

**TULIP LIMITED**

**Annual Report and Financial  
Statements**

**For the Year Ended 30 September  
2019**

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# **TULIP LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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# **TULIP LIMITED**

## **2019 REPORT AND FINANCIAL STATEMENTS**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A Cracknell  
M Knudsen  
F Sandri

#### **REGISTERED OFFICE**

Seton House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

#### **BANKERS**

Nordea Bank Finland Plc  
London Branch  
8th Floor  
City Place House  
55 Basinghall Street  
London EC2V 5NB

#### **SOLICITORS**

Lyons Davidson  
Victoria House  
Victoria Street  
Bristol  
BS1 6AD

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Chamberlain Square  
Birmingham  
B3 3AX

# TULIP LIMITED

## STRATEGIC REPORT

### PRINCIPAL ACTIVITIES

The principal activity of the company is the processing, packing, sale and distribution of meat products. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

### BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The company has generated revenue of £1,067,809,000 in 2019 (2018: £1,062,454,000), which has remained stable year on year. Operating loss before exceptional items in 2019 is £17,310,000 (2018: loss of £37,622,000) whilst the operating margin before exceptional items has improved year on year to a loss of 1.6% from a loss of 3.5%. As shown in the company's profit and loss account on page 10, the result after taxation for the year ended 30 September 2019 amounted to a loss of £73,915,000 (2018: loss of £77,269,000).

In response to the continued loss-making position the company has developed a turnaround plan, with a number of strategic initiatives to return the company to profitability covering sales, operational efficiencies and cost reduction measures. The company has also continued to invest in plant and machinery to improve the effectiveness of the business.

The net assets of the company have decreased by £14,718,000 to £119,812,000 (2018: £134,530,000) due to the trading loss being partially offset by the issue of shares for £70,000,000 in the year.

The directors remain confident about the prospects for the business going forward.

### PRINCIPAL RISKS AND UNCERTAINTIES

The board monitors the performance of the company using the following key performance indicators: revenue, gross margin percentage, EBIT excluding exceptional items, net debt position, FTEs utilised and SPP. Revenue, gross margin and EBIT are monitored at a site level on a weekly basis. Standard Pig Price (SPP) is based on a voluntary survey of pig abattoirs which provide their weekly kill data including weight, probe, sex and price. This is for "standard pigs" only, i.e. pigs on which no explicit premium is paid for a specific attribute other than width and grade, and excludes fully condemned, organic, free range and within company traded pigs.

	2019	2018
	£'000	£'000
Revenue	1,067,809	1,062,454
Gross margin	6.2%	6.4%
EBIT excluding exceptional items	(17,310)	(37,622)
EBITDA margin	0.74%	(0.65%)
Net debt	211,822	216,117
FTEs employed (full time equivalent based on 37.5 hour week)	5,886	6,488
SPP (average Red Tractor pig price)	144.49	149.81

The company uses these key performance indicators to monitor the mitigation of the following key risks:

1 *Competition*

Competitive pressure is a continuing risk for the company. The company manages this risk by being efficient, by providing added value services to its customers and by maintaining strong relationships with customers.

2 *Input cost inflation and fluctuations*

Raw materials and energy used in the company's manufacturing processes are subject to price fluctuations which are beyond the company's control. The company seeks to minimise the impact

# TULIP LIMITED

## STRATEGIC REPORT

of these cost fluctuations through purchasing strategies, efficiency gains and the best use of resources.

The overall aim of Tulip Limited is to be competitive by having efficient production facilities and an optimal organisation to run the company to enable it to handle any challenges from the marketplace. The involvement in several stages of the supply chain supports this position.

### 3 *Pandemic disease*

Tulip is well placed to source pig meat from around the world in the event of an issue associated with changes in the availability of pig meat due to disease. Tulip sources raw material from a number of different countries in the EU and now has links to potential supply from the USA.

Its own pig production base which makes up over 50% of its UK pig numbers slaughtered is structured to reduce risk of disease transfer and has biosecurity procedures in place to limit disease transmission from farm to farm

The outbreak of African Swine Fever in China (where 50% of the world's pigs are) and its spread across the world (now in Vietnam, Philippines and spreading slowly westwards across Europe) has had a significant effect on the global supply of pig meat and prices

The UK, by its island status, has an element of built in biosecurity but there are risks, mainly as a result of human movement of infected meat from the EU. UK government has put in place at UK border posters to make all travellers aware of the risks of bringing into the UK infected pig meat. The National Pig Association (NPA) and the British Meat Processors Association (BMPPA), both of which Tulip are members of, are pressing UK government to increase the level of communication to travellers of the risks. Our own pig production is geographically well dispersed so that in the event of an outbreak in the UK risks are limited to infection.

### 4 *Consumer demand and preference*

Consumer tastes, preferences and behaviours are undergoing a period of rapid change with increased focus on healthy and environmentally conscious eating. The company's ability to flex its products to changing consumer demands and eating trends is key to the future success of the business. The company monitors and reviews changing consumer requirements and through its new product development group seeks to develop, both independently and with its customers, new ground-breaking products. The company's focus on outdoor bred pork helps to meet consumer demand for high welfare products.

### 5 *Food safety*

In common with other food manufacturing businesses, the company could potentially be subject to the risk of food safety scares or product contamination, particularly any with high media profile. Costs could be incurred through business interruption, product recalls as well as reputational damage and/or regulatory penalties. Effective raw material and product traceability is at the heart of the company's food safety controls. Diligent adherence to a comprehensive food defence policy which is well understood and implemented by site teams helps to mitigate the business risk. Effective internal and external communication is also key to this.

### 6 *Recruitment and retention of workforce*

As the company continues to execute its strategic ambition our success is dependent on easily attracting and retaining the very best people. Across the wider business, strengthened recruitment processes and competitive remuneration packages are in place. Our HR delivery model specifically focussing on deploying development programs to create a solid high potential pipeline, where our people really make the difference and defined succession planning is also in place.

## **Brexit risk**

The company's board has considered the potential impact of Brexit on the company's operations. The lack of agreement over the terms of the UK's exit from the European Union remains a key uncertainty in the company's risk assessment and mitigation planning. The main areas of risk to company arising from Brexit are labour availability and potential wage inflation, with over 50% of the company's workforce originating from EU countries and cost increased if duty becomes payable on imported meat from the EU. The company

## **TULIP LIMITED**

### **STRATEGIC REPORT**

has a robust supply chain for locally sourced pigs, a position which was strengthened following the acquisition of the Easey group, which reduces reliance on imported meat relative to the wider UK industry. The company's board continues to monitor the exit negotiations and develop mitigation plans accordingly.

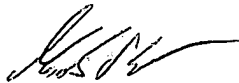
#### **FINANCIAL RISK MANAGEMENT**

The company only trades with creditworthy third parties and fellow subsidiary undertakings. It is the company's policy that customers who wish to trade on credit terms are reviewed for financial stability. With respect of risk arising from other financial assets of the company, which comprise of intercompany facilities, the company's exposure to credit risk arises from default of the counter party.

Ultimate responsibility for liquidity risk management rests with the company's board which sets the framework for the management of the company's short, medium and long term funding and liquidity management requirements.

Due to the factors mentioned above under the Business Review, interest rate risk is considered low by the directors despite the level of borrowings and the reduction in interest cover which in 2019 was nil (2018: nil).

On behalf of the Board



M Knudsen – Director  
30<sup>th</sup> January 2020

# **TULIP LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the audited financial statements and Independent Auditors' report for the year ended 30 September 2019.

### **FUTURE DEVELOPMENTS**

The company intends to continue its principal activities for the foreseeable future. The implementation of the turnaround plan increasing sales development, operation efficiency and cost reductions are key to the long term success of the company.

### **DIVIDENDS**

During the year, the company paid dividends totalling £nil (2018: £nil).

### **CHARITABLE DONATIONS**

During the year the company made a total of £105,000 (2018: £37,000) of donations or payments on behalf of charities.

### **POST BALANCE SHEET EVENTS**

On 15<sup>th</sup> October 2019, the company was acquired by Pilgrim's Pride Corporation via Onix Investments UK Limited. Pilgrim's Pride Corporation is listed on NASDAQ and is part of a group of which the ultimate parent company and controlling party is JBS S.A., a company listed on the Brazilian stock exchange whose registered address is Avenida Marginal Direita do Tietê, 500, Vila Jaguara, São Paulo, Brazil. JBS S.A. is ultimately controlled by the Batista family comprised of Jose Batista Sobrinho, his wife and five of their children through their ownership and control of J&F Investimentos S.A., a Brazilian corporation which owns 42% of the outstanding capital of JBS S.A.

The net borrowing position that the company had on 15<sup>th</sup> October 2019 with Danish Crown AS and Tulip International (UK) Limited was replaced with an inter-company loan from Onix Investments UK Limited. On 25 November 2019, this inter-company debt was settled in exchange for 1 share issued to Onix Investments UK Limited for consideration of £191,815,000.

### **GOING CONCERN REVIEW**

The company's business activities, together with the factors and uncertainties likely to affect its future development, performance and position are set out above.

As highlighted in note 16, the company was funded by inter-company funding as at 30 September 2019 and during the year met its day to day working capital requirements through a long term facility which was provided by a parent undertaking in Denmark. The directors, after making enquiries, received confirmation that the parent undertaking would continue to support the company for a period of no less than 12 months from the date of signing of these accounts.

As set out above, subsequent to the balance sheet date and as part of the sale of the company to Pilgrim's Pride Corporation, the inter-company funding arrangements in place at the balance sheet date were settled and replaced with a new inter-company loan which was converted to equity on 25 November 2019. The company also has access to an inter-company Revolving Loan Facility of £60,000,000 with a duration of 3 years. Additionally, the Board, of which one member is a Director of Pilgrim's Pride Corporation, have received confirmation that Pilgrim's Pride Corporation will continue to support the company for a period of no less than 12 months from the date of signing of these accounts.

In light of the uncertainties relating to current economic conditions, the directors have reviewed the forecast performance of the business and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to meet its liabilities for the foreseeable future, being no less than 12 months from the date of the signing of these accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **FINANCIAL INSTRUMENTS**

The company was principally funded by inter-company facilities totalling £212,716,000 (2018: £216,414,000) (note 16). Interest payable on the group's long-term bank borrowings and intercompany facilities is based upon a margin over the Bank of England 10 year GBP bond rate.

# **TULIP LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS**

The directors, who served during the year and up to the date of this report, are as follows:

J Valeur (resigned 15 October 2019)  
E Bredholt (resigned 15 October 2019)  
P Ravn (resigned 15 October 2019)  
P Sunke (resigned 15 October 2019)  
T Moelgaard (resigned 15 February 2019)  
A Cracknell (appointed 8 October 2018)  
M Knudsen (appointed 20 March 2019)  
F Sandri (appointed 15 October 2019)

### **DIRECTORS INDEMNITIES**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the current and previous year and remain in force at the date of this report.

### **COMMUNICATIONS WITH EMPLOYEES**

During the year the company continued to regularly provide employees with information of concern to them by the issue of bulletins, general notices and by meetings. Employees or their representatives are consulted on all occasions when decisions are required, which are likely to affect their interests. Employee access to Group policies is available through the employee intranet.

### **DISABLED EMPLOYEES**

It is the company's policy to encourage and offer equal consideration to disabled persons making application for employment with the company, having regard to their particular aptitudes and abilities. The nature of the business and prevailing working conditions limit the employment of personnel with certain disabilities defined by health and safety regulations. The company actively seeks to continue to employ personnel who have become disabled whilst in its employment. Disabled and non-disabled employees are treated equally regarding career development and promotional progress.

### **INDEPENDENT AUDITORS**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

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

On behalf of the Board



M Knudsen - Director  
Seton House  
Warwick Technology Park  
Gallows Hill  
Warwick, CV34 6DA

30th January 2020



## **TULIP LIMITED**

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed; subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

## ***Independent auditors' report to the members of Tulip Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Tulip Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2019; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## ***Independent auditors' report to the members of Tulip Limited***

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

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

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
31 January 2020

# TULIP LIMITED

## PROFIT AND LOSS ACCOUNT For the Year Ended 30 September 2019

	Note	2019 £'000	2018 £'000
<b>TURNOVER</b>	3	1,067,809	1,062,454
Cost of sales		(1,001,306)	(994,583)
<b>GROSS PROFIT</b>		66,503	67,871
Distribution costs		(43,050)	(48,217)
Administrative expenses		(97,625)	(96,343)
Other operating income		2,741	4,843
<b>OPERATING LOSS BEFORE EXCEPTIONAL ITEMS</b>		(17,310)	(37,622)
Administrative expenses - exceptional items	6	(54,121)	(34,224)
<b>OPERATING LOSS</b>		(71,431)	(71,846)
Interest receivable and similar income	5	316	323
Interest payable and similar charge	5	(9,665)	(13,924)
<b>LOSS BEFORE TAXATION</b>	6	(80,780)	(85,447)
Tax on loss	7	6,865	8,178
<b>LOSS FOR THE FINANCIAL YEAR</b>		(73,915)	(77,269)

All results derive from continuing operations.

## STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 September 2019

	Note	2019 £'000	2018 £'000
Loss for the financial year		(73,915)	(77,269)
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Actuarial (loss)/gain relating to the pension scheme	19	(13,016)	16,666
Related deferred tax credit/(charge)	18	2,213	(2,852)
<b>TOTAL OTHER COMPREHENSIVE (EXPENSE)/INCOME</b>		(10,803)	13,814
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		(84,718)	(63,455)

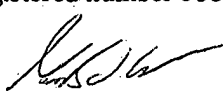
# TULIP LIMITED

## BALANCE SHEET

As at 30 September 2019

	Note	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Intangible assets	8	29,464	78,415
Property, plant and equipment	9	199,021	186,173
Biological assets	10	12,373	10,898
Investments	11	25,201	25,593
		<u>266,059</u>	<u>301,079</u>
<b>CURRENT ASSETS</b>			
Stocks	12	87,052	87,087
Trade and other receivables			
-due within one year	13	146,840	109,729
-due after one year	13	62	26,034
Assets held for sale	14	924	-
Cash and cash equivalents		894	297
		<u>235,772</u>	<u>223,147</u>
<b>TOTAL ASSETS</b>		<u>501,831</u>	<u>524,226</u>
 Creditors: amounts falling due within one year	15	<u>(152,229)</u>	<u>(164,553)</u>
<b>NET CURRENT ASSETS</b>		<u>83,543</u>	<u>58,594</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>349,602</u>	<u>359,673</u>
 Creditors: amounts falling due after more than one year	16	(212,716)	(216,414)
Deferred tax liabilities	18	(745)	(8,729)
Retirement benefit obligations	19	(16,329)	-
		<u>(229,790)</u>	<u>(225,143)</u>
<b>TOTAL LIABILITIES</b>		<u>(382,019)</u>	<u>(389,696)</u>
<b>NET ASSETS</b>		<u>119,812</u>	<u>134,530</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	7,540	7,540
Share premium account		382,202	312,202
Capital reserve		1,000	1,000
Profit and loss account		(270,930)	(186,212)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>119,812</u>	<u>134,530</u>

The financial statements on pages 10 to 36 were approved by the Board of Directors of Tulip Limited, registered number 608077, and authorised for issue on 30<sup>th</sup> January 2020. They were signed on its behalf by:

  
M Knudsen - Director

# TULIP LIMITED

## STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 September 2019

	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2018	7,540	312,202	1,000	(186,212)	134,530
Loss for financial year	-	-	-	(73,915)	(73,915)
Other comprehensive expense	-	-	-	(10,803)	(10,803)
Total comprehensive income	-	-	-	(84,718)	(84,718)
Share Issue	-	70,000	-	-	70,000
At 30 September 2019	7,540	382,202	1,000	(270,930)	119,812

	Called up share capital £'000	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2017	7,540	189,202	1,000	(122,757)	74,985
Loss for financial year	-	-	-	(77,269)	(77,269)
Other comprehensive income	-	-	-	13,814	13,814
Total comprehensive income	-	-	-	(63,455)	(63,455)
Share issue	-	123,000	-	-	123,000
At 30 September 2018	7,540	312,202	1,000	(186,212)	134,530

The capital reserve represents a capital contribution from the parent undertaking.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 September 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have, therefore, been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets (tangible and intangible assets), presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Leverandorselskabet Danish Crown AmbA. The group accounts of Leverandorselskabet Danish Crown AmbA are available to the public and can be obtained as set out in note 21.

The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Seton House, Warwick Technology Park, Gallows Hill, Warwick, England.

The company is incorporated in the United Kingdom under the Companies Act and has taken advantage under section 400 of the Companies Act 2006 of the exemption from preparing consolidated financial statements at the balance sheet date as it is itself a wholly owned subsidiary of Tulip International (UK) Limited, which is a subsidiary of Leverandorselskabet Danish Crown AmbA, in whose consolidated financial statements, which are publicly available, the Company is included. The group accounts can be obtained as set out in note 21.

The financial statements have been prepared on the historical cost basis modified for biological assets which are held at fair value less costs to sell. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

**Adoption of new and revised Standards**

In the current year, the following new standards or amendments became effective and required adoption by the Company:

- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 9 *Financial Instruments*

None of the above have resulted in any material changes in accounting policies and no adjustments were required to the amounts recognised in the Company's financial statements:

- IFRS 15 *Revenue from Contracts with Customers* supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations and was effective for annual periods beginning on or after 1 January 2018. The standard deals with revenue recognition and establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the company's contracts with its customers. The standard provides clarification about when control of goods is passed to customers and contains more guidance about the measurement of revenue contracts which include discounts, rebates and other payments to customers. The company completed a review of the requirements of IFRS 15 against previous accounting policies. The areas considered included payments by customers and the timing of revenue recognition based on control of goods. Adoption of IFRS 15 for the year ended 30 September 2019 has not resulted in a material impact to the financial statements of the company. The company has adopted IFRS 15 using the cumulative effect method. Accordingly, the information presented for 2018 has not been restated and is therefore presented as previously reported under IAS 18, IAS 11 and related interpretations.
- IFRS 9 *Financial Instruments* was effective for annual periods beginning on or after 1 January 2018. The standard includes requirements for classification and measurement, impairment and

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 September 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

hedge accounting. The company has evaluated the impact of IFRS 9 and concluded that the impact on the recognition and measurement of income and costs and the Income Statement or assets and liabilities in the Balance Sheet is not material. The company has assessed the classification and measurement of certain financial assets on the Balance Sheet and concluded that there is no significant change as a result of this. Further, the nature of the company's hedging activities and the quantum of its bad debt risk means that the impact of IFRS 9 is immaterial in respect of these items. The company has calculated its impairment provision of financial assets measured at amortised costs (such as trade and other receivables) under the expected credit loss model in accordance with IFRS 9. The difference in provision between that determined by this model compared to that calculated by the incurred loss model required by IAS 39 is not material and therefore there is no change to the opening balances within equity.

**New and revised IFRSs in issue but not yet effective**

At the date of authorisation of these financial statements the company has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

- IFRS 16            *Leases*
- IFRIC 23        *Uncertainty over Income Tax Treatments*
- IFRS 9           *Prepayment Features with Negative Compensation (amendment)*
- Annual Improvements to IFRSs 2015-17 cycle
- IAS 19           *Plan Amendment, Curtailment or Settlement (amendment)*
- IFRS 3           *Business Combinations (amendment)*
- IAS 1            *Definition of Material (amendment)*

**Going Concern**

As highlighted in note 16, the company was funded by intercompany funding as at 30 September 2019 and during the year met its day to day working capital requirements through a long term facility which was provided by a parent undertaking in Denmark. The directors, after making enquiries, received confirmation that the parent undertaking would continue to support the company for a period of no less than 12 months from the date of signing of these accounts.

As set out in note 22, subsequent to the balance sheet date and as part of the sale of the company to Pilgrim's Pride Corporation, the intercompany funding arrangements in place at the balance sheet date were settled and replaced with a new intercompany loan which was converted to equity on 25 November 2019. The company also has access to an intercompany Revolving Loan Facility of £60,000,000 with a duration of 3 years. Additionally, the Board, of which one member is a Director of Pilgrim's Pride Corporation, have received confirmation that Pilgrim's Pride Corporation will continue to support the company for a period of no less than 12 months from the date of signing of these accounts.

In light of the uncertainties relating to current economic conditions, the directors have reviewed the forecast performance of the business and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to meet its liabilities for the foreseeable future, being no less than 12 months from the date of the signing of these accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Intangible assets**

Trademarks and other intangible assets are shown at cost less amortisation and any accumulated impairment losses. Any impairment is recognised immediately in the profit and loss account. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.



# **TULIP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019**

### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

#### **Goodwill**

Goodwill represents the excess of the cost of acquisition over the company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the time of the hive-up. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the profit and loss account. Negative goodwill is recognised in the profit and loss account in the period of acquisition.

#### **Revenue**

Revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when control of the goods has passed to the buyer on despatch and represents the value of sales to customers net of discounts, similar allowances and estimates of returns and excludes value added tax.

Sales related discounts and similar allowances comprise:

- Volumes rebates and similar allowances – which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth
- Advertising and marketing contributions – which are directly related to promotions run by customers.

Management make estimates related to customer performance, sales volume and agreed terms to determine total amounts earned and to be recorded in deductions from revenue.

The revenue accounting policy for the year ended 30 September 2019 was consistent with the requirements of IAS 18. Revenue was recognised when the significant risks and rewards of ownership of the goods had been passed to the buyer on despatch, rather than the satisfaction of the performance obligation to deliver the goods.

#### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

#### **Foreign currencies**

Exchange gains and losses relating to trading and non-trading transactions are included in the trading profit.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are dominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### **Retirement benefit costs**

For defined benefit schemes the amounts charged to operating profit are the current service costs, past service costs and gains and losses on settlements and curtailments, which are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 September 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet.

For defined contribution schemes, the amount charged to the Profit and Loss Account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as accruals or prepayments in the balance sheet.

**Exceptional items**

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable net taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Biological Assets**

The company's biological assets consist of pigs in the form of breeding sows (classified as fixed assets) and their progeny for processing within the company and externally (classified as current assets). On initial recognition and at the balance sheet date biological assets have been measured at their fair value less costs to sell, in line with IAS 41. Gains and losses in relation to the fair value of biological assets are recognised in the income statement, within cost of sales, in the period in which they arise. There is no material difference between the fair value of biological assets and their cost less depreciation.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Year Ended 30 September 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of depreciation and provision for impairment.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

**Buildings:**

Freehold property	-	over 20-30 years
Leasehold property	-	over 20 years
Plant and machinery	-	over 5-10 years
Fixtures and fittings	-	over 5-10 years
Assets in the course of construction	-	No depreciation is provided unless the asset is either being used or available for use, in which case it is over 5-10 years.

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Impairment of tangible and intangible assets**

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

**Stocks**

Stocks are stated at the lower of cost (on a first in, first out basis) incurred in bringing each product to its present location and condition and net realisable value and are as follows:

Raw materials	-	purchase price including transport
Work in progress	-	actual cost of direct materials and an appropriate proportion of manufacturing overheads based on actual production
Finished goods	-	actual cost of direct materials and labour and an appropriate proportion of manufacturing overhead based on actual production

Net realisable value is based on normal selling price less further sales costs to be incurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 September 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments**

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

*Trade and other receivables, amounts owed by group undertakings and amounts owed by parent undertaking*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other creditors and amounts owed to group undertakings*

Trade and other creditors and amounts owed to group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

*Intercompany funding*

Intercompany funding is recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, intercompany funding is stated at amortised cost using the effective interest method, less any impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 September 2019**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY IN APPLYING THE COMPANY'S ACCOUNTING POLICIES**

The preparation of the financial statements in conformity with adopted IFRS requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in the accounting for allowances for uncollectible receivables, stock provision, depreciation, taxes and contingencies. Estimates and assumptions are reviewed periodically and effects of revisions are reflected in the period that an adjustment is determined to be required. None of these accounting judgements and sources of estimation uncertainty are considered to be critical or key in applying the company's accounting policies.

A critical estimate in the preparation of the financial statements is the judgement over the impairment of goodwill (see note 8), other intangible assets and tangible assets (see note 9). A value in use calculation is performed as part of assessing the recoverable amount. A key judgement in this calculation is that the activities of the entity comprise a single cash generating unit when considering impairment due to the close integration of the company's sites and activities in servicing its key national customers. Judgement is applied in considering operations where activity has or is planned to cease. In such circumstances, operations may be deemed to be outside the main cash generating unit and tangible asset impairment considered separately. The forecasts used in the impairment review are the latest ones adopted by the Board.

The key source of estimation uncertainty is the actuarial assumptions used in the preparation of the IAS19 calculations for the two defined benefit schemes (see note 19). These assumptions are set by the directors following advice from the scheme's Actuaries.

In the process of applying the company's accounting policies, which are described in note 1, management has not made any other judgements that have had a significant effect on the amounts recognised in the financial statements.

**3. TURNOVER**

Turnover arises from the sale of meat and associated products and is shown net of VAT and trade discounts.

The company's revenue and results were derived wholly from the company's principal activity which is based solely in the United Kingdom. The analysis of revenue by geographical destination is as follows:

	2019 £'000	2018 £'000
United Kingdom	1,000,211	1,008,709
Other European countries	60,837	42,959
Other markets	6,761	10,786
	<u>1,067,809</u>	<u>1,062,454</u>

The business operates as one business segment.

Included in revenues above, revenue of £477,494,000 relates to the three largest customers (2018: £473,070,000 relates to the three largest customers).

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors emoluments	2019 £'000	2018 £'000
Emoluments	1,416	802
Compensation for loss of office	-	306
Company pension contributions	33	12
Emoluments of the highest paid director is as follows: Aggregate emoluments excluding pension contributions but including compensation for loss of office	970	850

There were three directors during the year to whom retirement benefits accrued under a defined contribution scheme (2018: one).

	2019 No.	2018 No.
The monthly average number of employees during the year was:		
Production	3,869	4,230
Sales and administration	2,015	1,922
	5,884	6,152

Staff costs during the year (including directors)	2019 £'000	2018 £'000
Wages and salaries	150,012	149,946
Social security costs	14,607	14,135
Defined contribution pension costs	4,561	3,594
Defined benefit pension costs	3,707	86
	172,887	167,761

### 5. FINANCE EXPENSES

	2019 £'000	2018 £'000
Interest receivable and similar income		
Other	316	323
	316	323
Interest payable and similar charges		
Other	(3,297)	(2,499)
Net charge on pension schemes (note 19)	(71)	(422)
Interest on group loans	(6,297)	(11,003)
	(9,665)	(13,924)
Finance charges (net)	(9,349)	(13,601)

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 6. LOSS BEFORE TAXATION

The loss before taxation for the year is stated after charging/(crediting):

	2019 £'000	2018 £'000
Operating lease charges:		
Plant and machinery	6,360	6,148
Land and buildings	953	1,062
Depreciation of fixed assets	22,001	27,889
(Gain)/loss on disposal of fixed assets	(85)	138
Amortisation of intangible assets	1,293	970
Depreciation of biological assets	1,942	1,854
Impairment of trade receivables	2	(15)
Loss on disposal of biological assets	2,621	2,945
Net loss on foreign currency differences	116	120
Write back of stock impairment	(708)	(2,412)
Cost of stock recognised as an expense	664,591	651,771
Exceptional items	54,121	34,224

Exceptional items relate to £47,658,000 impairment of goodwill (see note 8), redundancy and similar costs relating to site restructuring activity £3,087,000 and a charge of £3,376,000 relating to past service cost arising from the Tulip Limited Pension Plan as a result of an adjustment to equalise Guaranteed Minimum Pensions (GMP) between males and females. In 2018, the exceptional items related to an impairment of tangible fixed assets of £33,108,000 and an impairment of financial assets of £1,116,000.

The analysis of auditors' remuneration is as follows:

	2019 £000	2018 £000
Fees payable to the company's auditors for the audit of the company's annual accounts	86	66
<i>Total audit fees</i>	<u>86</u>	<u>66</u>
Non – audit services	32	10
<i>Total non-audit fees</i>	<u>32</u>	<u>10</u>

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 7. TAX ON LOSS

The tax credit comprises:

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax	(941)	(1,005)
Adjustment in respect of prior periods	(153)	(824)
<b>Total current tax charge</b>	<u>(1,094)</u>	<u>(1,829)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,088)	(12,236)
Adjustments in respect of prior periods	(324)	1,502
Change in deferred tax rate	641	1,270
Unrecognised deferred tax assets	-	3,115
<b>Total deferred tax credit</b>	<u>(5,771)</u>	<u>(6,349)</u>
<b>Total tax credit</b>	<u>(6,865)</u>	<u>(8,178)</u>

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the loss before tax is as follows:

	2019 £'000	2018 £'000
<b>Loss before taxation</b>	<u>(80,780)</u>	<u>(85,447)</u>
Corporation tax at 19% (2018: 19.0%)	(15,348)	(16,235)
Expenses not deductible for tax and non-taxable income	9,608	2,755
Adjustments in respect of prior periods	(477)	678
Release of provision for uncertain tax positions	(1,900)	-
Brought forward losses surrendered to group relief	-	219
Unrecognised deferred tax assets	611	3,115
Change in deferred tax rate	641	1,290
<b>Total tax credit</b>	<u>(6,865)</u>	<u>(8,178)</u>

The Budget 2017 introduced a reduction in the main rate of corporation tax to 17% from 1 April 2020 and as such the deferred tax recorded at the balance sheet date has been recalculated at 17%.



## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended 30 September 2019

#### 8. INTANGIBLE ASSETS

	Trademarks and similar rights £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 October 2018 and 30 September 2019	19,760	83,355	103,115
<b>Accumulated amortisation and impairment</b>			
At 1 October 2018	7,799	16,901	24,700
Charge for the year	1,293	-	1,293
Impairment for the year	-	47,658	47,658
At 30 September 2019	9,092	64,559	73,651
<b>Net book values</b>			
At 30 September 2019	10,668	18,796	29,464
At 30 September 2018	11,961	66,454	78,415

The company tests goodwill annually for impairment. The annual impairment test is made at the end of the financial year and resulted in an impairment of goodwill in the current year.

The recoverable amount of the business was assessed as the higher of its value in use and the fair value less costs to sell with the acquisition of the company by Pilgrim's Pride Corporation providing a reference point for the fair value, which is a Level 2 input in the fair value hierarchy under IFRS 13. A value in use calculation was also performed as part of the impairment test. The net present value is calculated using the cash flow forecasts derived from the most recent financial budgets and strategic plans approved by management for the next five years and extrapolates cash flows for the following years based on expected growth rates for the market. The key assumptions and uncertainties for the value in use calculations are the determination of discount and growth rates and gross margins in addition to the uncertainties and risks inherent in the budget and strategy figures.

The discount rates reflect current market assessments of the time value of money, expressed as a risk-free interest rate and the specific risks which are associated with the company. These are determined on an 'after tax' basis based on the estimated weighted average cost of capital (WACC).

The growth rates used are based on the directors' assessment of growth applied in the financial forecasts and strategic plans of the company as well as expectations for discount rates, interest and inflation levels. The growth rates used do not exceed the expected average long-term growth rate for the relevant markets.

Gross margin depends upon selling prices, the cost of raw materials and changes in the cost of production overheads. Historical margins are used as the base, adjusted for management's expectations derived from experience and with reference to budgets and forecasts.

The most significant assumptions used to calculate the recoverable amounts are as follows:

- Risk-free interest rate 1.1%
- Growth factor in the terminal period 1.0%
- WACC post tax 7.0%

The recoverable amount was assessed as the fair value less costs to sell, which resulted in an impairment charge of £47,658,000 to goodwill. There are no reasonably possible changes in the assumptions used for determining the recoverable amount which would cause a material impairment charge at the next balance sheet date.

Intangible assets amortisation is recorded in administrative expenses in the income statement.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life.

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended 30 September 2019

#### 8. INTANGIBLE ASSETS (continued)

As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 20 years would be a charge of £4,68,000 (2018: £4,168,000) against operating profit, and a reduction of £7,256,000 (2018: £50,746,000) in the carrying value of goodwill in the balance sheet.

#### 9. PROPERTY, PLANT AND EQUIPMENT

	Property £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>					
At 1 October 2018	198,208	289,728	21,303	7,567	516,806
Additions	1,547	25,502	1,617	8,661	37,327
Reclassification	305	4,855	1,315	(6,475)	-
Reclassified as held for sale	-	-	-	(924)	(924)
Disposals	(411)	(24,614)	(1,486)	-	(26,511)
At 30 September 2019	199,649	295,471	22,749	8,829	526,698
<b>Accumulated depreciation and impairment</b>					
At 1 October 2018	90,094	224,328	16,211	-	330,633
Charge for year	5,682	14,542	1,777	-	22,001
Impairment for the year	-	605	-	-	605
Disposals	(139)	(24,036)	(1,387)	-	(25,562)
At 30 September 2019	95,637	215,439	16,601	-	327,677
<b>Carrying amount</b>					
At 30 September 2019	104,012	80,032	6,148	8,829	199,021
At 30 September 2018	108,114	65,400	5,092	7,567	186,173

Included in the cost of property is land with a value of £17,524,000 (2018: £17,524,000) which is not depreciated.

Impairment of £605,000 on assets taken out of production was recognised in the year (2018: £33,108,000).

The company has entered in contractual commitments for the acquisition of property, plant and equipment amounting to £738,000 (2018: £2,628,000).

The cost of assets which have been fully depreciated but are still in use is £139,143,000 (2018: £123,277,000).

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 10. BIOLOGICAL ASSETS

	£'000
<b>Cost</b>	
At 1 October 2018	12,519
Additions	11,136
Disposals	(8,975)
	<hr/>
30 September 2019	14,680
<b>Value adjustment</b>	
At 1 October 2018	1,621
Adjustment for year	1,942
Adjustment on disposals	(1,256)
	<hr/>
30 September 2019	2,307
<b>Carrying amount</b>	
At 30 September 2019	<hr/> 12,373 <hr/>
At 30 September 2018	<hr/> 10,898 <hr/>

The fixed biological assets are a pig livestock breeding herd. The number of pigs in the breeding herd at 30 September 2019 was 62,337 (2018: 62,813).

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 11. INVESTMENTS

	Shares in group undertakings £'000	Other loans £'000	Total £'000
<b>Cost</b>			
At 1 October 2018 and 30 September 2019	424,573	7,545	432,118
<b>Provision for impairment</b>			
At 1 October 2018	405,409	1,116	406,525
Impairment for the year	-	392	392
At 30 September 2019	405,409	1,508	406,917
<b>Carrying amount</b>			
At 30 September 2019	19,164	6,037	25,201
At 30 September 2018	19,164	6,429	25,593

Other loans disclosed above represent two unsecured loan facilities provided to Quality Pork Products Limited and East Midland Pork Producers limited. The loan to Quality Pork Products Limited is repayable on demand with an interest rate of 3% above LIBOR. The loan to East Midland Pork Producers Limited is repayable in full on 30 June 2021 and with an interest rate of 4% above LIBOR.

The company also directly and indirectly owns 100% of the issued share capital of the following dormant entities:

Adams Pork Products Limited	Glenbrook Foods Limited
Belvoir Foods Limited	Laxgate Limited
Celebrity Food Factories Limited	Meadowbrook Foods Limited
Dalehead Foods Limited	Norman C Roach & Son Limited
D. Blowers Limited	Plumrose Limited
Easey Herds Limited	Prideaux Stables Limited
Easey Holdings Limited	Roach Foods Limited
Easey Pigs Limited	The Lane Food Company Limited
Easey Veterinary Services Limited	Trophy Foods Limited
Flagship Fresh Meats Limited	Tulip International (UK) Cooked Meat Division Limited
Foodane Limited	VJS Foods Limited
Geo Adams & Sons (Farms) Limited	VJS Holdings Limited
Geo Adams & Sons Limited	

All directly and indirectly owned subsidiaries are registered in England and have a registered address of Seton House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 12. STOCKS

	2019 £'000	2018 £'000
Raw materials	11,694	13,914
Work in progress	17,154	14,900
Finished goods	20,680	23,874
Biological assets	37,524	34,399
	<u>87,052</u>	<u>87,087</u>

There is no material difference between the carrying value of stock and the replacement cost. Inventories are stated after provisions for impairment of £13.9m (2018: £14.3m). Current biological assets are pigs bred for slaughter. The number of pigs held for slaughter at 30 September 2019 was 530,486 (2018: 548,201).

### 13. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables (net)	101,203	94,728
Impairment of trade receivables	(105)	(103)
Amounts owed by group undertakings	8,201	2,034
Amounts owed by parent undertaking	25,791	-
Prepayments and accrued income	9,448	11,187
Current tax asset	2,249	1,830
Other debtor	53	53
	<u>146,840</u>	<u>109,729</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by parent undertaking	-	25,791
Defined benefit pension asset	-	123
Other debtor	62	120
	<u>62</u>	<u>26,034</u>
	<u>146,902</u>	<u>135,763</u>

Trade receivables disclosed above are classified as amortised cost and are therefore measured at amortised cost. The directors consider that the carrying value of trade receivables approximates to their fair value.

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 14. ASSETS HELD FOR SALE

	2019 £'000	2018 £'000
Tangible assets held for sale	924	-
	<u>924</u>	<u>-</u>

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	67,457	72,711
Amounts owed to group undertakings	40,474	34,992
Other creditors including taxes and social security	4,023	4,284
Accruals	40,275	52,566
	<u>152,229</u>	<u>164,553</u>

Trade and other payables are held at amortised cost. The directors consider that the carrying value of trade payables approximates to their fair value.

Amounts due to fellow subsidiaries are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
<b>Unsecured borrowings at amortised cost</b>		
Intercompany funding	212,716	216,414
	<u>212,716</u>	<u>216,414</u>
<b>Total borrowings</b>		
Amounts due for settlement within 12 months	-	-
Amounts due for settlement in 2 – 5 years	187,716	191,414
Amounts due for settlement after 5 years	25,000	25,000
	<u>212,716</u>	<u>216,414</u>

The amount due for settlement after 5 years was a long-term arrangement repayable in November 2025 at an interest rate of 5.59%. The remaining balance was the drawing on the rolling intercompany funding arrangement at an interest rate of 1.45%. All intercompany borrowings are unsecured. Both arrangements were settled in full on 15<sup>th</sup> October 2019 upon the acquisition of the company by Onix Investments UK Limited. The net intercompany borrowing position on that date was replaced with an intercompany loan from Onix Investments UK Limited. On 25 November 2019, this intercompany debt was settled in exchange for 1 share issued to Onix Investments UK Limited for consideration of £191,815,000.

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 17. OBLIGATIONS UNDER LEASES

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

	2019 £'000	2018 £'000
Operating leases which expire:		
Within one year	3,098	2,939
In two to five years	3,121	3,911
In over five years	821	1,127
	<u>7,040</u>	<u>7,977</u>

Operating lease payments represent rentals payable by the company for certain assets, office properties and plant and machinery.

### 18. DEFERRED TAX LIABILITIES

	At 1 October 2018 £'000	Recognised in income £'000	Recognised In Other Compre- hensive income £'000	At 30 September 2019 £'000
Intangible assets	2,033	(220)	-	1,813
Accelerated tax depreciation	5,538	5,188	-	10,726
Non-current liabilities – retirement benefit obligations	21	(584)	(2,213)	(2,776)
Current liabilities - provisions	1,137	(1,442)	-	(305)
Tax losses	-	(8,713)	-	(8,713)
	<u>8,729</u>	<u>(5,771)</u>	<u>(2,213)</u>	<u>745</u>

	At 1 October 2017 £'000	Recognised on acquisition £'000	Recognised in income £'000	Recognised in Other Compre- hensive income £'000	At 30 September 2018 £'000
Intangible assets	-	2,198	(165)	-	2,033
Accelerated tax depreciation	13,743	-	(8,205)	-	5,538
Non-current liabilities - retirement benefit obligations	(2,784)	-	(47)	2,852	21
Current liabilities - provisions	(931)	-	2,068	-	1,137
	<u>10,028</u>	<u>2,198</u>	<u>(6,349)</u>	<u>2,852</u>	<u>8,729</u>

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 19. RETIREMENT BENEFIT OBLIGATIONS

The company participates in two defined benefit schemes and two defined contribution schemes.

#### Defined Benefit Schemes

##### Tulip Limited Pension Plan

The scheme requires contributions to be made to a separately administered fund.

The Tulip Limited pension scheme was assessed by Buck Consultants Limited, actuaries, as at 30 September 2019 using the projected unit basis.

The valuation used for IAS19 disclosures has been based on the most recent actuarial valuation at 30 June 2016 by Buck Consultants Limited, actuaries, to take account of the requirements of IAS19 in order to assess the liabilities of the scheme at 30 September 2019.

	2019 %	2018 %
Main assumptions:		
Rate of salary increases	n/a	n/a
Average rate of increase in pensions in payment	2.4%	2.2%
Discount rate	1.78%	2.75%
Inflation assumption	2.01%	2.2%
Post retirement mortality table	S2PxA	S2PxA

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit scheme and the expected rates of return are:

	2019 Long-term rate of return expected %	2019 Value £'000	2018 Long-term rate of return expected %	2018 Value £'000
Equities	1.78%	79,430	2.75%	71,296
Government stock	1.78%	38,962	2.75%	33,792
Cash	1.78%	10,054	2.75%	10,752
Total fair value of assets		128,446		115,840
Insured annuity policies		1,114		12,160
Present value of scheme liabilities		(141,454)		(125,452)
(Deficit)/surplus in the scheme		(11,894)		2,548
Related deferred tax asset/(liability)		2,022		(484)
Net pension (liability)/asset		(9,872)		2,064



# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Amounts recognised in the profit and loss account in respect of the defined benefit scheme are as follows:

	2019 £'000	2018 £'000
<b>Analysis of the amount charged to operating loss</b>		
Current service cost – administrative expenses	309	65
Past service cost	3,376	-
Total operating charge	<u>3,685</u>	<u>65</u>
<b>Analysis of the amount credited/(charged) to finance charges (net)</b>		
Expected return on pension scheme assets	3,439	3,239
Interest on pension scheme liabilities	(3,448)	(3,571)
Net charge	<u>(9)</u>	<u>(332)</u>
<b>Analysis of amount recognised in Other Comprehensive Income:</b>		
Experience gains and losses arising on the scheme assets	4,026	2,960
Experience gains and losses arising on the scheme liabilities	(23)	657
Changes in assumptions underlying the present value of scheme liabilities	(14,751)	12,086
Actuarial(loss)/ gain recognised in Other Comprehensive Income	<u>(10,748)</u>	<u>15,703</u>
Cumulative amount of recognised actuarial losses	<u>(33,060)</u>	<u>(22,312)</u>
Actual return on plan assets	<u>7,465</u>	<u>6,199</u>

**Movements in the present value of the scheme liabilities were as follows:**

At beginning of the year	125,452	140,050
Current service cost	309	65
Past service cost	3,376	-
Interest cost	3,448	3,571
Plan expenses	(309)	(65)
Benefits paid	(5,596)	(5,426)
Actuarial losses/(gains)	14,774	(12,743)
At end of the year	<u>141,454</u>	<u>125,452</u>

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

At beginning of the year	128,000	127,292
Expected return on assets	3,439	3,239
Plan expenses	(309)	(65)
Actuarial gains	4,026	2,960
Employer contributions	-	-
Benefits paid	(5,596)	(5,426)
At end of the year	<u>129,560</u>	<u>128,000</u>

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 October 2018	128,000	(125,452)	2,548
Benefits paid	(5,596)	5,596	-
Current service cost	(309)	-	(309)
Past service cost	-	(3,376)	(3,376)
Interest income/(expense)	3,439	(3,448)	(9)
Remeasurement losses	-	(14,774)	(14,774)
Actuarial gains	4,026	-	4,026
At 30 September 2019	<u>129,560</u>	<u>(141,454)</u>	<u>(11,894)</u>

The five year history of experience adjustments is as follows:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Present value of defined benefit obligations	(141,454)	(125,452)	(140,050)	(151,525)	(113,644)
Fair value of scheme assets	129,560	128,000	127,292	120,242	102,249
Surplus/(deficit) in scheme	(11,894)	2,548	(12,758)	(31,283)	(11,395)
Experience adjustments on scheme liabilities	(14,774)	12,743	8,260	179	-
Experience adjustments on scheme assets	4,026	2,960	7,317	14,302	(1,363)

The estimated amounts of contributions expected to be paid to the scheme during the year ending 30 September 2020 is £nil.

The most recent triennial valuation of the company's pension scheme for funding purposes has been performed in 2017. Under the funding schedule agreed with the scheme trustees, the Company aims to eliminate the current deficit over the next 10 years. The company will monitor funding levels annually and the funding schedule will be reviewed between the Company and the trustees every three years, based on actuarial valuations. The next triennial valuation is due to be completed at 30 June 2019. The company considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

Based on the latest actuarial valuation, the company and the trustees have agreed the following funding objective:

- to set contributions such as to eliminate the IAS19 deficit over a period of 10 years.

The company is also the principal employer for another defined benefit scheme, the Geo Adams Group Pension Fund.

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

#### Geo Adams Group Pension Fund

The scheme was assessed by Scottish Widows, actuaries, as at 30 September 2019 using the projected unit basis.

The valuation used for IAS19 disclosures has been based on the most recent actuarial valuation at 1 July 2017 by Scottish Widows, actuaries, to take account of the requirements of IAS19, in order to assess the liabilities of the scheme at 30 September 2019.

	2019 %	2018 %
Main assumptions:		
Rate of salary increases	n/a	n/a
Average rate of increase in pensions in payment	2.4 %	2.2%
Discount rate	1.78%	2.75%
Inflation assumption	2.2%	2.2%
Post retirement mortality table	S2PxA	S2PxA

The assets and liabilities of the company's section of the group scheme and the expected rates of return are:

	2019 Long-term rate of return expected %	2019 Value £'000	2018 Long-term rate of return expected %	2018 Value £'000
Equities	1.78%	8,907	2.75%	8,517
Bonds	1.78%	4,040	2.75%	1,029
Property	1.78%	-	2.75%	620
Cash	1.78%	270	2.75%	2,889
Total market value of assets		13,217		13,055
Present value of scheme liabilities		(17,652)		(15,480)
Deficit in the scheme		(4,435)		(2,425)
Related deferred tax asset		842		461
Net pension liability		(3,593)		(1,964)

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

An analysis of the defined benefit cost for the period ended 30 September 2019 is as follows

	2019 £'000	2018 £'000
<b>Analysis of the amount charged to operating loss</b>		
Current service cost – administrative expenses	22	21
Total operating charge	22	21
<b>Analysis of the amount credited/(charged) to finance charges (net)</b>		
Expected return on pension scheme assets	357	327
Interest on pension scheme liabilities	(419)	(417)
Net charge	(62)	(90)
<b>Analysis of amount recognised in Other Comprehensive Income:</b>		
Actual return less expected return on pension scheme assets	(51)	391
Experience gains and losses arising on the scheme liabilities	(28)	(132)
Changes in assumptions underlying the present value of scheme liabilities	(2,189)	704
Actuarial (loss)/gain recognised in Other Comprehensive Income	(2,268)	963
Cumulative amount of recognised actuarial losses	1,651	3,919
Actual return on plan assets	306	718
<b>Movements in the present value of the scheme liabilities were as follows:</b>		
At beginning of the year	15,480	16,407
Current service cost	22	21
Interest cost	419	417
Plan expenses	(22)	(21)
Benefits paid	(464)	(772)
Actuarial gain/(loss)	2,217	(572)
At end of the year	17,652	15,480
<b>Movements in the fair value of scheme assets were as follows:</b>		
At beginning of the year	13,055	12,788
Expected return on assets	357	327
Actuarial (loss)/gain	(51)	391
Plan expenses	(22)	(21)
Employer contributions	342	342
Benefits paid	(464)	(772)
At end of the year	13,217	13,055

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 October 2018	13,055	(15,480)	(2,425)
Benefits paid	(464)	464	-
Employer contributions	342	-	342
Current service cost	(22)	-	(22)
Interest income/(expense)	357	(419)	(62)
Remeasurement loss	-	(2,217)	(2,217)
Actuarial loss	(51)	-	(51)
At 30 September 2019	13,217	(17,652)	(4,435)

The five year history of experience adjustments is as follows:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Present value of defined benefit obligations	(17,652)	(15,480)	(16,407)	(17,858)	(13,028)
Fair value of scheme assets	13,217	13,055	12,788	12,509	10,880
Deficit in scheme	(4,435)	(2,425)	(3,619)	(5,349)	(2,148)
Experience adjustments on scheme liabilities	(2,217)	572	936	-	-
Experience adjustments on scheme assets	(51)	391	846	1,524	(595)

The estimated amounts of contributions expected to be paid to the scheme during the year ending 30 September 2020 is £342,000.

The most recent triennial valuation of the company's pension scheme for funding purposes has been performed in 2017. Under the funding schedule agreed with the scheme trustees, the company aims to eliminate the current deficit over the next 10 years through investment returns on the scheme's investments. The company will monitor funding levels annually and the funding schedule will be reviewed between the company and the trustees every three years, based on actuarial valuations. The next triennial valuation is due to be completed at 30 June 2019. The company considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

Based on the latest actuarial valuation, the company and the trustees have agreed the following funding objective:

- to set contributions such as to maintain the actuarially calculated surplus or reduce any actuarially calculated deficit.

#### Defined Contribution Schemes

The company operates two defined contribution retirement benefit schemes for the benefit of all eligible employees. The assets of these schemes are held separately from the assets of the company. The total amount charged to the profit and loss account is disclosed in note 4. As at 30 September 2019 contributions of £615,000 (2018: £454,000) due in respect of the current reporting period had not been paid over to the scheme. These relate to the last month of the period and were paid over in month following the period end.

# TULIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 September 2019

### 20. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
<b>Authorised</b>		
7,540,200 ordinary shares of £1 each (2018: 7,540,100)	<u>7,540</u>	<u>7,540</u>
<b>Allotted and fully paid</b>		
7,540,200 ordinary shares of £1 each (2018: 7,540,100)	<u>7,540</u>	<u>7,540</u>

### 21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 30 September 2019 the immediate parent company of Tulip Limited was Tulip International (UK) Limited.

In the directors' opinion, the company's ultimate parent undertaking and controlling party was Leverandorselskabet Danish Crown AmbA, incorporated in Denmark. This is the largest and smallest group of which the company is a member that prepares group financial statements including the results of the company. Copies of the group accounts of Leverandorselskabet Danish Crown AmbA are available from Leverandorselskabet Danish Crown AmbA, Marsvej 43, DK-8900, Randers, Denmark.

Since 15th October 2019, Onix Investments UK Limited has become the immediate parent company of Tulip Limited. The Ultimate parent company is JBS S.A. See note 22 for further information on the change in ownership.

### 22. POST BALANCE SHEET EVENTS

On 15<sup>th</sup> October 2019, the company was acquired by Onix Investments UK Limited. Onix Investments UK Limited is part of a group of which the ultimate parent company and controlling party is JBS S.A., a company listed on the Brazilian stock exchange whose registered address is Avenida Marginal Direita do Tietê, 500, Vila Jaguara, São Paulo, Brazil. JBS S.A. is ultimately controlled by the Batista family comprised of Jose Batista Sobrinho, his wife and five of their children through their ownership and control of J&F Investimentos S.A., a Brazilian corporation which owns 42% of the outstanding capital of JBS S.A.

The net borrowing position that the company had on 15<sup>th</sup> October 2019 with Danish Crown AS and Tulip International (UK) Limited was replaced with an intercompany loan from Onix Investments UK Limited. On 25 November 2019, this intercompany debt was settled in exchange for 1 share issued to Onix Investments UK Limited for consideration of £191,815,000.