Directors**

The directors of the Company who served during the period ended 31 July 2021 and up to the date of signing the financial statements are those listed on page 1.

### **Directors' indemnities**

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

### **Dividends**

No interim dividend was paid in the period (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

### **Going concern**

Details of the going concern basis of preparation of the Group can be found in the Strategic Report on page 6 and form part of this report by cross-reference.

### **Donations**

The Company made £nil (2020: £nil) of charitable donations during the period.

### **Financial risk management**

The financial risks faced by the Company and the way these are managed are addressed within the Strategic Report on page 3.

### **Environment**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the Company's activities. The Company operates in accordance with Group policies, which are described in the Group's annual report which is publicly available as detailed in note 20.

### **Employees**

Details of the number of employees and related costs can be found in note 6.

The Company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disability, marital status or religion. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged.

The Company uses a variety of methods to enable all its employees to understand the performance of the Group and of their own operating company. These include briefing groups, meetings with employee representatives and company newspapers. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting the Company.

### **Future prospects**

Details of the future prospects of the Company can be found in the strategic report and form part of this report by cross reference.

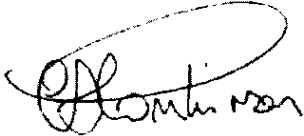
## **F.W. Farnsworth Limited**

### **Directors' report (continued)**

#### **Research and development**

Throughout the period the Company invested in food hygiene and product research in the development of new and enhanced products. The costs incurred comprise all directly attributable costs necessary to create and produce products which are either brand new in design or those which are being modified.

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C A Tomkinson', with a large, loopy flourish above the name.

C A Tomkinson  
Director  
7 July 2022

## **F.W. Farnsworth Limited**

### **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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

## F.W. Farnsworth Limited

### Statement of income and retained earnings

For the 52 weeks ended 31 July 2021

		52 weeks ended 31 July 2021	52 weeks ended 31 July 2021	53 weeks ended 1 August 2020	53 weeks ended 1 August 2020
	Note	£'000	£'000	£'000	£'000
<b>Turnover</b>	3		<b>101,684</b>		88,449
Cost of sales			<b>(76,014)</b>		(67,717)
<b>Gross profit</b>			<b>25,670</b>		20,732
Distribution costs			<b>(10,327)</b>		(8,851)
Administrative expenses:					
- before share of pension funding		<b>(4,367)</b>		(4,928)	
- share of pension funding	7	<b>(6,257)</b>		(6,257)	
			<b>(10,624)</b>		(11,185)
Operating profit:					
- before share of pension funding		<b>10,976</b>		6,953	
- share of pension funding	7	<b>(6,257)</b>		(6,257)	
<b>Operating profit</b>			<b>4,719</b>		696
Net finance charge	8		<b>(6,906)</b>		(5,867)
<b>Loss before taxation</b>	4		<b>(2,187)</b>		(5,171)
Taxation (charge) / credit	9		<b>(259)</b>		1,420
<b>Total comprehensive loss for the financial period</b>			<b>(2,446)</b>		(3,751)
<b>Retained earnings at the start of the period</b>			<b>(106,536)</b>		(102,785)
<b>Retained earnings at the end of the period</b>			<b>(108,982)</b>		(106,536)

## F.W. Farnsworth Limited

### Balance sheet At 31 July 2021

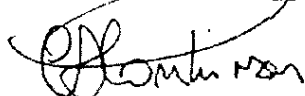
	Note	52 weeks ended 31 July 2021 £'000	53 weeks ended 1 August 2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	4,752	5,518
		<u>4,752</u>	<u>5,518</u>
<b>Current assets</b>			
Inventories	11	3,319	2,842
Debtors due within one year	12	45,458	45,296
Deferred tax asset due after more than one year	13	1,101	1,651
Cash at bank and in hand		46	51
		<u>49,924</u>	<u>49,840</u>
<b>Creditors:</b> amounts falling due within one year	14	(142,199)	(140,435)
		<u>(92,275)</u>	<u>(90,595)</u>
<b>Net current liabilities</b>			
		<u>(92,275)</u>	<u>(90,595)</u>
<b>Total assets less current liabilities</b>		<u>(87,523)</u>	<u>(85,077)</u>
<b>Net liabilities</b>		<u>(87,523)</u>	<u>(85,077)</u>
<b>Capital and reserves</b>			
Called up share capital	15	21,425	21,425
Share premium account	15	34	34
Profit and loss account		(108,982)	(106,536)
		<u>(87,523)</u>	<u>(85,077)</u>
<b>Shareholders' deficit</b>		<u>(87,523)</u>	<u>(85,077)</u>

For the 52 weeks ended 31 July 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

No members have required the Company to obtain an audit of its accounts for the 52 weeks ended 31 July 2021 in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The financial statements of F.W. Farnsworth Limited were approved by the board of directors and authorised for issue on 7 July 2022. They were signed on its behalf by:



C A Tomkinson  
Director  
Company number 00255912

## **F.W. Farnsworth Limited**

### **Notes to the financial statements For the 52 weeks ended 31 July 2021**

#### **1. Accounting policies**

##### **Basis of accounting**

F.W. Farnsworth 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 Company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention 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.

##### **Financial Reporting Standard 102 – reduced disclosure exemptions**

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

- The requirements of Section 3; Financial Statement Presentation paragraph 3.17(d), and Section 7, Statement of Cashflows;
- The requirements of Section 11; Basic Financial Instruments paragraphs 11.41(b) - (c), 11.41(e) - (f), 11.42, 11.44 - 11.45, 11.47, 11.48(a)(iii) – (a)(iv), 11.48(b) – (c);
- The requirements of Section 12; Other Financial Instruments Issues paragraph 12.26 -12.27, 12.29(a) – (b) and 12.29A; and
- The requirements of Section 33; Related Party Disclosures paragraph 33.7.

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

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

## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 1. Accounting policies (continued)

##### Going concern

In determining whether the Company report 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 parent company, Boparan Holdings Limited (BHL), has confirmed it will provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements, as long as the Company remains within the Group.

The going concern of the Company is therefore dependent on the going concern of the Group.

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 implications of the ongoing 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;*
- *the impact of COVID-19 on the business and its prospects; and*
- *the potential impacts of the conflict in the Ukraine.*

The BHL Board is regularly updated on the evolving risks of the ongoing COVID-19 situation, and wider challenges within the UK manufacturing environment, and wider global supply chain, and continues to monitor developments closely.

The Group seeks to mitigate the ongoing disruption within the UK manufacturing sector specifically in the areas of inflationary pressures and ongoing constraints within the labour market through a combination of targeted commercial price recovery mechanisms and seeking greater efficiencies and simplification initiatives within its own operations. The Group maintains a commanding position within the UK poultry market specifically which enables the Group to maintain a strong position for passing through cost increases to UK food retailers.

The Group has a number of agreements in place with customers to pass through cost increase automatically through pricing. The Group is working with customers to expand the scope of its pass through ratchets as well as the speed at which changes are passed through into pricing. Whilst the magnitude of the increases and the speed of recovery could cause uncertainty in the cashflows in the short term, the Group has had success in passing through significant inflation over the last twelve months, and has a high level of confidence in its ability of the business to recover future inflation. This includes the further inflationary headwinds brought by the war in Ukraine.

The directors have considered a sensitivity reflecting a net 25% reduction in base plan EBITDA as a reasonable worst case scenario; under this scenario, no breach is identified in respect of either cash or covenant headroom, with headroom remaining in this sensitised scenario

Though the directors do not consider the operational performance presented in the reasonable worst case scenario a likely outcome for the Group, it is prudent to consider that scenario.

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **1. Accounting policies (continued)**

##### **Going concern (continued)**

The key factor to consider when reviewing the reasonable downside scenario is the ability of the Group to meet its EBITDA covenant test. The Group expects to meet a covenant test in each period including under a reasonable worst case scenario.

As at the date of this report, having assessed a reasonable worst case scenario and mitigation strategies available the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of the annual report and financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

##### **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 Company 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 Company recognises revenue net of such discounts over the period to which the arrangement applies.*

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

##### **Supplier rebates**

The Company 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.

##### **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.



## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **1. Accounting policies (continued)**

##### **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.

##### **Foreign currencies**

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

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

- Exchange differences on transactions entered into to hedge certain foreign currency risks; and
- Exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

##### **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.

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 Company 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 Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **1. Accounting policies (continued)**

##### **Taxation (Continued)**

Deferred tax assets and liabilities are offset only if:

- (a) the Company 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.

##### **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.

Depreciation on 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 are:

Plant, fixtures and motor vehicles	6.66%-25%
------------------------------------	-----------

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.

##### **Impairment of tangible fixed assets**

Assets are reviewed for impairment at each balance sheet date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in the statement of income and retained earnings.

##### **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.

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **1. Accounting policies (continued)**

##### **Financial assets and liabilities**

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all of its 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 Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

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

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

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **1. Accounting policies (continued)**

##### **Financial assets and liabilities (continued)**

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **Equity instruments**

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

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost 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 inventories where appropriate.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company 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.

##### **Pensions**

###### *Defined contribution scheme*

The Company operates a defined contribution pension scheme. The amount charged to the statement of income and retained earnings 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 scheme*

The Company is associated with two legacy defined benefit schemes, the Northern Foods Pension Scheme ("the Scheme") and Northern Foods Pension Builder ("the Pension Builder"), which are defined benefit schemes providing members with benefits based on pay and service. The assets of the Scheme and the Pension Builder are held in Trustee administered funds separate from the finances of the Company and Group.

Northern Foods Limited, which is the sponsoring employer of the schemes, recognises the whole of the Scheme and Pension Builder assets and liabilities in its financial statements. The amount charged to the statement of income and retained earnings is the Company's share of funding contributions in the period. Further information can be found in the financial statements of Northern Foods Limited, which are available at the Company's registered address as detailed on page 1.

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, (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 Company's accounting policies***

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### *Inventories*

The Company reviews the market value of and demand for its inventories on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisable value of inventories, the Company is required to make judgements as to future demand requirements and to compare these with current inventory levels. Factors that could impact estimated demand and selling prices include the timing and success of product ranges. Further details on the value of the Company's inventory at each period end are shown in note 11.

#### **Key source of estimation uncertainty**

##### *Fixed asset impairment*

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 Company has considered the impact of the assumptions used on these calculations and has conducted sensitivity analysis to ensure these carrying values are appropriate. Further details on the value of the Company's tangible fixed assets at each period end are shown in note 10.

##### *Customer rebates*

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

##### *Recognition of deferred tax assets*

The Company recognised a deferred tax asset of £1,101,000 (2020: £1,651,000) 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. Of the total deferred tax asset, £1,101,000 (2020: £1,639,000) relates to timing differences on capital allowances.

## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 3. Turnover

Turnover consists of sales to third parties net of discounts and Value Added Tax (VAT) and other sales related taxes. All turnover relates to the manufacture of chilled and frozen savoury products.

An analysis of the Company's turnover by geographical market is set out below.

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
United Kingdom	<b>101,675</b>	88,433
Rest of Europe	<b>9</b>	16
	<b>101,684</b>	88,449

#### 4. Loss before taxation

Loss before taxation is arrived at after charging:

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
Depreciation of owned tangible fixed assets (note 10)	<b>1,808</b>	1,951
Research and development costs	<b>318</b>	440
Operating lease rentals - plant and machinery	<b>319</b>	207
Defined contribution pension costs (note 16)	<b>614</b>	484

#### 5. Emoluments of directors

None of the directors received any emoluments from the Company during the period (2020: £nil). The directors are remunerated by other group companies. The directors received combined emoluments of £6,119,000 (2020: £4,303,000). It is not practicable to ascertain what proportion of these emoluments relates to the Company. The highest paid director received total emoluments of £3,094,000 (2020: £2,053,000).

No pension contributions were made on behalf of the highest paid director during the period (2020: £nil).

The Group made contributions of £5,000 (2020: £5,000) in respect of money purchase benefits for one director (2020: one directors) during the period.

## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 6. Staff numbers and costs

Staff costs (including directors), consists of:

	<b>52 weeks ended 31 July 2021 £000's</b>	<b>53 weeks ended 1 August 2020 £000's</b>
Wages and salaries	<b>19,430</b>	17,106
Social security costs	<b>1,743</b>	1,537
Defined contribution pension costs (note 16)	<b>614</b>	484
	<b>21,787</b>	19,127

The monthly average number of employees (including directors) during the period was as follows:

	<b>52 weeks ended 31 July 2021 Number</b>	<b>53 weeks ended 1 August 2020 Number</b>
Production	<b>732</b>	641
Distribution	<b>84</b>	88
Administration	<b>27</b>	24
	<b>843</b>	753

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **7. Share of pension funding**

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
Share of pension funding	<b>6,257</b>	6,257
	<b>6,257</b>	6,257

The tax effect of these costs was a corporation tax credit of £1,189,000 (2020: credit of £1,189,000).

#### **8. Net finance charge**

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
Interest payable on Group loans	<b>6,906</b>	5,867



## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 9. Taxation on loss

	52 weeks ended 31 July 2021 £'000	53 weeks ended 1 August 2020 £'000
<b>United Kingdom corporation tax</b>		
Current tax on income for the period	(296)	152
Adjustments in respect of previous periods	587	666
Total current tax (charge) / credit	291	818
<b>Deferred taxation (note 13)</b>		
Net origination of timing differences	(153)	604
Adjustments in respect of prior periods	(583)	(2)
Tax rate changes	186	-
Total deferred tax credit	(550)	602
<b>Total taxation (charge) / credit</b>	<b>(259)</b>	<b>1,420</b>

The standard rate of corporation tax applied to reported profit is 19% (2020: 19%).

Finance Bill 2021 was substantively enacted on 24 May 2021 with provisions to increase the corporation tax rate from 19% to 25% with effect from 1 April 2023. Accordingly, when calculating the deferred tax assets and liabilities as at 31 July 2021, all timing differences expected to reverse prior to 1 April 2023 have been calculated using the existing corporation tax rate of 19% and all timing differences expected to reverse after this date have been calculated using the corporation tax rate of 25%.

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

# F.W. Farnsworth Limited

## Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

### 9. Taxation on loss (continued)

The effective corporation tax rate is different to the standard UK corporation tax rate of 19.0% (2020: 19.0%). The differences are analysed below:

	52 weeks ended 31 July 2021 £'000	53 weeks ended 1 August 2020 £'000
<b>Loss before taxation</b>	<b>(2,187)</b>	<b>(5,171)</b>
Taxation on loss at the standard UK corporation tax rate of 19.0% (2020: 19.0%)	<b>416</b>	<b>982</b>
Effects of:		
Adjustments in respect of prior periods	<b>5</b>	<b>663</b>
Tax rate differences	<b>186</b>	<b>122</b>
Expenses not deductible for tax purposes	<b>(40)</b>	<b>(8)</b>
Amounts relating to intra-group transactions	<b>(363)</b>	<b>(461)</b>
De-recognition of deferred tax asset	<b>(463)</b>	<b>122</b>
<b>Total taxation (charge) / credit for the period</b>	<b>(259)</b>	<b>1,420</b>

### 10. Tangible fixed assets

	Plant, fixtures and motor vehicles £'000
<b>Cost:</b>	
At 1 August 2020	53,237
Additions	1,042
Disposals	(3,905)
<b>At 31 July 2021</b>	<b>50,374</b>
<b>Depreciation:</b>	
At 1 August 2020	47,719
Charge for the period	1,808
Disposals	(3,905)
<b>At 31 July 2021</b>	<b>45,622</b>
<b>Net book value:</b>	
<b>At 31 July 2021</b>	<b>4,752</b>
At 1 August 2020	5,518

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **11. Inventories**

	<b>31 July 2021 £'000</b>	<b>1 August 2020 £'000</b>
Raw materials and consumables	<b>1,789</b>	1,722
Work in progress	<b>320</b>	334
Finished goods and goods for resale	<b>1,210</b>	786
	<b>3,319</b>	2,842

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

#### **12. Debtors: amounts falling due within one year**

	<b>31 July 2021 £'000</b>	<b>1 August 2020 £'000</b>
Trade debtors	<b>3,204</b>	2,980
Amounts owed by Group undertakings	<b>40,934</b>	40,872
Corporation tax receivable	-	640
Other debtors	<b>1,003</b>	635
Prepayments and accrued income	<b>317</b>	169
	<b>45,458</b>	45,296

All amounts owed to Group undertakings are repayable on demand and held at amortised cost. Interest is charged at an average rate of 7.1% (2020: 5.9%) on these balances

## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 13. Deferred taxation asset

	31 July 2021 £'000	1 August 2020 £'000
Asset at the start of the period	1,651	1,049
Credit to profit and loss account	33	604
Adjustments in respect of prior periods	(583)	(2)
<b>Asset at the end of the period</b>	<b>1,101</b>	<b>1,651</b>

	31 July 2021 £'000	1 August 2020 £'000
Accelerated capital allowances	1,101	1,639
Short term timing differences	-	12
<b>Total deferred tax asset</b>	<b>1,101</b>	<b>1,651</b>

During the period commencing 1 August 2021, the net reversal of deferred tax assets is expected to decrease the corporation tax charge for the period by £nil (2020: £441,000).

The Company has an unrecognised deferred tax asset of £6,952,000 (2020: £5,341,000). This is made up of £1,533,000 (2020: £849,000) in relation to accelerated capital allowances, £17,000 in relation to short term timing differences and £5,402,000 (2020: £4,492,000) in relation to capital losses carried forward as at 1 August 2021.

Deferred tax is not recognised on these balances as it is uncertain whether these amounts will be utilised against future taxable profits or gains.

#### 14. Creditors: amounts falling due within one year

	31 July 2021 £'000	1 August 2020 £'000
Trade creditors	12,498	10,609
Amounts owed to Group undertakings	126,642	126,743
Corporation tax	271	-
Other creditors	545	485
Other taxation and social security	283	217
Accruals	1,960	2,381
	<b>142,199</b>	<b>140,435</b>

All amounts due from Group undertakings are repayable on demand and held at amortised cost. Interest is charged at an average rate of 7.1% (2020: 5.9%) on these balances.

## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 15. Share capital and share premium account.

	31 July 2021 £'000	1 August 2020 £'000
<b>Authorised:</b>		
215,000,000 ordinary shares of 10p each	<u>21,500</u>	<u>21,500</u>
<b>Allotted, called up and fully paid:</b>		
214,246,448 ordinary shares of 10p each	<u>21,425</u>	<u>21,425</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company also has a share premium reserve of £34,000 (2020: £34,000) which represents amounts received in excess of the nominal value of shares, on issue of new shares.

#### 16. Pensions

##### Defined contribution scheme

The Company participates in the Group's defined contribution scheme for qualifying employees. The total cost charged to the statement of income and retained earnings in the period of £614,000 (2020: £484,000) represents contributions payable to the scheme by the Company at rates specified in the rules of the plan. As of 31 July 2021, £70,000 of contributions due in respect of the current reporting period had not been paid over to the scheme (2020: £63,000).

##### Defined benefit scheme

The Company is associated with two legacy defined benefit schemes, the Northern Foods Pension Scheme ("the Scheme") and Northern Foods Pension Builder ("the Pension Builder"), which are defined benefit schemes providing members with benefits based on pay and service. The assets of the Scheme and the Pension Builder are held in Trustee administered funds separate from the finances of the Company and Group.

The Scheme and the Pension Builder are both closed to future accrual.

The parent company, which is the sponsoring employer of the schemes, recognises the whole of the Scheme and Pension Builder assets and liabilities in its financial statements. The Company recognises a cost equal to its share of funding contributions paid into the schemes for the period, which in the period ended 31 July 2021 was £6,257,000 (2020: £6,257,000).

Under a cross-guarantee the Company, with a number of other Group companies including Northern Foods Limited, jointly and severally guarantee the performance of each other's obligations to the Schemes.

Further details of the defined benefit schemes are disclosed in the notes to the financial statements of Northern Foods Limited.

## F.W. Farnsworth Limited

### Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021

#### 17. Financial commitments

##### Capital commitments

There were capital commitments of £nil (2020: £nil) provided for at the period end.

The Company had capital commitments of £nil (2020: £61,000) which were contracted for but not provided for at the period end.

##### Operating lease commitments

The Company had total future minimum lease payments under non-cancellable operating leases as set out below:

	31 July 2021 £'000	1 August 2020 £'000
<i>Plant and machinery leases expiring:</i>		
Within one year	261	285
Between one and five years	592	812
After five years	-	14
	<b>853</b>	<b>1,111</b>

#### 18. Related party transactions

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

The Company had no recharges from Shazan Foods Limited during the period (2020: £nil); a related party by virtue of common ownership.

The Company made donations to the Boparan Charitable Trust in the current period of £nil (2020: £nil), a related party by virtue of common ownership. There was no outstanding creditor at the period end (2020: £nil).

## **F.W. Farnsworth Limited**

### **Notes to the financial statements (continued) For the 52 weeks ended 31 July 2021**

#### **19. Contingent liabilities**

The Company and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes due 2025, 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 plus £10m accordion super senior Revolving Credit Facility which is a facility of Boparan Holdings Limited. The Company and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the Revolving Credit Facility.

The Company and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the Revolving Credit Facility.

The amount drawn down on this facility at the balance sheet date was £25.0m (2020: £78.0m). The total bond value as at 31 July 2021 per the Group financial statements was £474.5m net of fees (2020: £611.8m).

Since the balance sheet date the Group has agreed new financing arrangements. Details of this can be found in note 21.

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 31 July 2021 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.

#### **20. Ultimate parent undertaking**

The Company is a wholly owned subsidiary of Beverley House (9000) Limited, a company registered in England and Wales. The parent company of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdings Limited, registered in England and Wales. The parent company of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdco Limited, registered in England and Wales.

Copies of the consolidated financial statements can be obtained from the Company's registered office as detailed on page 1. As at 31 July 2021 Boparan Holdco Limited was also the Company's ultimate parent undertaking.

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

#### **21. Post balance sheet event**

On 23 November 2021 the directors secured access to a further funding facility of £10m, "Term Loan B", maturing in May 2025.

On 24 November 2021 the directors secured additional funding of £50m through an additional note issuance that mirrors the terms of the existing sterling Senior Loan Notes totalling £475m maturing in November 2025.