

**Cavaghan & Gray Group Limited**

**Annual report and financial statements**

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

**Company registration no. 01357837**

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## **Cavaghan & Gray Group Limited**

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## **Cavaghan & Gray Group Limited**

### **Officers and professional advisors**

#### **Directors**

R S Boparan  
R K O Kers  
C A Tomkinson

#### **Registered office**

Trinity Park House  
Fox Way  
Wakefield  
West Yorkshire  
WF2 8EE

# **Cavaghan & Gray Group Limited**

## **Strategic report**

The directors present their strategic report for the 52 weeks ended 31 July 2021.

## **Business overview and principal activities**

Cavaghan & Gray Group Limited ("the Company") is a wholly owned indirect subsidiary the group headed by Boparan Holdings Limited ("the Group").

The principal activity of the Company is that of a holding company.

The profit for the period attributable to shareholders amounted to £1,606,000 (2020: £1,341,000).

## **Key performance indicators**

The Company has not identified any key performance indicators due to the nature of its operations as a holding company.

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

The Company does not have any exposure to external financing and funds its operations from a mixture of retained earnings and intragroup receivables.

The principal risk to the Company is the risk of impairment of the investment balance which is dependent on the performance of the underlying businesses within the Group. The performance of the underlying subsidiaries is periodically reviewed in order to mitigate this risk.

The principal risks and uncertainties facing the Group are discussed in the annual report of Boparan Holdings Limited, which does not form part of this annual report. The Group annual report is publicly available as detailed in note 12.

## **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.

## **Our stakeholders**

### **Section 172(1) statement**

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 Group 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.

## Cavaghan & Gray Group Limited

### Strategic report (continued)

Engagement with our main stakeholder groups is summarised below.

Why we engage	How we engage	What matters most to our stakeholders	How we respond	Current year considerations and actions
<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  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
<b>Our suppliers</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>Trade bodies, industry and government groups</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 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

## Cavaghan & Gray Group Limited

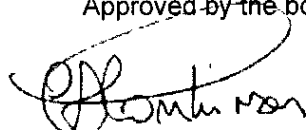
### Strategic report (continued)

Why we engage	How we engage	What matters most to our stakeholders	How we respond	Current year considerations and actions
<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. Along with the shareholders and pension trustees, these external stakeholders rely on timely, accurate and insightful reporting from the Group to manage their risks	Annual Financial Accounts  Quarterly updates to lenders including trading updates, financial statement and outlook  Regular 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

### Future prospects

The directors expect the Company to continue to operate as a holding company within the Group.

Approved by the board of directors and signed on its behalf by:



C A Tomkinson  
Director

7 July 2022

## **Cavaghan & Gray Group 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 made qualifying third party indemnity provisions for the benefit of its directors during the period which remain in force at the date of this report.

### **Dividends**

No interim dividend was paid in the period (2020: £nil) and 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 Company can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

### **Financial risk management**

The financial risks faced by the Company and the way these are managed are addressed within the Strategic Report on page 2.

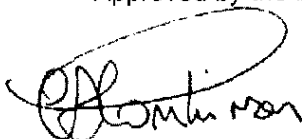
### **Employees**

The Company has no employees other than directors. Details of the directors' emoluments can be found in note 3.

### **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.

Approved by the board of directors and signed on its behalf by:



C A Tomkinson  
Director

7 July 2022

## **Cavaghan & Gray Group 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

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



# Cavaghan & Gray Group Limited

## Statement of income and retained earnings

For the 52 weeks ended 31 July 2021

	Note	52 weeks ended 31 July 2021 £'000	53 weeks ended 1 August 2020 £'000
<b>Operating profit</b>		-	-
Net finance income	4	1,606	1,341
<b>Profit before taxation</b>		<b>1,606</b>	<b>1,341</b>
Taxation on profit	5	-	-
<b>Total comprehensive profit for the financial period</b>		<b>1,606</b>	<b>1,341</b>
<b>Retained earnings at the start of the period</b>		<b>7,993</b>	<b>6,652</b>
<b>Retained earnings at the end of the period</b>		<b>9,599</b>	<b>7,993</b>

All results derive from continuing operations.

There are no recognised gains or losses in either period other than the profit or loss for that period.

# Cavaghan & Gray Group Limited

## Balance sheet

At 31 July 2021

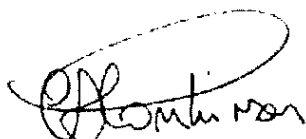
	Note	31 July 2021 £'000	1 August 2020 £'000
<b>Fixed assets</b>			
Investments	6	3,938	3,938
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	26,178	24,572
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(989)	(989)
<b>Net current assets</b>		<u>25,189</u>	<u>23,583</u>
<b>Total assets less current liabilities</b>		<u>29,127</u>	<u>27,521</u>
<b>Net assets</b>		<u>29,127</u>	<u>27,521</u>
<b>Capital and reserves</b>			
Called up share capital	9	3,355	3,355
Share premium account	9	15,508	15,508
Other reserves	9	665	665
Profit and loss account		9,599	7,993
<b>Shareholders' funds</b>		<u>29,127</u>	<u>27,521</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 Cavaghan & Gray Group 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 01357837

# **Cavaghan & Gray Group Limited**

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

### **1. Accounting policies**

#### **Basis of accounting**

Cavaghan & Gray Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1 and the nature of the Company's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention 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) – (aiv), 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 these financial statements may be obtained from the Company's registered office.

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.

# **Cavaghan & Gray Group Limited**

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

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

#### **Group financial statements**

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by section 400 of the Companies Act 2006, because it is a wholly owned indirect subsidiary of Boparan Holdings Limited which is the smallest group of undertakings which prepare publicly available consolidated accounts that incorporate the results of the Company. Therefore these financial statements present information about the Company as an individual undertaking and not about its group.

#### **Going concern**

The Company has no external debt and is a net asset position. The directors have considered the future activities of the Company and have concluded that the Company is a going concern. The financial statements have therefore been prepared on a going concern basis.

#### **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.

#### **Financial instruments**

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

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

All amounts due from, or owed to Group undertakings are repayable on demand and held at amortised cost.

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.

#### **Fixed asset investments**

Fixed asset investments are shown at cost less provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant cash generating unit. The discount rate applied is based upon the Company's weighted average cost of capital, with appropriate adjustment for the risks associated with the relevant unit.

#### **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.

# Cavaghan & Gray Group 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

The significant estimates and assumptions used in the preparation of the Company's Financial Statements are outlined below:

Investments are reviewed for impairment at each balance sheet date to determine if there is any indication of impairment. As part of this review, a discount rate is applied to each investment's projected future cashflows in order to estimate the investment's value. Where this value is lower than the carrying value of the investment, an impairment charge is booked. Further details regarding the carrying value of investments can be found in note 6.

### 3. Remuneration of directors

None of the directors received any remuneration for their services to the Company in either period.

### 4. Net finance income

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
Interest receivable from Group undertakings	<b>1,606</b>	<b>1,341</b>

### 5. Taxation on profit

	<b>52 weeks ended 31 July 2021 £'000</b>	<b>53 weeks ended 1 August 2020 £'000</b>
<b>UK corporation tax</b>		
Current charge on profit for the period	-	-
<b>Tax charge</b>	-	-

# Cavaghan & Gray Group Limited

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

### 5. Taxation on profit (continued)

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

	31 July 2021 £'000	1 August 2020 £'000
<b>Profit before taxation</b>	<b>1,606</b>	<b>1,341</b>
Taxation at the UK corporation tax rate of 19.0% (2020: 19.0%)	<b>(305)</b>	<b>(255)</b>
<b>Factors affecting the charge:</b>		
Disallowable expenses	<b>(35)</b>	<b>(30)</b>
Group relief not paid for	<b>340</b>	<b>285</b>
<b>Tax charge for the period</b>	<b>-</b>	<b>-</b>

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.

### 6. Fixed asset investments

	31 July 2021 £'000	1 August 2020 £'000
Cost and net book value of investments in Group undertakings	<b>3,938</b>	<b>3,938</b>

The Company holds directly 100% of the ordinary share capital and voting rights of the following:

<i>Name of company</i>	<i>Country of Registration</i>	<i>Principal Activity</i>
Cavaghan & Gray Limited	England and Wales	Food Production
Century Way Dale Limited	England and Wales	Dormant
Hortonwood Bakeries Limited	England and Wales	Dormant

The registered address of all investments listed above is Trinity Park House, Fox Way, Wakefield, West Yorkshire, WF2 8EE.

In the opinion of the directors the value of the Company's investment in its subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

## Cavaghan & Gray Group Limited

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

#### 7. Debtors: Amounts falling due within one year

	31 July 2021 £'000	1 August 2020 £'000
Amounts due from Group undertakings	26,178	24,572

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

#### 8. Creditors: Amounts falling due within one year

	31 July 2021 £'000	1 August 2020 £'000
Amounts due to Group undertakings	987	987
Corporation tax payable	2	2
	989	989

All amounts due to Group undertakings are repayable on demand and held at amortised cost.

#### 9. Called up share capital and reserves

	31 July 2021 £'000	1 August 2020 £'000
<b>Allotted, called up and fully paid:</b>		
67,091,603 ordinary shares of £0.05 each	3,355	3,355

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

The share premium account contains the premium arising on issue of equity shares.

Other reserves arise from historical acquisition accounting.

# **Cavaghan & Gray Group Limited**

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

### **10. Contingent liabilities**

Cavaghan and Gray Group Limited 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 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).

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

Since the balance sheet date the Group has agreed new financing arrangements. Details of this can be found in note 13.

### **11. Related party transactions**

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

### **12. Ultimate parent undertaking**

The Company is a wholly owned subsidiary of Convenience Foods 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.

### **13. Post balance sheet events**

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.