

**BOPARAN HOLDINGS LIMITED**

**Annual report and financial statements**

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

**Company registration no. 03558065**

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## **BOPARAN HOLDINGS LIMITED**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Governance Report</b>	<b>13</b>
<b>Directors' report</b>	<b>16</b>
<b>Directors' responsibilities statement</b>	<b>19</b>
<b>Independent auditor's report</b>	<b>20</b>
<b>Consolidated profit and loss account</b>	<b>24</b>
<b>Consolidated statement of comprehensive income</b>	<b>25</b>
<b>Consolidated balance sheet</b>	<b>26</b>
<b>Consolidated statement of changes in equity</b>	<b>27</b>
<b>Consolidated cash flow statement</b>	<b>28</b>
<b>Company balance sheet</b>	<b>30</b>
<b>Company statement of changes in equity</b>	<b>31</b>
<b>Notes to the financial statements</b>	<b>32</b>

## **BOPARAN HOLDINGS LIMITED**

### **Officers and professional advisers**

#### **DIRECTORS**

B K Boparan  
R S Boparan  
I A Ellis (Non-executive)  
D S J T Gregory (Non-executive)  
R K O Kers  
R J Pennycook (Chairman)  
C A Tomkinson

#### **COMPANY SECRETARY**

L Greenbury

#### **REGISTERED OFFICE**

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#### **BANKERS**

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#### **INDEPENDENT AUDITOR**

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

## BOPARAN HOLDINGS LIMITED

### Strategic report

The directors present their Strategic Report for the 52 weeks ended 31 July 2021 compared to 53 weeks for the prior period.

#### Principal activities

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

*The principal activity of the Group is food manufacture with diversified market positions in both own label and branded products. Following a number of disposals in recent periods, the business has been reorganised with the operations now managed and reported under two segments being: Poultry and Meals & Bakery.*

#### Events after the balance sheet date

On 29 September 2021, the Group announced a consultation process at the Utttoxeter biscuits site, part of the Bakery and Meals division.

On 9 October 2021 the Group announced the transfer of the trade, goodwill and certain assets of two manufacturing sites in the poultry division to Derby Added Value Foods Limited and Sunderland Added Value Foods Limited, both are related companies.

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.

#### Key performance indicators

The Group uses a number of key performance indicators ("KPI") to manage the business:

	31 July 2021	1 August 2020
Turnover	£2,609.5m	£2,692.0m
Operating (loss) / profit	(£22.7m)	£21.5m
Operating profit before exceptional items	£6.0m	£39.9m
EBITDA*	£76.3m	£128.7m
EBITDA margin %**	2.9%	4.8%
Profit before taxation	£52.6m	£1.8m
Net debt***	£465.4m	£580.4m
Net debt to EBITDA ratio	6.10x	4.51x

\* EBITDA is operating profit including share of operating profit from associates and joint ventures, before depreciation, amortisation, defined benefit pension scheme administration costs and exceptional items (note 3 and note 5).

\*\* EBITDA margin % is a measure of the EBITDA as a percentage of turnover.

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

In addition to financial key performance indicators, the Group monitors and focuses on improving non-financial key performance indicators on an individual site basis. The Total Accident frequency rate is calculated as the total number of accidents (in a 12 month period), multiplied by 100,000, divided by the total hours worked in the same 12 month period. The Group's Safety and Governance Committee closely monitors its Total Accident Frequency rate, which has decreased by 17.5% to 2.89 in the current period (2020: 3.50). The Safety and Governance Committee are also responsible for reviewing all matters across health and safety, food safety and legal compliance.

## **BOPARAN HOLDINGS LIMITED**

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

#### **Business overview**

During the period, the Group reported turnover of £2,609.5m (2020: £2,692.0m), a pre-exceptional operating profit of £6.0m (2020: £39.9m) and an operating loss of £22.7m (2020: £21.5m profit). The key drivers of performance during the period are set out in the trading performance section of this Strategic Report.

Whilst the Group has continued to deliver on its key turnaround initiatives, there have been specific challenges arising from BREXIT and COVID-19, including temporary site closures and restrictions on labour availability, which have impacted performance in the period.

#### **Trading performance**

The overall turnover decrease of £82.5m, a reduction of 3.1%, principally arises from the continuation of the Group's strategy to dispose of non-core businesses with a combination of both the disposal made of the Branded biscuits business during the year and also the lost revenue associated with a disposal in the prior period. The decrease in turnover is further impacted by the additional 53rd week trading in the prior period.

EBITDA of £76.3m (2020: £128.7m) decreased by £52.4m in the year, a reduction of 41%. A decline was seen in both segments with Meals & Bakery impacted by the disposals in both the period and prior period.

The Group reported a profit before tax of £52.6m compared to a profit of £1.8m in the prior period. Profit before tax includes a gain from business disposals of £137.8m (2020: £28.8m).

#### *Poultry*

Sales in the Poultry segment have increased by £68.1m, a growth of 3.5% from £1,926.0m to £1,994.1m, despite the additional 53rd week of trading in the prior period due to customer tender wins, new product launches and customer price increases in the period. Operating loss before exceptional items has declined by £31.4m from a profit of £18.0m to a loss of £13.4m.

The UK Poultry business has been through a challenging trading period with extensive headwinds in the year. The effects of COVID-19 have continued to be seen with temporary enforced closures of the Llangefni and Coupar Angus sites alongside ongoing operation disruption and increased costs. Rising commodity costs, and in particular inflation on feed price, have also impacted the business, particularly as the timing and speed at which we have seen inflation hit has meant we have not had the opportunity to mitigate all these cost increases within the year. Significant labour shortages caused by BREXIT and COVID-19, which specifically hit the final quarter of the year, present an ongoing structural challenge for all manufacturing businesses in the UK and has hit the UK Poultry business particularly hard leading to reduced throughput in our sites, customer supply challenges and a reduced contribution to our fixed overheads.

The EU Poultry business also continued to suffer from the impact of COVID-19, particularly in the first half of the financial year due to wide spread lockdowns resulting in the temporary closure of the food service sector in mainland Europe, therefore reducing sales volumes. Depressed market pricing for chicken across Europe, which impacted the business unit in the prior year, also continued into the first six months of the current financial year and further contributed to reduced profit margins. However, performance in the second half of the year was much more positive as the food service sector reopened and market pricing recovered, resulting in a strong end to the period.

#### *Meals & Bakery*

Sales within the Meals & Bakery segment have decreased by £150.6m, a reduction of 19.7%, from £766.0m to £615.4m. This is largely due to the Group's disposal of the Fox's biscuits business in the period, the disposal of the Matthew Walker Christmas pudding business in the prior period and the continued impact of the COVID-19 pandemic on sales of Core Ready Meals.

Operating profit before exceptional items has declined by £2.5m from £21.9m to £19.4m driven by the aforementioned disposals, as well as the operational disruption and additional costs arising from COVID-19. These negative impacts have been partially offset by a reduction in fixed overheads due to the closure of the Pennine Ready Meals facility, at the end of the prior year, with product lines being transferred to other sites in the Group.

## **BOPARAN HOLDINGS LIMITED**

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

#### **Financing**

During the year, the Group refinanced its capital structure. Funding for the Group is provided primarily through Senior Loan Notes, totalling £475m sterling notes maturing November 2025.

The Group also has an £90m Revolving Credit Facility of which £80m is committed, maturing in May 2025, of which £25m is drawn down at the balance sheet date.

The Company or its affiliates may from time to time seek to retire or purchase the Company's outstanding debt. Such retirements or repurchases, if any, may depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

Net debt reduced during the period to £465.4m (2020: £580.4m) with a cash balance of £38.8m (2020: £130.3m). The net debt : EBITDA ratio increased from 4.51x to 6.10x due to the year on year decline in EBITDA driven by operational disruption and cost price inflation.

#### **Pensions**

The net deficit for the Group post retirement schemes decreased from £286.8m at the prior period end to £128.1m. The net pension scheme deficit in the balance sheet is stated before deduction of the associated deferred tax asset of £29.1m (2020 £22.2m), with the deferred tax asset shown separately within current assets. The decrease in the deficit is predominately driven by a one-off contribution to the Northern Foods Pension scheme, agreed as part of the 2020 biscuits disposal, as well as inflation gains and an increase in the discount rate used in the actuarial valuation. Cash contributions to the defined benefit pension schemes in the period were £84.6m (2020 £35.0m).

The balance sheet position of the post-retirement benefit schemes and the net pension financing in the profit and loss account will continue to be unpredictable as discount rates and inflation remain volatile. The net pensions financing charge was £3.4m (2020: £5.5m) for the period and a further £3.5m (2020: £2.9m) was charged to the profit and loss including scheme administration costs and PPF levy. There was £312k recognised in relation to Gross Minimum Pension Equalisation in the year (2020: £nil).

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

The 2019 triennial valuation was completed within the financial year, agreeing the schedule of contributions to address the deficit over the next 12 years (see note 30).

#### **Outlook**

As described in the trading performance section of this Strategic Report, the business faced substantial headwinds in 2020/21, from the COVID-19 pandemic, cost inflation and labour shortages. As the Group heads into 2021/22 the labour shortage situation has not eased and we are seeing accelerated cost inflation across many categories of spend including (but not limited to) feed price, labour, energy and most recently CO2 gas.

Labour shortages are an issue across the UK economy, and are not solely confined to our business or even our industry, with the availability of labour significantly restricted as a result of people leaving the country following BREXIT, as well as ongoing staff absence as a result of COVID-19. We are working on initiatives to improve the attraction and retention of labour, including agreeing new payrates, but this cannot be our sole mitigating action due to the widespread nature of the problem and the increased labour costs as a result of this. We are working hard to simplify our operations and our product offering, which alongside automation benefits coming online throughout 2021/22, will reduce the impact of labour shortages by enabling us to better utilise the workforce we have.

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Outlook (continued)

Cost inflation is expected to accelerate throughout 2021/22. Whilst we have feed price ratchet agreements with our major customers in our Poultry segment, and pass-through mechanisms covering raw materials in our Meals and Bakery segment, these do not cover our entire customer base and they do not cover other areas of significant inflation including labour, energy and CO2 gas. Whilst we can look at our operations to ensure we are working as efficiently as possible, the scale of the cost increases means that we will not be able to offset these impacts on our own. We therefore need to target price increases with our customer base to recover these increased costs and this programme of cost recovery has been communicated to our customers ahead of our 2020/21 year end. We expect that these targeted increases will be seen by our customer base in the context of a widespread reset of food prices in the market and it is essential that customers commit to the programme of price increases to facilitate cost recovery.

#### Principal risks and uncertainties

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

	Risk area and description of risks	Measures to reduce risks
	<b>Industry risks</b>	
Labour shortages & Brexit	People leaving the UK following BREXIT and ongoing staff absence as a result of COVID-19 may continue to create labour shortages across the UK economy in the labour pool from which we would draw staff to work in our production sites (also see point below regarding stoppage at manufacturing site).	We have implemented a number of measures to both attract and retain labour in our sites as it is important that we not only get people into the site but we also need to ensure we keep them given the issues are economy-wide. To improve the retention of our staff we have implemented the following key actions: 1) implemented ongoing pay reviews to ensure local competitiveness, 2), made improvements to the working conditions in our sites, 3) reviewed our overall human capital strategy and have started already with the roll out of a local leadership training. To bolster our ability to attract new talent, we have put the following actions in place: 1) strengthened our recruitment function, 2) initiated a program to improve our corporate branding, 3) implemented an improved onboarding process for new starts, and 4) obtained an operating license and started process to recruit overseas skilled labour. We have also initiated several initiatives to reduce our dependency on manual labour which includes our simplification program and our accelerated automation program. Labour continues to be an ongoing challenge and as a management team we are managing this as our highest priority on a daily basis.
Stoppage at major manufacturing site	We have a number of major manufacturing and processing facilities, used to satisfy our customer demand. Any significant processing slowdown or stoppage at any such manufacturing facility, could have an adverse effect on our business. This could result in us being unable to fulfil the needs of our customers or may result in increased costs to repair or replace any such manufacturing facility.	For any short-term slowdowns or stoppages, we would look to satisfy customer demand from stocks of finished goods. For more significant issues, we would look to transfer production to one of the other manufacturing sites in the Group which is both feasible and has been done previously. We also have insurance policies, including business interruption, that would provide some level of cover for the risks described.
Customer relationships & competitive pressures	The Group's top five customers are leading UK retailers. The strength of the major multiple retailers' bargaining position gives them significant leverage over their suppliers in dictating pricing, product specification and the level of supplier participation in promotional campaigns and offers. The loss of any of these key customers, or a significant worsening in commercial terms could adversely affect the Group's results.  The group depends on a small number of large retailers for a majority of its sales and the results of our operations may be adversely affected if the buying power of the grocery retailers increases, or if price competition between retailers increases.	The Group seeks to reduce the risks presented by its consolidated customer base by ensuring high levels of service, maintaining strong commercial relationships and by working closely with customers on product development programmes to provide each customer with unique products and consumers with greater choice and convenience.

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

	Industry risks (continued)	
Consumer preferences	Exposure to changing consumer trends can impact profitability. There are a number of trends in consumer preferences which impact the industry as a whole. These trends include, amongst others, dietary concerns (salt, sugar and fat reduction and introduction of taxes to incentivise reduced intake of same), and increased convenience and value. Providing or developing modified or alternative products to meet changing consumer trends may increase our costs.	As we supply circa 30% of UK poultry material, we have some protection from the impacts of changing consumer trends. In addition, the post year end sale of our Derby and Sunderland sites is indicative of the Group's approach to adapting and changing our manufacturing foot print and product offering quickly without a requiring a long period of reset. This ensures that our supply continues to meet changes in trends, ensure that our supply position is protected from the onset of sudden change in trends and we can adapt and change product offering quickly without a long period of inward product lead time reset.
Avian Influenza	As a manufacturer and supplier of poultry products to the retail, food service and food manufacturing sectors, the Group is at risk of an outbreak of Avian influenza. An outbreak could significantly affect the Group's supply of live birds, demand for our poultry products and our ability to conduct operations.	The Group has developed contingency plans should an outbreak of Avian Influenza occur in close proximity to any of its operating facilities or on the farms of our principal suppliers, including but not limited to; area restrictions, additional washing and disinfecting of transport vehicles and veterinarian checks. The group also is part of and contributes to the relevant trade association network on this topic in particularly in light of the changing requirements on export due to Brexit.
Commodity inflation & supply chain disruption	<p>The Group's margins can be affected by fluctuations in raw material, packaging and energy costs, and disruption to key elements of disruption within the supply chain including agricultural planning, logistics and CO2.</p> <p>Increases in significant components of our cost base can adversely affect individual product margins. An inability to pass on these cost increases within a reasonable timeframe impacts the Group's profitability.</p>	<p>The Group has pass-through mechanisms in place with key customers to share the impact of changes in commodity prices on its margins on a quarterly reset basis. Pass-through mechanisms include ratchets calculated by reference to external commodity pricing that are reset each quarter but also on a cost inflation basket basis, to reflect the unprecedented supply challenges the UK manufacturing section is now facing. These pass-through mechanisms have historically helped the Group to mitigate cost price pressures although they do not provide totally coverage of all customers or cost types.</p> <p>The procurement team has a strong commercial focus on purchase pricing and quality, in order to proactively respond to changes in commodity markets. The Group also mitigates these risks by investing in productivity enhancements across its sites.</p> <p>The Group manages its agricultural supply and planning carefully and has a dedicated team and software to ensure minimal disruption in bird and other raw material supply.</p>
Business transformation	We have been successfully implementing our Poultry Plus strategy, and we intend to implement certain transformation initiatives to drive cost efficiency and capital growth. However, we may not succeed in further implementing or completing our strategic plan either in the effects or within the timeframe that we currently anticipate, and the costs of achieving these measures may be higher than what we expect. In addition, our ability to maintain our EBITDA may be negatively affected by external factors outside of our management's control.	The Group's Board actively monitors progress against plan. Recent business disposals demonstrate the Board's commitment to right sizing the Group and aligning the Group's manufacturing footprint to the Poultry Plus strategy. The disposal of the branded biscuits business and the reshaping of the UK poultry footprint with the disposal of the Derby and Sunderland sites indicates the Group's willingness to maximise the opportunities to refocus and exit business segments that do not lie within the core areas of the Poultry Plus strategy. We have commenced a significant project to align Group management structures more closely with the underlying business units.



## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

Food Safety & Reputational risks	<p><b>Operational risks</b></p> <p>As a reputable food manufacturer, product quality and safety issues are paramount to the Group's success.</p> <p>Failure to maintain the quality of our products may result in damage to the reputation of our business, which in turn could adversely impact our market share and our financial results.</p>	<p>The Group has established policies and procedures in order to monitor the processes associated with food safety. Food hygiene practices are taken very seriously throughout the Group and are monitored both through internal audit procedures and external bodies such as environmental health departments, the Food Standards Agency (FSA) in the UK and our customers. In addition, all sites as part of our governance programme receive independent unannounced audits. The Group maintains an independent whistle blower line. The Group is committed to food safety and hygiene compliance and ensures regular training of its staff against documented procedures to support this aim.</p>
Health & safety	<p>The Group has a duty of care to secure and protect the Health &amp; Safety of our employees and to reduce the environmental impact of our operations. Failure to do could result in a serious workplace injury or fatality, which could directly impact our employees and could also carry serious financial, reputational and legal risk.</p>	<p>The Group has strong health and safety policies and procedures in place. The Group's Leadership team work together to promote a culture of high standards and engagement throughout the workforce. This is enforced using clear and quantifiable objectives which are subject to regular review by the Safety &amp; Governance Committee of key performance measures, such as Accident Frequency Rates. The Group H&amp;S team complete governance audits of the sites on an annual basis and sites are also subject to independent annual property and fire risk survey through our insurance provider. The group has a strategy to implement the ISO 45001 standard and this has been successfully achieved across the Group. During the pandemic adapted ways of working were introduced which included (but not limited to), social distancing, physical screening of work areas, home working (where practical), increased/additional hygiene measures, one way systems for colleagues to enter and exit the work area and the provision of additional protective clothing and equipment. A specific Covid 19 Control Measures audit was also introduced to provide oversight and confirm that all the additional control measures required had been implemented and were effective.</p>
Change management, recruitment and talent retention	<p>The ongoing success of the Group is dependent on attracting and retaining high quality employees who have the ability to effectively manage the Group's operations. Failure to recruit and retain high quality employees can impact financial results.</p>	<p>The Group mitigates the risk associated with the loss of key personnel through succession planning, strong internal &amp; external recruitment processes and effective management incentives. The Group continue to invest in talent and capability by recruiting the best in the industry and by providing training for all employees.</p>
IT Systems and Controls	<p><b>Financial risks</b></p> <p>The Group relies heavily on information technology and systems to support our business. An extended failure of our core systems, caused by accidental or malicious actions (including cyber-crime), could result in a significant financial impact on the business.</p>	<p>The Group maintains a programme of controls to protect the confidentiality, integrity and availability of information across the business. Cisco perimeter firewalls protect the network and public IP range is scanned weekly. A third party completes an annual penetration test and cyber security review and has achieved a 'pass' status for the last three years. VPN is accessed through two factor authentication; third party VPN is provided in the same manner but is restricted.</p> <p>A managed service is monitored 24/7 to manage network security and anti-virus software is maintained and operated on all hardware; restrictions are placed on the use of external hard drives and USB sticks.</p> <p>To allow for remote PC security patching and updates we have procured additional software which allows us to deploy security updates remotely to homeworking users laptops seamlessly and manage end user devices effectively.</p>

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

	Financial risks (continued)	
Pensions	The Group has defined benefit pension plans that are currently in deficit (on an actuarial basis). Valuations of all defined benefit plans are dependent upon market conditions and the actuarial methods and assumptions used. The Group may be required to increase pension contributions which may have an adverse effect on its financial condition. Pension regulation could restrict the freedom of the Group to undertake certain corporate activities (including disposals and return of capital to shareholders).	The Board regularly reviews the value of assets and liabilities of the Group's pension schemes as well as the potential impact of changes in actuarial assumptions and actions that can be taken to mitigate the risks associated with the defined benefit pension schemes. The UK and Irish schemes are closed to future benefit accrual. The Group maintains a good working relationship with the Pension scheme trustees with whom it agrees a long term funding plan.
Liquidity risk	The Group has committed financing in place, which can only be withdrawn in the event of a breach of financing agreement, such as a breach of financial covenants, when the Group might be restricted in its ability to operate normally and could be required to dispose of assets to pay down debt and incur additional costs.	Liquidity risk is monitored by the Board who review the adequacy of available funding and compliance with borrowing covenants on a monthly basis.

### Financial risk management policies and objectives

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

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

**Liquidity risk** - The Group uses a mixture of long-term borrowings and short-term cash placement in order to maintain liquidity and ensure sufficient funds are available for ongoing operations and future developments. The strength of the Group's short term cash flow forecasting ensures that liquidity risks can be forecasted with accuracy and action plans quickly put in place to mitigate risk.

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

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

### Our stakeholders

#### Section 172(1) statement

As a Board, we understand our long-term growth and success are dependent on engagement with 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.

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Our stakeholders (continued)

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

Engagement with our main stakeholder groups is summarised below.

Why we engage	How we engage	What matters most to our stakeholders	How we respond	Current year considerations and actions
<b><i>Our people</i></b>				
It is our colleagues that drive the business. We want our colleagues to feel valued, so it is important to understand what matters to them	Internal communication of developments  Staff engagement surveys and "temperature" checks  Intranet  Appraisals process  Colleague magazine	Employee health & safety  Employee wellbeing  Career and personal development opportunities  Employee engagement & retention  Fair pay and conditions  Improved working environment	Employee engagement score improvement  Annual appraisals including review of development plans  Introduction of Hybrid working	Welfare fund  Working from home (where possible)  Site/office risk assessments  Socially distancing  Additional PPE  Education and guidance  Twice weekly Group COVID management meetings
<b><i>Our customers</i></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><i>Our suppliers</i></b>				
We work closely with suppliers who share our values and beliefs in food safety, provenance and quality	Audits and visits  Supplier policies	We need to ensure raw materials, ingredients and packaging are supplied at the right time to the right place and that the supply chain is transparent and sustainable	We continue to undertake supplier audits to ensure the safety, traceability, quality and provenance of the raw materials that we use	Remote audits  Ethical requirements

## BOPARAN HOLDINGS 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>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 senior management sit on steering committees, groups & boards including co- chairing some prominent industry groups such as FIIN and the IGD Sustainable diets forum.	BPC sets policies for the poultry industry; Red Tractor provides assurance that products are safe, traceable and farmed with care, and the RSPCA certifies higher welfare farming systems. FIIN shares industry Intelligence on Food integrity. FIIA supports farming practices for reduction and responsible use of antibiotics. FNET supports ethical trade and human rights especially in our supply chains.	We continue to provide input, resources and leadership into these groups for the benefit of our business, the sectors we operate in and the food industry as a whole.	Remote support  Representative on government groups  Share of intelligence and best practice across the sector
<b>Our communities</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>Our financial creditors, pension trustees and shareholders</b>				
The Group is funded through the public markets in conjunction with a supportive banking group.  The Group has defined benefit pension plans that are currently in deficit (on an actuarial basis).  Along with the shareholders, these external funders and pension trustees, these external stakeholders rely on timely, accurate and insightful reporting from the Group to manage their risks	Annual Financial Accounts  Quarterly updates to lenders including trading updates, financial statement and outlook  regular update meetings with the Chair of the pension trustees  Regular announcements and press releases  Website including Investor Relations section	The commercial success and financial health of the Group is paramount to our lenders as they assess their appetite to support the Group going forward and our pension trustees, as they monitor our covenant strength.	We provide regular press releases and results announcements to ensure our external stakeholders have the latest information on our performance  Further dialogue is had through our Investor Relations team who respond to any further queries	Regular dialogue on the impact of temporary site closures  Update on financial impacts of COVID-19 on the Group  Liquidity management

## **BOPARAN HOLDINGS LIMITED**

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

#### **Going Concern**

In determining whether the Group's financial statements can be prepared on a going concern basis, the directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position.

The review included the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants and included:

- consideration of detailed forecasts prepared for the 12-month period from the date of approval of the financial statements and the application of sensitivities to those forecasts

The key factors considered by the directors were as follows:

- The Group is dependent on the availability of the £80m RCF and other facilities to maintain sufficient liquidity headroom for the next 12 months. The directors continue to monitor the performance of the business carefully against the RCF covenant;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group has access to a committed bank facility and invoice discounting facility to meet day to day working capital requirements;
- the implications of the challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the impact of COVID-19 on the business and its prospects;
- The ability of the business to pass on cost increases to its customers on a timely basis;
- The impact on the group of the ongoing challenges within the UK manufacturing sector, including availability and cost of key raw materials and energy (including CO2); and
- The operational disruption and cost increases associated with the ongoing shortages in the UK labour market, both within our factories and externally in the wider supply chain.

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

The Group seeks to mitigate the ongoing disruption within the UK manufacturing sector specifically in the areas of inflationary pressure and ongoing constraints within the labour market through a combination of targeted commercial price recovery mechanisms and seeking greater efficiencies and simplification initiatives within its own operations.

Demand has remained high for the Groups' products, but we are not isolated from the challenges currently facing the UK manufacturing segment as a whole. The Group maintains a commanding position within the UK poultry market specifically which enables the Group to maintain a strong position for passing through cost increases to UK food retailers. The group has a number of agreements in place with customers to pass through cost increase automatically through pricing, and some recovery will be required through commercial initiatives. Whilst the Group is confident in recovering all cost increases in full, the magnitude of the increases and the speed of recovery could cause uncertainty in the cashflows in the short term.

The directors have considered a sensitivity reflecting a net 40% reduction in base plan EBITDA as a reasonable worst case scenario.

The directors have noted that in the stress scenarios reviewed as part of their assessment of going concern that the Group may not meet its covenants on its RCF facility in FY22 Q3 and / or FY22 Q4. The Group places reliance on continuing access to the financing facilities, including the RCF facility, in the director's assessment of the going concern period under review.

Though the directors do not consider the operational performance presented in the stress and breakpoint scenarios a likely outcome for the Group, it is prudent to consider those scenarios.

## **BOPARAN HOLDINGS LIMITED**

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

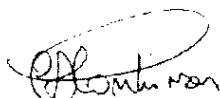
#### **Going Concern (continued)**

The Group is reliant upon its ability to deliver a successful commercial price increase programme across its UK Poultry, Meals and Bakery segments to cover the significant inflation seen and expected in commodities, labour, utilities (including CO2, agricultural processing costs and logistics).

In the event that these price increases are not agreed by the retailers on a timely basis, in combination with the adverse impact on the financial covenant test this could represent a material uncertainty which may cast significant doubt upon the Group and Company's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As at the date of this report, having assessed likely downside scenarios and mitigation strategies available the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these annual financial statements and quarterly report. Accordingly, this report for the year to 31 July 2021 has been prepared on a going concern basis.

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



C A Tomkinson

Director

24 November 2021

## **BOPARAN HOLDINGS LIMITED**

### **Governance Report**

For the year ended 31 July 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies.

#### **Principle 1 – Company Purpose and Values**

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

We employ more than 16,500 colleagues drawn from over 40 nationalities to make some of the finest food in Britain - from poultry to pizza to pies and from ready meals to ranges of soup. Our teams, working at factories and office locations in England, Scotland, Wales, the Republic of Ireland, the Netherlands and Poland, and are the main reason why our company delivers day in, day out.

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

- To be one team where everyone counts;
- To buy for less, produce for less, sell more for less;
- For our customers to be at the heart of everything we do;
- To relentlessly innovate to the delight of our customers; and
- To make every penny count.

These are summarised in our ADART behavioural values relaunched in May 2019: Accountability, Discipline, Agility, Respect and Transparency.

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

- Shareholders are represented on the board to ensure an understanding of their views;
- We have identified the main stakeholders for BHL as being staff, customers, suppliers, bond holders, pension trustees & pension regulator;
- We regularly engage with all stakeholders, with updates to staff at all levels on a regular basis; business reviews with customers and key suppliers; quarterly updates given to bond holders; regular meeting with pension trustees;
- We launched our ADART behaviours in May 2019 and these are included in on-going performance management; and
- We have an established whistleblowing procedure in place which are reported on in the SAG and Audit committees, thereby covering both financial and non financial governance; this was re-launched in June 2021.

#### **Principle 2 - Board Composition**

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

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

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

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

In addition, certain governance responsibilities are delegated to Board sub committees. Richard Pennycook, the Chair, also chairs the Financing & Pensions Committee, on which the two other non-executive directors also sit. These two non-executive directors also sit on the Remuneration and Audit Committees, with the

## **BOPARAN HOLDINGS LIMITED**

### **Governance Report**

#### **Principle 2 - Board Composition (continued)**

Audit Committee chaired by Ian Ellis and the Remuneration Committee chaired by David Gregory. David Gregory also chairs the Safety and Governance Committee.

#### **Principle 3 - Director Responsibilities**

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

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

The main Board meets a minimum of eight times a year, supported by Audit and Safety & Governance committee meetings on at least a quarterly basis and Financing & Pension and Remuneration committee meetings as and when required.

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

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

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

#### **Principle 4 - Opportunity and Risk**

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

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

##### Opportunity

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

##### Risk

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

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



## **BOPARAN HOLDINGS LIMITED**

### **Governance Report**

#### **Principle 4 - Opportunity and Risk (continued)**

##### Responsibilities

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

#### **Principle 5 – Remuneration**

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

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

- (i) base salary;
- (ii) performance related remuneration to align the interest of the Directors and the Shareholders and reward their individual contributions to the success of the company;
- (iii) benefits in kind; and
- (iv) pensions.

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

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

#### **Principle 6 - Stakeholders**

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

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

## **BOPARAN HOLDINGS LIMITED**

### **Directors' Report**

The directors present their annual report and the audited 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.

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

#### **Dividends**

No dividends have been declared or paid for the period ending 31 July 2021. There were also no dividends declared or paid in respect of the period ending 1 August 2020.

#### **Financial risk management**

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

#### **Donations**

The Group made £8k of charitable donations during the period (2020: £0.1m) to charities which the directors deem it appropriate to support.

#### **Future Developments**

Details of future prospects of the Group can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

#### **Employees**

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

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

The Group is committed to:

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

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

## BOPARAN HOLDINGS LIMITED

### Directors' report (continued)

#### Employees (continued)

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

#### Sustainability

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

#### Energy consumption

Period	Total UK energy consumption Kwh	UK energy consumption Kwh per tonne product
2020/21	593,082,290	618.9
2019/20	658,600,643	652.5

#### GHG emissions

Period	Total UK GHG emissions tonnes CO2e	UK GHG emissions tonnes CO2e per tonne product
2020/21	130,476.8	0.136
2019/20	148,253.5	0.147

The Group has participated in Phase 2 of the Energy Savings Opportunities Scheme. All surveys were completed by October 2019, and manufacturing and processing sites were provided with a report detailing energy saving measures. Energy efficiency measures taken at sites have been guided by individual ESOS recommendations rather than a single Group-wide approach. Measures include improvements to efficiency of refrigeration and boilers, lagging of pipework, management of air compressors and installation of inverters.

Other initiatives include installation of an energy efficiency monitoring system which has helped one site to identify where energy efficiency improvements can be made.

## **BOPARAN HOLDINGS LIMITED**

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

#### **Research and development**

Throughout the period the Group invested across the business in food hygiene and product research in the development of new and enhanced products. The costs incurred in the period of £1.0m (2020: £4.0m) comprise all directly attributable costs necessary to create and produce new products which are both brand new in design and those being modified.

#### **Disclosure of information to auditor**

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

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

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

#### **Auditor**

Deloitte LLP acted as auditor for the 52 weeks ended 31 July 2021 and have expressed their willingness to continue in office as auditor of the Company. A resolution proposing their reappointment will be submitted at the Company's annual general meeting.

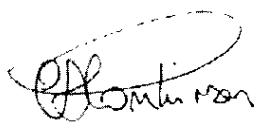
#### **Post balance sheet events**

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

#### **Going concern**

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

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



C A Tomkinson

Director

24 November 2021

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

## **Independent auditor's report to the members of Boparan Holdings Limited**

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

#### **Opinion**

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 34.

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

#### **Basis for opinion**

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

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

#### **Material Uncertainty in relation to going concern**

We draw attention to note 1 in the financial statements, which indicates that in a reasonable downside sensitivity where commercial recoveries are not obtained in continuing challenging market conditions that the Group Covenants could be breached in the next 12 month period, where waivers have not been obtained at the date of this report. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

## **Independent auditor's report to the members of Boparan Holdings Limited**

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Health & Safety at Work legislation, Data Protection Act, Pension Legislation, Food Hygiene Act, Grocery Supply Code of Practice and Sale of Goods Act.

## **Independent auditor's report to the members of Boparan Holdings Limited**

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Impairment of goodwill and tangible assets, pinpointed to the UK Poultry business. We have challenged the reasonableness of the future cash flow assumptions used in the impairment model. The exit EBITDA run rate for the first quarter has been reviewed and compared to budget and forecast. Furthermore, sensitivities and breakeven analysis have been performed to understand the circumstances which would necessitate an impairment being recognised. Deloitte also engaged valuation experts to assess the reasonableness of the discount rate used in the calculation.
- Completeness of the deductions to the profit and loss for commercial accruals and debit note provisions. We have performed recalculations of a sample of amounts accrued based on sales and volume data to check that the retrospective deductions have been made. A review has been performed of post year end debit notes to ensure an accrual was in place at the year end date. Furthermore, we have reviewed a sample of commercial agreements to ensure the deductions are being made in line with the contract terms and we have performed checks over the completeness of accruals and related commercial agreements.
- Valuation of inventory within the UK Poultry business. We have performed detailed testing on the cost of stock through agreement to purchase invoice for raw materials, packaging, engineering stock and ingredients and to sales invoice to support the retail method of valuation for finished goods. We have tested the NRV provision deduction made as part of the retail pricing method via recalculation to consider whether appropriate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports and reviewing correspondence with HMRC.



**Independent auditor's report to the members of Boparan Holdings Limited**  
**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

**Use of our report**

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



Kate Darlison ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

24 November 2021

# BOPARAN HOLDINGS LIMITED

## Consolidated profit and loss account For the 52 weeks ended 31 July 2021

		52 weeks ended 31 July 2021	52 weeks ended 31 July 2021	53 weeks ended 1 August 2020	53 weeks ended 1 August 2020
		£m	£m	£m	£m
	Note				
<b>Turnover</b>	3		<b>2,609.5</b>		2,692.0
Cost of sales			<b>(2,290.6)</b>		(2,306.4)
<b>Gross profit</b>			<b>318.9</b>		385.6
Distribution costs			<b>(181.1)</b>		(181.6)
Administrative expenses:					
- before exceptional items			<b>(131.8)</b>	(164.1)	
- exceptional items	5		<b>(28.7)</b>	(18.4)	
Total administrative expenses			<b>(160.5)</b>		(182.5)
Operating (loss) / profit:					
- before exceptional items			<b>6.0</b>	39.9	
- exceptional items	5		<b>(28.7)</b>	(18.4)	
<b>Operating (loss) / profit</b>			<b>(22.7)</b>		21.5
Profit on disposal of operations	15		<b>137.8</b>		28.8
Share of operating profit from associate and joint venture	14		<b>0.1</b>		0.3
Net finance charge	4		<b>(62.6)</b>		(48.8)
<b>Profit before taxation</b>	3, 6		<b>52.6</b>		1.8
Taxation charge	9		<b>(62.6)</b>		(9.8)
<b>Loss for the financial period</b>			<b>(10.0)</b>		(8.0)
<b>Loss for the period attributable to:</b>					
Non-controlling interest			<b>0.2</b>		0.3
Equity shareholders of the Company			<b>(10.2)</b>		(8.3)
			<b>(10.0)</b>		(8.0)

# **BOPARAN HOLDINGS LIMITED**

## **Consolidated statement of comprehensive income For the 52 weeks ended 31 July 2021**

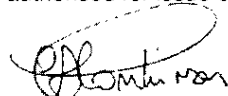
		<b>52 weeks ended 31 July 2021 £m</b>	<b>53 weeks ended 1 August 2020 £m</b>
	Note		
<b>Loss for the financial period</b>		<b>(10.0)</b>	<b>(8.0)</b>
Cash flow hedges:			
(Loss) / gains arising during the period		<b>(9.0)</b>	0.6
Less: reclassified to profit and loss	4	<b>18.6</b>	(6.0)
Remeasurement of net defined benefit pension liability	30	<b>80.1</b>	(31.8)
Currency translation difference on foreign currency net investments		<b>(5.0)</b>	(0.9)
		<b>84.7</b>	(38.1)
Tax relating to components of other comprehensive income	9	<b>68.8</b>	11.9
<b>Other comprehensive income / (expense) for the period</b>		<b>153.5</b>	(26.2)
<b>Total comprehensive income / (expense) for the period</b>		<b>143.5</b>	<b>(34.2)</b>
<b>Total comprehensive gain / (loss) for the period attributable to:</b>			
Non-controlling interest		<b>0.2</b>	0.2
Equity shareholders of the Company		<b>143.3</b>	(34.4)
		<b>143.5</b>	(34.2)

# BOPARAN HOLDINGS LIMITED

## Consolidated balance sheet As at 31 July 2021

	Note	31 July 2021 £m	1 August 2020 £m
<b>Fixed assets</b>			
Intangible fixed assets	12	110.5	187.4
Tangible fixed assets	13	273.5	346.4
Investment in associate	14	5.4	5.6
Investment in joint venture	14	3.3	3.2
		<b>392.7</b>	<b>542.6</b>
<b>Current assets</b>			
Inventories	16	71.1	100.9
Debtors	17	170.8	177.2
Deferred tax asset due after more than one year	18	64.1	58.6
Cash at bank and in hand		38.8	130.3
		<b>344.8</b>	<b>467.0</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(406.6)</b>	<b>(1,125.3)</b>
<b>Net current liabilities</b>		<b>(61.8)</b>	<b>(658.3)</b>
<b>Total assets less current liabilities</b>		<b>330.9</b>	<b>(115.7)</b>
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(475.9)</b>	<b>(12.3)</b>
<b>Provisions for liabilities</b>	22	<b>(8.6)</b>	<b>(10.4)</b>
<b>Net liabilities excluding pension liability</b>		<b>(153.6)</b>	<b>(138.4)</b>
Pension scheme net deficit	30	(128.1)	(286.8)
<b>Net liabilities</b>		<b>(281.7)</b>	<b>(425.2)</b>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Share premium account	25	132.6	132.6
Cash flow hedge reserve		-	(9.6)
Profit and loss account		(416.7)	(550.4)
<b>Shareholders' deficit</b>		<b>(284.1)</b>	<b>(427.4)</b>
Non-controlling interest		2.4	2.2
<b>Total capital employed</b>		<b>(281.7)</b>	<b>(425.2)</b>

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 24 November 2021. They were signed on its behalf by:



C A Tomkinson  
Director  
Company Number 03558065

# BOPARAN HOLDINGS LIMITED

## Consolidated statement of changes in equity At 31 July 2021

### Equity attributable to equity shareholders of the Company

	Called-up share capital £m	Share premium account £m	Cash flow hedge £m	Profit and loss account £m	Non- controlling interest £m	Total capital employed £m
<b>At 27 July 2019</b>	-	132.6	(4.1)	(521.5)	2.0	(391.0)
(Loss) / profit for the financial period	-	-	-	(8.3)	0.3	(8.0)
Cash flow hedges:						
Gains arising during the period	-	-	0.6	-	-	0.6
Less: reclassified to profit and loss (note 4)	-	-	(6.0)	-	-	(6.0)
Remeasurement of net defined benefit pension liability (note 30)	-	-	-	(31.8)	-	(31.8)
Currency translation difference on foreign currency net investments	-	-	-	(0.8)	(0.1)	(0.9)
Tax relating to components of other comprehensive income (note 9)	-	-	(0.1)	12.0	-	11.9
Total comprehensive (expense) / income	-	-	(5.5)	(28.9)	0.2	(34.2)
<b>At 1 August 2020</b>	-	132.6	(9.6)	(550.4)	2.2	(425.2)
(Loss) / profit for the financial period	-	-	-	(10.2)	0.2	(10.0)
Cash flow hedges:						
Gains arising during the period	-	-	(9.0)	-	-	(9.0)
Less: reclassified to profit and loss (note 4)	-	-	18.6	-	-	18.6
Remeasurement of net defined benefit pension liability (note 30)	-	-	-	80.1	-	80.1
Currency translation difference on foreign currency net investments	-	-	-	(5.0)	-	(5.0)
Tax relating to components of other comprehensive income (note 9)	-	-	-	68.8	-	68.8
<b>Total comprehensive income</b>	-	-	9.6	133.7	0.2	143.5
<b>At 31 July 2021</b>	-	132.6	-	(416.7)	2.4	(281.7)

# **BOPARAN HOLDINGS LIMITED**

## **Consolidated cash flow statement For the 52 weeks ended 31 July 2021**

	Note	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	(41.1)	73.6
Taxation paid		(0.1)	(3.6)
<b>Net cash flows from operating activities</b>		<b>(41.2)</b>	<b>70.0</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(0.1)
Purchase of tangible fixed assets		(38.2)	(31.6)
Disposal of operations		254.2	67.0
Capital grants		(0.7)	1.0
<b>Net cash flows from investing activities</b>		<b>215.3</b>	<b>36.3</b>
<b>Cash flows from financing activities</b>			
Repayments of obligations under finance leases		(7.3)	(8.7)
Loans received		25.0	35.0
New bond finance		475.0	-
Repayment of loan		(712.6)	(53.0)
Disposal of derivative instrument		14.1	-
Interest paid		(58.6)	(48.8)
<b>Net cash flows from financing activities</b>		<b>(264.4)</b>	<b>(75.5)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	26, 27	<b>(90.3)</b>	<b>30.8</b>

# **BOPARAN HOLDINGS LIMITED**

## **Consolidated cash flow statement For the 52 weeks ended 31 July 2021**

		<b>52 weeks ended 31 July 2021</b>	<b>53 weeks ended 1 August 2020</b>
	Note	£m	£m
<b>Cash and cash equivalents at the beginning of the period</b>		<b>130.3</b>	99.8
Net (decrease) / increase in cash and cash equivalents during the period		<b>(90.3)</b>	30.8
Effect of foreign exchange rate changes		<b>(1.2)</b>	(0.3)
<b>Cash and cash equivalents at the end of the period</b>	28	<b>38.8</b>	130.3
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		<b>38.8</b>	130.3
Cash and cash equivalents		<b>38.8</b>	130.3

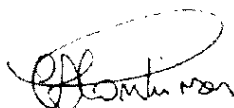
## BOPARAN HOLDINGS LIMITED

### Company balance sheet At 31 July 2021

	Note	31 July 2021 £m	1 August 2020 £m
<b>Fixed assets</b>			
Investments	14	144.9	144.9
<b>Current assets</b>			
Debtors (due after more than one year)	17	1,062.5	1,310.5
Deferred tax asset due after more than one year		-	1.4
Cash at bank and in hand		0.9	4.5
		<u>1,063.4</u>	<u>1,316.4</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,133.4)</u>	<u>(1,352.2)</u>
<b>Net current assets</b>		<u>(70.0)</u>	<u>(35.8)</u>
<b>Total assets less current liabilities</b>		<u>74.9</u>	<u>109.1</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u><u>74.9</u></u>	<u><u>109.1</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Share premium account	25	132.6	132.6
Cash flow hedge reserve		-	(9.9)
Profit and loss account		<u>(57.7)</u>	<u>(13.6)</u>
<b>Shareholders' funds</b>		<u><u>74.9</u></u>	<u><u>109.1</u></u>

The loss for the financial year dealt with in the financial statements of the parent Company was £43.3m (2020: loss of £13.6m).

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 24 November 2021. They were signed on its behalf by:



C A Tomkinson  
Director



# BOPARAN HOLDINGS LIMITED

## Company statement of changes in equity At 31 July 2021

### Equity attributable to equity shareholders of the Company

	Called-up share capital £m	Share premium account £m	Cash flow hedge reserve £m	Profit and loss account £m	Total capital employed £m
<b>At 27 July 2019</b>	-	132.6	(4.3)	(1.0)	127.3
Loss for the financial period	-	-	-	(13.6)	(13.6)
Cash flow hedges:					
Gains arising during the period	-	-	0.6	-	0.6
Less: reclassified to profit or loss	-	-	(6.2)	-	(6.2)
Deferred tax asset on pension	-	-	-	1.0	1.0
<b>Total comprehensive expense</b>	-	-	(5.6)	(12.6)	(18.2)
<b>At 1 August 2020</b>	-	132.6	(9.9)	(13.6)	109.1
Loss for the financial period	-	-	-	(43.3)	(43.3)
Cash flow hedges:					
Gains arising during the period	-	-	(9.0)	-	(9.0)
Less: reclassified to profit or loss	-	-	18.9	-	18.9
Deferred tax liability on pension scheme	-	-	-	(0.8)	(0.8)
<b>Total comprehensive income / (expense)</b>	-	-	9.9	(44.1)	(34.2)
<b>At 31 July 2021</b>	-	132.6	-	(57.7)	74.9

## **BOPARAN HOLDINGS LIMITED**

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

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

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

Boparan Holdings Limited is a company incorporated in the United Kingdom and prepares its financial statements under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

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

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

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

##### *Parent company disclosure exemptions*

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

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

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

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings at 31 July 2021 using acquisition accounting.

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

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

##### **Going Concern**

In determining whether the Group's financial statements can be prepared on a going concern basis, the directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position.

The review included the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants and included:

- consideration of detailed forecasts prepared for the 12-month period from the date of approval of the financial statements and the application of sensitivities to those forecasts

The key factors considered by the directors were as follows:

- The Group is dependent on the availability of the £80m RCF and other facilities to maintain sufficient liquidity headroom for the next 12 months. The directors continue to monitor the performance of the business carefully against the RCF covenant;

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Going Concern (continued)**

- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group has access to a committed bank facility and invoice discounting facility to meet day to day working capital requirements;
- the implications of the challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the impact of COVID-19 on the business and its prospects;
- The ability of the business to pass on cost increases to its customers on a timely basis;
- The impact on the group of the ongoing challenges within the UK manufacturing sector, including availability and cost of key raw materials and energy (including CO<sub>2</sub>); and
- The operational disruption and cost increases associated with the ongoing shortages in the UK labour market, both within our factories and externally in the wider supply chain.

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

The Group seeks to mitigate the ongoing disruption within the UK manufacturing sector specifically in the areas of inflationary pressure and ongoing constraints within the labour market through a combination of targeted commercial price recovery mechanisms and seeking greater efficiencies and simplification initiatives within its own operations.

Demand has remained high for the Groups' products, but we are not isolated from the challenges currently facing the UK manufacturing segment as a whole. The Group maintains a commanding position within the UK poultry market specifically which enables the Group to maintain a strong position for passing through cost increases to UK food retailers. The group has a number of agreements in place with customers to pass through cost increase automatically through pricing, and some recovery will be required through commercial initiatives. Whilst the Group is confident in recovering all cost increases in full, the magnitude of the increases and the speed of recovery could cause uncertainty in the cashflows in the short term.

The directors have considered a sensitivity reflecting a net 40% reduction in base plan EBITDA as a reasonable worst case scenario.

The directors have noted that in the stress scenarios reviewed as part of their assessment of going concern that the Group may not meet its covenants on its RCF facility in FY22 Q3 and / or FY22 Q4. The Group places reliance on continuing access to the financing facilities, including the RCF facility, in the director's assessment of the going concern period under review.

Though the directors do not consider the operational performance presented in the stress and breakpoint scenarios a likely outcome for the Group, it is prudent to consider those scenarios.

The Group is reliant upon its ability to deliver a successful commercial price increase programme across its UK Poultry, Meals and Bakery segments to cover the significant inflation seen and expected in commodities, labour, utilities (including CO<sub>2</sub>, agricultural processing costs and logistics).

In the event that these price increases are not agreed by the retailers on a timely basis, in combination with the adverse impact on the financial covenant test this could represent a material uncertainty which may cast significant doubt upon the Group and Company's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As at the date of this report, having assessed likely downside scenarios and mitigation strategies available the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these annual financial statements and quarterly report. Accordingly, this report for the year to 31 July 2021 has been prepared on a going concern basis.

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Turnover**

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

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

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

##### **Supplier rebates**

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

##### **Net financing charges**

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

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

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

##### **Borrowing costs**

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

##### **Research and development**

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

##### **Government grants**

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

##### **Exceptional items**

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

The decision to present an item as exceptional is a judgement of the Directors. The directors make their assessment based on the nature of the item, the cause of the occurrence and the scale of impact of that item on the reported performance. Certain items classified as exceptional are non-recurring or of such a significant size they would distort the results of any particular period. Other items highlighted as exceptional

## **BOPARAN HOLDINGS LIMITED**

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

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

such as restructuring costs can involve multi-year programmes; in such cases the umbrella programme to which the costs relate is also taken into account in this assessment of the presentation as exceptional.

For further information on items disclosed in the period see note 5.

#### **Foreign currencies**

##### **(a) Functional and presentation currency**

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

##### **(b) Transactions and balances**

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

#### **Foreign currencies**

##### **(c) Group companies**

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

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

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

#### **Taxation**

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

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

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

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

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

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Taxation (continued)**

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

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

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

Deferred tax assets and liabilities are offset only if:

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

##### **Goodwill**

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

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

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

##### **Software**

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

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

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

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss

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

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

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Tangible fixed assets and depreciation**

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

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

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

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

##### **Leased assets**

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

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

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

##### **Sale and leaseback**

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

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

##### **Onerous leases**

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

##### **Impairment of assets**

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

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Impairment of assets (continued)**

###### *Non-financial assets*

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

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

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

###### *Financial assets*

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

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

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

##### **Investments**

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

##### **Associates**

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

##### **Joint ventures**

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

##### **Inventories**

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



## **BOPARAN HOLDINGS LIMITED**

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

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

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

##### **Financial instruments**

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

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

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

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

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

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

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

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

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

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Financial instruments (continued)**

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

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

##### **Derivative financial instruments**

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

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

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

##### **Equity instruments**

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

##### **Provisions**

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

##### **Pension schemes**

###### *Defined contribution pension schemes*

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

###### *Defined benefit pension schemes*

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

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

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

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

## **BOPARAN HOLDINGS LIMITED**

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

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

##### **Pension schemes (continued)**

###### *Post-retirement healthcare*

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

##### **Dividends**

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

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

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

##### **Reserves**

The Group and Company's reserves are as follows:

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

##### **Related party transactions**

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

## **BOPARAN HOLDINGS LIMITED**

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

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

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### **Critical judgements in applying the Group's accounting policies**

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements that could require a material adjustment to the carrying amount of the affected asset or liability.

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

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

#### *Defined benefit pension schemes*

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

The most recent actuarial valuations of these schemes and the present value of the defined benefit obligations for the purpose of the financial statements were carried out at 1 August 2020 by independent qualified actuaries. The directors have conducted sensitivity analysis around the key assumptions; if the discount rate were to increase by 0.1%, this could decrease the pension scheme net deficit by approximately £25.0m. Further details of the principal actuarial assumptions used in calculating the defined benefit pension deficit are given in note 30.

## **BOPARAN HOLDINGS 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 (continued)**

##### **Key source of estimation uncertainty (continued)**

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

The Group recognised a deferred tax asset of £64.1m (2020: £58.6m) at the period end. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The total deferred tax asset of £188.7m (2020: £142.3m) relates to timing differences on pensions, capital allowances, short term timing differences, corporate interest expense and capital losses. Of this amount £64.1m (2020: £58.6m) has been recognised on pensions and capital allowances. Recognition involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. The Group has considered the impact and assumptions used in these calculations and has conducted sensitivity analysis to ensure the recognition of these deferred tax assets is appropriate. Details of deferred tax assets including amounts recognised at the period end can be found in note 18.

###### *Customer rebates*

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

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

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

###### *Impairment of goodwill, intangible and tangible assets*

When determining whether assets are impaired, the recoverable amount of assets are determined based on the higher of net realisable value and value-in-use calculations. The value-in-use calculation requires an estimate of the future cash flows expected to arise from each cash-generating unit, along with a suitable discount rate in order to calculate present value. The Group has considered the impact of the assumptions used on these calculations and has conducted sensitivity analysis to ensure these carrying values are appropriate. A one percentage point increase in the pre tax discount rate would reduce the recoverable amount by £47.0m. The sensitivity analysis includes the modelling of future outcomes within management control.

## BOPARAN HOLDINGS LIMITED

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

#### 3. Turnover and segmental information

Following the disposal of trade and assets of the branded biscuits business (see note 15) the business has been reorganised and the operations are now managed and under the two divisions of Poultry and Meals and Bakery. This change is an alignment of how the business is reported internally. Prior year results have been restated for comparison purposes.

#### Turnover

	<b>52 weeks ended 31 July 2021 £m</b>	<b>53 weeks ended 1 August 2020 £m</b>
Poultry	<b>1,994.1</b>	1,926.0
Meals and Bakery	<b>615.4</b>	766.0
Total	<b>2,609.5</b>	2,692.0

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

#### EBITDA

	Note	<b>52 weeks ended 31 July 2021 £m</b>	<b>53 weeks ended 1 August 2020 £m</b>
Poultry		<b>33.3</b>	69.2
Meals and Bakery		<b>43.0</b>	59.5
Total Group EBITDA		<b>76.3</b>	128.7
Exceptional items	5	<b>(28.7)</b>	(18.4)
Depreciation	13	<b>(52.4)</b>	(65.8)
Amortisation of intangible assets	12	<b>(14.3)</b>	(19.8)
Share of profit from associate and joint venture	14	<b>(0.1)</b>	(0.3)
Pension scheme administration costs	30	<b>(3.5)</b>	(2.9)
Operating (loss) / profit		<b>(22.7)</b>	21.5
Profit on disposal of operations	15	<b>137.8</b>	28.8
Share of profit from associate and joint venture	14	<b>0.1</b>	0.3
Net finance charge	4	<b>(62.6)</b>	(48.8)
Profit before taxation		<b>52.6</b>	1.8

# BOPARAN HOLDINGS LIMITED

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

### 3. Turnover and segmental information (continued)

Other information - 52 weeks ended 31 July 2021				Poultry £m	Meals and Bakery £m	Group £m
Depreciation				35.3	17.1	52.4
Impairment of tangible fixed assets				12.9	11.6	24.5
Amortisation of intangible assets				11.3	3.0	14.3
Other information - 53 weeks ended 1 August 2020				Poultry £m	Meals and Bakery £m	Group £m
Depreciation				39.3	26.5	65.8
Impairment of tangible fixed assets				-	10.4	10.4
Amortisation of intangible assets				11.6	8.2	19.8
	Assets £m	Liabilities £m	31 July 2021 Total £m	Assets £m	Liabilities £m	1 August 2020 Total £m
Poultry	405.1	(254.8)	150.3	428.6	(222.2)	206.4
Meals and Bakery	207.2	(95.5)	111.7	351.5	(134.1)	217.4
<b>Operating assets / (liabilities)</b>	<b>612.3</b>	<b>(350.3)</b>	<b>262.0</b>	780.1	(356.3)	423.8
<b>Unallocated corporate assets:</b>						
Cash at bank and in hand	38.8	-	38.8	130.3	-	130.3
Corporate other receivables	21.3	-	21.3	26.6	-	26.6
Deferred tax assets	64.1	-	64.1	58.6	-	58.6
Corporate intangible assets	1.0	-	1.0	1.6	-	1.6
Derivatives	-	-	-	12.4	-	12.4
<b>Unallocated corporate liabilities:</b>						
Total borrowings (note 21)	-	(510.3)	(510.3)	-	(740.9)	(740.9)
Pension scheme net deficit	-	(128.1)	(128.1)	-	(286.8)	(286.8)
Current taxation liabilities	-	(2.2)	(2.2)	-	(2.0)	(2.0)
Corporate other payables	-	(28.3)	(28.3)	-	(48.8)	(48.8)
<b>Total assets / (liabilities)</b>	<b>737.5</b>	<b>(1,019.2)</b>	<b>(281.7)</b>	1,009.6	(1,434.8)	(425.2)

## BOPARAN HOLDINGS LIMITED

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

#### 3. Turnover and segmental information (continued)

	Turnover by destination		Turnover by origin		Profit / (loss) before tax		Net liabilities	
	<b>52 weeks ended 31 July 2021 £m</b>	53 weeks ended 1 August 2020 £m	<b>52 weeks ended 31 July 2021 £m</b>	53 weeks ended 1 August 2020 £m	<b>52 weeks ended 31 July 2021 £m</b>	53 weeks ended 1 August 2020 £m	<b>31 July 2021 £m</b>	1 August 2020 £m
United Kingdom	<b>2,072.9</b>	2,135.0	<b>2,014.8</b>	2,075.9	<b>42.6</b>	(4.8)	<b>(363.3)</b>	(523.5)
Rest of Europe	<b>528.1</b>	544.0	<b>594.7</b>	616.1	<b>10.0</b>	6.6	<b>81.6</b>	98.3
Rest of the World	<b>8.5</b>	13.0	-	-	-	-	-	-
Total	<b><u>2,609.5</u></b>	<u>2,692.0</u>	<b><u>2,609.5</u></b>	<u>2,692.0</u>	<b><u>52.6</u></b>	<u>1.8</u>	<b><u>(281.7)</u></b>	<u>(425.2)</u>

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



## BOPARAN HOLDINGS LIMITED

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

#### 4. Net finance charge

	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
<b>Interest income and expense</b>		
Interest payable on loans and overdrafts	(49.0)	(48.5)
Interest on finance leases	(0.5)	(0.6)
	<b>(49.5)</b>	<b>(49.1)</b>
<b>Foreign exchange on financial instruments</b>		
Exchange loss	(1.0)	(0.2)
<b>Fair value gains</b>		
On derivative financial liabilities designated in an effective hedging relationship	(18.6)	6.0
Accumulated gains	9.9	-
<b>Other finance costs</b>		
Net charge on defined benefit pension liability	(3.4)	(5.5)
<b>Net finance charge</b>	<b>(62.6)</b>	<b>(48.8)</b>

Foreign exchange on financial instruments arose on the retranslation of the element of the Group's euro bond funding that was unhedged during the period, and had since been settled.

## BOPARAN HOLDINGS LIMITED

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

5. Exceptional Items	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
Redundancy, disruption and closure costs	0.2	14.5
Project costs	3.7	3.9
Impairment of tangible fixed assets	24.5	-
GMP equalisation on pension scheme	0.3	-
<b>Total exceptional items</b>	<b>28.7</b>	<b>18.4</b>

#### Current period

The Group recognised costs incurred on redundancy, disruption and closure costs of £0.2m (2020: £14.5m) as a result of projects that have continued from the prior year.

Included within project costs are costs in relation to the strategic project to review the options available to the Group in relation to long term financing and future capital structure incurred £3.4m (2020: £3.9m) of non-recurring professional advisory fees.

Also included within Project cost is £0.3m in respect of a significant project to align Group management structures more closely with the underlying business units. This project, called Project Agile, is expected to be a multi-year project; with a lifespan of up to four years. We expect significant spend to be incurred under the umbrella of this project, spread across a number of years. The current estimate of the total cost of the project, over its life, is expected to be up to £7m; however, it is noted that there are a number of variables that may affect the final outcome, timing and quantum of expense.

Following the disposal of the branded biscuits business in the year the Group has impaired £11.6m of tangible fixed assets at the residual biscuits business. Furthermore, £12.9m of assets were impaired in relation to the poultry site at Derby.

The Group also recognised £0.3m in relation to past pension service costs as a result of the guaranteed minimum pension equalisation exercise.

#### Prior period

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

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

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

	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
Tax credit on exceptional items	6.4	3.5
Decrease in tax charge to profit and loss account	6.4	3.5

The credit of £6.4m (2020: £3.5m) relates to a current tax credit of £0.7m (2020: £3.5m) and a £5.7m deferred tax credit (2020: £nil).

## BOPARAN HOLDINGS LIMITED

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

#### 6. Profit before taxation

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

	Note	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
Auditor's remuneration for audit services		0.5	0.5
Operating lease rentals:			
- hire of plant and machinery		9.0	8.4
- other		5.9	4.8
Depreciation of tangible fixed assets:			
- owned	13	46.8	58.8
- leased	13	5.6	7.0
Impairment of tangible fixed assets			
- owned	13	24.5	10.4
Amortisation of goodwill	12	14.3	19.8
Research and development costs		1.0	4.0
Government grants			
- capital		(0.1)	-
- revenue		(4.2)	(0.2)
Furlough income		(2.2)	(3.5)
Pension scheme administration costs	30	3.5	2.9
Defined contribution pension costs	7	12.9	14.7

The analysis of auditor's remuneration is as follows:

	52 weeks ended 31 July 2021 £000	53 weeks ended 1 August 2020 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	31	31
Audit of the Company's subsidiaries pursuant to legislation	507	507
Total audit fees	538	538
Corporate finance services	205	879
Total non-audit fees	205	879

## BOPARAN HOLDINGS LIMITED

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

#### 7. Staff numbers and costs

##### Group

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

	<b>52 weeks ended 31 July 2021 (Number)</b>	<b>53 weeks ended 1 August 2020 (Number)</b>
Production	<b>14,440</b>	17,183
Distribution	<b>319</b>	629
Administration	<b>1,898</b>	2,031
	<b>16,657</b>	19,843

Staff costs (including directors), consists of:

	<b>£m</b>	<b>£m</b>
Wages and salaries	<b>389.2</b>	420.4
Social security costs	<b>40.1</b>	41.5
Defined contribution pension costs (note 30)	<b>12.9</b>	14.7
	<b>442.2</b>	476.6

In addition to the above, redundancy costs of £0.2m (2020: £3.7m) are included in exceptional items.

##### Company

The Company has ten employees (2020: ten), all of whom fall within Administration functions.

The directors are remunerated through other Group companies. During the period £1.0m (2020: £0.8m) was recharged to the Company in relation to directors.

## **BOPARAN HOLDINGS LIMITED**

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

#### **8. Directors' remuneration**

	<b>52 weeks ended 31 July 2021 £m</b>	<b>53 weeks ended 1 August 2020 £m</b>
Emoluments of Company's directors:		
Salaries, bonuses and benefits	<b>6.0</b>	4.1
	<b>6.0</b>	4.1
Emoluments of highest paid director:		
Salaries, bonuses and benefits	<b>3.1</b>	2.1
	<b>3.1</b>	2.1

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

One director (2020: one director) is a member of the money purchase pension scheme.

#### **Directors' advances, credits and guarantees**

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

## BOPARAN HOLDINGS LIMITED

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

#### 9. Taxation on profit

	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
<i>United Kingdom corporation tax</i>		
Current tax on income for the period	1.9	0.4
Adjustment in respect of prior periods	0.3	(1.3)
Total credit / (charge)	2.2	(0.9)
<i>Overseas taxation</i>		
Current tax on income for the period	(2.4)	(1.6)
Total charge	(0.2)	(2.5)
<i>Deferred taxation</i>		
Net origination of timing differences	(55.7)	2.2
Adjustment in respect of prior periods	1.8	(1.6)
Change in corporation tax rate	(8.5)	0.2
Deferred tax on pension scheme	-	(8.1)
Total charge	(62.4)	(7.3)
Current taxation	(0.2)	(2.5)
Deferred taxation	(62.4)	(7.3)
Tax charge on profit	(62.6)	(9.8)
Tax relating to components of other comprehensive income	68.8	11.9
	6.2	2.1

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.

## BOPARAN HOLDINGS LIMITED

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

#### 9. 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:

	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
<i>Current tax reconciliation</i>		
Profit before taxation	52.6	1.8
Taxation on profit at the standard UK corporation tax rate of 19.0% (2020: 19.0%)	(10.0)	(0.3)
<i>Effects of:</i>		
- Amortisation not deductible for tax purposes	(2.6)	(3.7)
- Depreciation not deductible for tax purposes	-	(1.5)
- Income / (expenses) not taxable / (deductible) for tax purposes	(7.9)	(1.6)
- Gains on disposal subject to substantial shareholding exemption	26.4	5.5
- Differences between UK and overseas tax rates	0.1	0.2
- Tax rate differences	(8.5)	(0.3)
- Adjustment in respect of prior periods	4.2	(3.0)
- Derecognition of deferred tax assets	(64.3)	(5.1)
Tax charge for the period	(62.6)	(9.8)

#### 10. Loss attributable to the Company

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

#### 11. Dividends on equity shares

No dividends have been declared or paid for the period ending 31 July 2021.

There were also no dividends declared in respect of the period ending 1 August 2020.

## BOPARAN HOLDINGS LIMITED

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

#### 12. Intangible fixed assets

##### Group

	Goodwill	Software	Total
<i>Cost</i>	£m	£m	£m
At 1 August 2020	469.6	3.8	473.4
Disposal of subsidiaries	(62.5)	-	(62.5)
Foreign currency translation	(1.0)	-	(1.0)
<b>At 31 July 2021</b>	<b>406.1</b>	<b>3.8</b>	<b>409.9</b>
<i>Amortisation</i>			
At 1 August 2020	284.3	1.7	286.0
Charge for the period	13.5	0.8	14.3
Foreign currency translation	(0.9)	-	(0.9)
<b>At 31 July 2021</b>	<b>296.9</b>	<b>2.5</b>	<b>299.4</b>
<i>Net book value</i>			
<b>At 31 July 2021</b>	<b>109.2</b>	<b>1.3</b>	<b>110.5</b>
At 1 August 2020	185.3	2.1	187.4

There were £nil intangible fixed assets held by the Company (2020: £nil).

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



## BOPARAN HOLDINGS LIMITED

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

#### 13. Tangible fixed assets

Group	Freehold properties £m	Long / short leasehold properties £m	Plant, fixtures and motor vehicles £m	Total £m
<i>Cost</i>				
At 1 August 2020	113.2	19.7	528.4	661.3
Additions	0.9	-	37.3	38.2
Disposals as a result of sale of subsidiaries	(22.5)	-	(166.0)	(188.5)
Disposals	(0.3)	-	(25.7)	(26.0)
Impairment	(0.1)	-	(24.4)	(24.5)
Foreign currency translation	(3.2)	-	(12.3)	(15.5)
<b>At 31 July 2021</b>	<b>88.0</b>	<b>19.7</b>	<b>337.3</b>	<b>445.0</b>
<i>Depreciation</i>				
At 1 August 2020	28.1	5.3	281.5	314.9
Charge for the period	5.6	0.6	46.2	52.4
Disposals as a result of sale of subsidiaries	(15.4)	-	(143.3)	(158.7)
Disposals	(0.3)	-	(25.7)	(26.0)
Foreign currency translation	(0.9)	-	(10.2)	(11.1)
<b>At 31 July 2021</b>	<b>17.1</b>	<b>5.9</b>	<b>148.5</b>	<b>171.5</b>
<i>Net book value</i>				
<b>At 31 July 2021</b>	<b>70.9</b>	<b>13.8</b>	<b>188.8</b>	<b>273.5</b>
At 1 August 2020	85.1	14.4	246.9	346.4

The net book value of tangible fixed assets includes £17.4m (2020: £25.6m) in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £5.6m (2020: £7.0m).

During the year, £24.5m (2020: £10.4m) of tangible fixed assets were impaired at the Uttoxeter and Derby sites due to ongoing operational losses.

There were £nil fixed assets held by the Company (2020: £nil).

## BOPARAN HOLDINGS LIMITED

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

#### 14. Investments

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

Companies marked \* are directly owned by Boparan Holdings Limited.

Company name	Principal activity	Country of incorporation
2 Sisters Food Group Limited*	Chicken processing	England
2 Sisters Poultry Limited* <sup>1+</sup>	Chicken processing	Scotland
Amber Foods Limited* <sup>2</sup>	Chicken processing	Jersey
BH Acquisitions Limited**	Holding company	England
Boparan Finance plc*	Group financing	England
2 Sisters Fish Limited*	Non-trader	England
Cavaghan & Gray Limited*	Food processing	England
Convenience Foods Limited*	Food processing	England
F W Farnsworth Limited*	Food processing	England
Northern Foods Grocery Group Limited*	Food processing	England
Solway Foods Limited*	Food processing	England
Hook 2 Sisters Limited <sup>4+</sup>	Chicken growing	England
2 Sisters Europe B.V.* <sup>5</sup>	Holding company	Netherlands
2 Sisters Hamrol Sp. Z.o.o.* <sup>6</sup>	Chicken processing	Poland
2 Sisters Storteboom B.V.* <sup>5</sup>	Chicken processing	Netherlands
Noblesse Proteins Investments B.V.* <sup>8</sup>	Chicken processing	Netherlands
Storteboom Agri B.V.* <sup>5</sup>	Chicken processing	Netherlands
Storteboom Zeewolde B.V.* <sup>10</sup>	Chicken processing	Netherlands
Storteboom Fresh B.V.* <sup>5</sup>	Chicken processing	Netherlands
Storteboom Kornhorn B.V.* <sup>7</sup>	Chicken processing	Netherlands
Storteboom Nijkerk B.V.* <sup>9</sup>	Chicken processing	Netherlands
Storteboom Barneveld B.V.* <sup>16</sup>	Chicken processing	Netherlands
Cavaghan & Gray Group Limited*	Holding company	England
Beverley House Food Group Limited	Holding company	Republic of Ireland
Northern Foods Limited*	Holding company	England
Solway Foods Holdings Limited*	Holding company	England
R & K Wise Limited*	Pension holder	England
2 Sister Food Services Limited**	Non-trader	England
Beverley House (9000) Limited*	Non-trader	England
BH9000 (Jersey) Limited	Non-trader	Jersey
Beverley House Investments Limited*	Non-trader	England
Boparan Foods Limited**	Non-trader	England
Challenger Foods Limited*	Non-trader	England
Dreamphoto Limited*	Non-trader	England
Dreamplayer Limited*	Non-trader	England
Storteboom UK Limited* <sup>17</sup>	Chicken processing	England

## BOPARAN HOLDINGS LIMITED

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

#### 14. Investments (continued)

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

## BOPARAN HOLDINGS LIMITED

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

#### 14. Investments (continued)

Company name	Principal activity	Country of incorporation
Montgomery Bell Limited <sup>13</sup>	Dormant	Northern Ireland
Penwood Agriculture Limited*	Dormant	England
Penwood Foods Limited*	Dormant	England
Premier Farming Limited	Dormant	England
Premier Fresh Foods Limited	Dormant	England
Prime Game Limited <sup>1</sup>	Dormant	Scotland
Silverbeach Limited <sup>14</sup>	Dormant	Jersey
Swiss Milk Products Limited	Dormant	England
The Salad Company Limited	Dormant	England
Todayultra Limited	Dormant	England
Walter Holland & Sons Limited	Dormant	England

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

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

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

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

Registered office:

<sup>1</sup> George Street, Coupar Angus, Blairgowrie, Perthshire, PH13 9LU

<sup>2</sup> No2, The Forum, Grenville Street, St Helier, Jersey, JE1 4HH

<sup>3</sup> 29 Earlsfort Terrace, Dublin 2, D02 AY28, Ireland

<sup>4</sup> Cote, Bampton, Oxfordshire, OX18 2EG

<sup>5</sup> Post Box 42, Voorthuizerstraat 148, NL-3881, Putten, The Netherlands

<sup>6</sup> Kotowo 1A, 62-066 Granowo, Poland

<sup>7</sup> Post Box 7, Provincialeweg 70, NL-9864 PG, Kornhorn, The Netherlands

<sup>8</sup> Ambachtsweg 7, NL-9418, TW Wijster, The Netherlands

<sup>9</sup> Post Box 1020, Galvanistraat 2, NL-3861, Nijkerk, The Netherlands

<sup>10</sup> Akkerweg 3, NL-3899, BL Zeewolde, The Netherlands

<sup>11</sup> Harbour House, Sundkrogsgade 21, 2100 Copenhagen, Denmark

<sup>12</sup> PO Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands

<sup>13</sup> 19 Bedford Street, Belfast, Northern Ireland, BT2 7EJ

<sup>14</sup> 12 Castle Street, St Helier, Jersey, JE2 3RT

<sup>15</sup> 21801 Cactus Ave, Falcon Business Park, Meridian, Riverside, CA 92518

<sup>16</sup> Hanzeweg 22, 3771 NG Barneveld

<sup>17</sup> C/O Sobell Rhodes LLP, The Kinetic Centre, Theobald Street, Elstree, Borehamwood, Hertfordshire, WD6 4PJ, United Kingdom

## BOPARAN HOLDINGS LIMITED

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

#### 14. Investments (continued)

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

For the period ending 31 July 2021 the subsidiaries of the Company marked + were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

#### Investment in associate

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

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

#### Investment in joint venture

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

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

Group	Associate £m	Joint venture £m	Total £m
At 1 August 2020	5.6	3.2	8.8
Share of retained loss for the period	(0.2)	0.1	(0.1)
<b>At 31 July 2021</b>	<b>5.4</b>	<b>3.3</b>	<b>8.7</b>

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

Company	£m
Cost at 1 August 2020	144.9
<b>At 31 July 2021</b>	<b>144.9</b>

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

## BOPARAN HOLDINGS LIMITED

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

#### 15. Sale of Subsidiaries

On 31 October 2020, the Group sold its 100% interest in the ordinary share capital of Bravo 1 Holdco Limited, which represented a significant proportion of the biscuits business. Linked to the disposal of the significant proportion of the biscuits business, an additional contribution of £63.1m was made to the Northern Foods defined benefit pension scheme. The profit after tax up to the date of disposal was £0.9m.

	<b>Bravo 1 Holdco Limited £m</b>
Fixed assets	29.8
Current assets	<u>25.0</u>
<b>Net assets</b>	54.8
Goodwill	62.5
Profit on disposal of subsidiary	<u>137.8</u>
<b>Sale Proceeds</b>	<u>255.1</u>
Satisfied by:	
Cash and cash equivalents	<u>255.1</u>

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

## BOPARAN HOLDINGS LIMITED

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

#### 16. Inventory

	Group	
	31 July 2021 £m	1 August 2020 £m
Raw materials and consumables	27.7	30.4
Work in progress	5.9	5.1
Finished goods and goods for resale	37.5	65.4
	<u>71.1</u>	<u>100.9</u>

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

There was £nil inventory held by the Company at the period end (2020: £nil).

#### 17. Debtors

	Group		Company	
	31 July 2021 £m	1 August 2020 £m	31 July 2021 £m	1 August 2020 £m
<i>Amounts falling due within one year:</i>				
Trade debtors	102.2	104.8	-	-
Amounts owed by related parties	7.4	4.6	-	-
Amounts owed by joint ventures	3.3	3.3	-	-
Other debtors	44.6	38.3	-	-
Prepayments and accrued income	13.1	13.8	-	3.8
Corporation tax	-	-	4.7	2.0
Derivatives	0.2	12.4	-	12.2
<i>Amounts falling due after more than one year:</i>				
Amounts owed by group undertakings	-	-	1,057.8	1,292.5
	<u>170.8</u>	<u>177.2</u>	<u>1,062.5</u>	<u>1,310.5</u>

## BOPARAN HOLDINGS LIMITED

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

#### 18. Deferred tax asset

	52 weeks ended 31 July 2021 £m	53 weeks ended 1 August 2020 £m
Deferred tax asset at the start of the period	58.6	54.0
Current period charge to profit and loss account	(64.0)	(5.7)
Current and prior period credit to other comprehensive income	68.8	12.0
Movement arising from transfer of trade	(1.1)	-
Adjustments in respect of prior periods	1.8	(1.7)
Deferred tax asset at the end of the period	<u>64.1</u>	<u>58.6</u>

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

	31 July 2021 £m	1 August 2020 £m
Accelerated capital allowances	35.0	33.9
Short term timing differences	-	2.5
Deferred tax arising in relation to retirement benefit obligations	29.1	22.2
	<u>64.1</u>	<u>58.6</u>

No deferred tax asset has been recognised on balances totalling £514.7m at 31 July 2021 (2020: £440.5m) as it is uncertain whether these will be utilised against future taxable profits, gains or interest capacity. Of this, £159.6m (2020: £160.6m) relates to capital losses, £nil (2020: £170.1m) relates to the pension liability, £124.4m (2020: £13.8m) relates to accelerated capital allowances, £54.4m relates to short term timing differences (2020: £nil) and £176.3m (2020: £96.0m) relates to corporate interest expense carried forward as at 31 July 2021. The Group's unrecognised deferred tax asset on these balances at 25% would be £128.7m (2020: £83.7m).



## BOPARAN HOLDINGS LIMITED

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

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

	Group		Company	
	31 July 2021 £m	1 August 2020 £m	31 July 2021 £m	1 August 2020 £m
Obligations under finance leases (note 21)	5.1	7.8	-	-
Bond interest accrual (note 21)	6.1	13.4	-	-
Bond notes (note 21)	-	594.8	-	-
Short term borrowings (note 21)	25.0	113.5	25.0	113.5
Trade creditors	198.7	209.7	-	-
Amount owed to group undertakings	-	-	1,108.2	1,238.2
Amount owed to related parties	3.5	3.2	-	-
Amount owed to joint venture	60.9	52.8	-	-
Corporation tax	2.2	2.0	-	-
Other taxation and social security	9.3	9.8	-	-
Other creditors	11.5	15.9	-	-
Accruals and deferred income	84.0	100.0	0.2	0.5
Government grants	0.3	2.4	-	-
	<b>406.6</b>	<b>1,125.3</b>	<b>1,133.4</b>	<b>1,352.2</b>

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

	Group		Company	
	31 July 2021 £m	1 August 2020 £m	31 July 2021 £m	1 August 2020 £m
Obligations under finance leases (note 21)	6.3	11.4	-	-
Bond notes	467.8	-	-	-
Accruals and deferred income	0.2	0.9	-	-
Government grants	1.6	-	-	-
	<b>475.9</b>	<b>12.3</b>	<b>-</b>	<b>-</b>

## BOPARAN HOLDINGS LIMITED

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

#### 21. Borrowings

	Group 31 July 2021 £m	1 August 2020 £m
Bond notes	475.0	581.1
Foreign exchange on hedged portion of debt (note 28)	-	18.7
Bond interest accrual (note 28)	6.1	13.4
Unamortised prepaid bond fees (note 28)	(6.6)	(1.4)
	<u>474.5</u>	<u>611.8</u>
Bond notes at amortised cost (note 23)		
Other borrowings (note 20)	25.0	113.5
Unamortised prepaid borrowing fees	(0.6)	(3.6)
	<u>24.4</u>	<u>109.9</u>
Obligations under finance leases	11.4	19.2
Total borrowings	<u>510.3</u>	<u>740.9</u>
Due within one year	36.2	729.5
Due after more than one year	474.1	11.4
Total borrowings	<u>510.3</u>	<u>740.9</u>
<i>Bond notes and other borrowings:</i>		
Within one year or less or on demand (note 19)	31.1	721.7
More than one year but not more than five years (note 20)	467.8	-
	<u>498.9</u>	<u>721.7</u>
<i>Obligations under finance leases:</i>		
Within one year or less or on demand (note 19)	5.1	7.8
More than one year but not more than two years (note 20)	3.6	5.6
More than two years but not more than five years (note 20)	2.7	4.8
More than five years (note 20)	-	1.0
	<u>11.4</u>	<u>19.2</u>
Total borrowings (note 23)	<u>510.3</u>	<u>740.9</u>

The bond comprises £475m of Senior Loan Notes due 2025 at an interest rate of 7.625%. The Group has an £80m plus £10m accordion super senior secured Revolving Credit Facility maturing in May 2025.

## BOPARAN HOLDINGS LIMITED

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

#### 21. Borrowings (continued)

The RCF balance drawn at 31 July 2021 was £25.0m (2020: £78.0m). Interest on RCF drawings is calculated with reference to LIBOR plus applicable margin. In addition, a commitment fee is charged for the undrawn amount. The principal subsidiaries are guarantors to the facilities.

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

#### 22. Provisions for liabilities

	Onerous lease £m	Restructuring £m	Dilapidations £m	Other £m	Total £m
At 1 August 2020	1.6	5.3	0.9	2.6	10.4
Current period charge / (credit) to profit and loss account:					
- exceptional	-	8.8	0.1	-	8.9
- non-exceptional	-	0.1	-	-	0.1
Utilised in the period:					
- exceptional	(0.3)	(9.2)	(0.3)	(1.0)	(10.8)
- non-exceptional	-	-	-	-	-
<b>At 31 July 2021</b>	<b>1.3</b>	<b>5.0</b>	<b>0.7</b>	<b>1.6</b>	<b>8.6</b>

Provisions of £8.6m (2020: £10.4m) comprise:

- £1.3m (2020: £1.6m) in respect of onerous leases costs at Haughley Park. These provisions are expected to be utilised over a period of greater than 12 months.
- £5.0m (2020: £5.3m) in relation to the restructuring of the Group's operations during the period, predominantly being the closure of the Pennine site and transfer of production lines to Rogerstone and the sale of shareholdings which represented a significant proportion of the biscuits business at the end of October 2020.
- £0.7m (2020: £0.9m) in relation to dilapidations. These provisions are materially expected to be utilised over a period of less than 12 months.
- £1.6m (2020: £2.6m) of other provisions which largely relate to potential employer liability and industrial illness claims. These provisions are materially expected to be settled within 12 months.

At the period end the Company had £nil provisions (2020: £nil).

## BOPARAN HOLDINGS LIMITED

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

#### 23. Financial instruments

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

	Note	31 July 2021 £m	1 August 2020 £m
<b>Financial assets</b>			
<i>Equity instruments measured at cost less impairment:</i>			
Fixed asset unlisted investments	14	8.7	8.8
<i>Measured at fair value and designated in an effective hedging relationship:</i>			
Derivative financial assets	24	-	12.2
<i>Measured at fair value through profit and loss:</i>			
Derivative financial assets	24	0.2	0.2
<i>Debt instruments measured at amortised cost:</i>			
Trade debtors	17	102.2	104.8
Cash and cash equivalents		38.8	130.3
		<u>149.9</u>	<u>256.3</u>
<b>Financial liabilities</b>			
<i>Measured at amortised cost:</i>			
Trade creditors	19	198.7	209.7
Bond notes	21	474.5	611.8
Other borrowings	21	24.4	109.9
Obligations under finance leases	21	11.4	19.2
		<u>709.0</u>	<u>950.6</u>

## BOPARAN HOLDINGS LIMITED

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

#### 23. Financial instruments (continued)

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

		<b>52 weeks ended 31 July 2021 £m</b>	<b>53 weeks ended 1 August 2020 £m</b>
<b>Interest expenses</b>	Note		
Total interest expense for financial liabilities at amortised cost	4	<b>49.5</b>	49.1
		<b>49.5</b>	49.1
<b>Fair value gain / (loss)</b>			
On derivative financial liabilities designated in an effective hedging relationship	4	<b>18.6</b>	(6.0)
Accumulated gains	4	<b>(9.9)</b>	-
On derivative financial liabilities measured at fair value through profit and loss	4	<b>1.0</b>	0.2
		<b>9.7</b>	(5.8)
<b>Other expenses / (income) in respect of financial instruments</b>			
Profit recognised in the period relating to unlisted equity investments	14	<b>0.1</b>	(0.3)
Total foreign exchange loss on financial liabilities measured at amortised cost (bond notes)	28	<b>7.2</b>	2.6
		<b>7.3</b>	2.3

## BOPARAN HOLDINGS LIMITED

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

#### 24. Derivative financial instruments

The Group has the following derivative included at fair value in the balance sheet. Cross currency swaps were settled as part of the refinancing arrangements concluded in November 2020.

	Due within one year		Due after one year	
	31 July 2021 £m	1 August 2020 £m	31 July 2021 £m	1 August 2020 £m
<b>Derivatives that are designated and effective as hedging instruments carried at fair value</b>				
<b>Assets</b>				
Cross currency swaps (note 17)	-	12.2	-	-
<b>Derivatives accounted for at fair value through profit and loss</b>				
<b>Assets</b>				
Forward foreign currency contracts (note 17)	0.2	0.2	-	-

The Company had the following derivatives which were included at fair value in the balance sheet which were settled as part of the refinancing arrangements concluded in November 2020.

	Due within one year		Due after one year	
	31 July 2021 £m	1 August 2020 £m	31 July 2021 £m	1 August 2020 £m
<b>Derivatives that are designated and effective as hedging instruments carried at fair value</b>				
<b>Assets</b>				
Cross currency swaps (note 17)	-	12.2	-	-

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

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

## BOPARAN HOLDINGS LIMITED

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

#### 24. Derivative financial instruments (continued)

##### Cash flow hedges

##### *Cross currency swaps*

The borrowings and cross currency swaps were settled as part of the refinancing arrangements concluded in November 2020.

	Fixed interest rate		Notional value GBP		Fair Value	
			€255m at £1:€1.209			
Receive fixed euro, pay fixed GBP contracts	Euro receive	GBP pay	2021 £m	2020 £m	2021 £m	2020 £m
0 to 1 years	-	-	-	210.9	-	(12.2)
			-	210.9	-	(12.2)

The net loss recognised in other comprehensive income relating to cash flow hedges and final settlement for the period amounted to £9.0m (2020 : £0.6m gain).

Final settlement and hedge ineffectiveness resulting in a gain of £18.6m was reclassified and recognised into profit and loss for the period (2020 : £6.0m loss).

## BOPARAN HOLDINGS LIMITED

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

#### 24. Derivative financial instruments (continued)

##### Accounted for at fair value through profit or loss

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

	Average contractual exchange rate		Notional value		Fair value	
	2021	2020	2021 £m	2020 £m	2021 £m	2020 £m
<b>Buying EUR:</b>						
In less than 3 months	<b>1.1587</b>	1.1243	<b>0.2</b>	0.2	<b>0.2</b>	0.2
In 3 months to 1 year	-	-	-	-	-	-
			<b>0.2</b>	0.2	<b>0.2</b>	0.2

The Group has entered into contracts to purchase goods from suppliers in Europe and USA. The Group entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions. These forward exchange contracts were accounted for at fair value through profit and loss. £0.2m fair value gains (2020: £0.2m) were recognised through operating profit in the period.



## BOPARAN HOLDINGS LIMITED

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

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

	31 July 2021 £m	1 August 2020 £m
Allotted, called up and fully paid	-	-

The nominal value of the share capital issued at the end of the period was £7,730 (2020: £7,730).

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

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

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

# **BOPARAN HOLDINGS LIMITED**

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

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

		<b>31 July</b>	<b>1 August</b>
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£m</b>	<b>£m</b>
Operating (loss) / profit		<b>(22.7)</b>	21.5
<i>Adjustments for:</i>			
Depreciation	13	<b>52.4</b>	65.8
Amortisation of intangible assets	12	<b>14.3</b>	19.8
Defined benefit pension scheme administration costs	30	<b>3.5</b>	2.9
Exceptional items charged to operating profit	5	<b>28.7</b>	18.4
Grants and other non-cash movements		<b>(0.5)</b>	(0.7)
Operating cash flow before movement in working capital		<b>75.7</b>	127.7
Decrease / (increase) in inventory		<b>7.9</b>	(12.1)
(Increase) / decrease in debtors		<b>(11.1)</b>	5.7
(Decrease) / increase in creditors and provisions		<b>(21.1)</b>	5.5
Cash impact of exceptional items		<b>(6.5)</b>	(16.9)
Payments made in respect of defined benefit pension schemes	30	<b>(22.9)</b>	(36.3)
Additional contribution to defined benefit pension scheme	30	<b>(63.1)</b>	-
<b>Cash (used in) / generated from operations</b>		<b>(41.1)</b>	73.6

## BOPARAN HOLDINGS LIMITED

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

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

	31 July 2021 £m	1 August 2020 £m
(Decrease) / increase in cash	(90.3)	30.8
Cash outflow from debt and lease financing	214.2	23.1
Change in net debt resulting from cash flows	123.9	53.9
Amortisation of fees	(1.0)	-
Effect of foreign exchange rates	(7.9)	(2.9)
Movement in net debt	115.0	51.0
Net debt brought forward	(580.4)	(631.4)
Net debt carried forward	(465.4)	(580.4)

#### 28. Analysis of net debt

	1 August 2020 £m	Cash flow £m	Other Movements £m	Foreign exchange £m	31 July 2021 £m
Cash balances	130.3	(90.3)	-	(1.2)	38.8
Debt due within one year	(722.2)	730.9	(37.7)	(2.1)	(31.1)
Debt due after more than one year	-	(466.6)	(1.2)	-	(467.8)
Finance leases	(19.2)	7.3	-	0.5	(11.4)
Total borrowings (note 21)	(741.4)	271.6	(38.9)	(1.6)	(510.3)
Prepayment of bond fees & other financing fees	(1.4)	-	1.3	0.1	-
Foreign exchange on bond notes	18.7	(14.1)	0.4	(5.0)	-
Interest accrual	13.4	(43.3)	36.2	(0.2)	6.1
Adjusted borrowings	(710.7)	214.2	(1.0)	(6.7)	(504.2)
Net debt	(580.4)	123.9	(1.0)	(7.9)	(465.4)

## BOPARAN HOLDINGS LIMITED

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

#### 28. Analysis of net debt (continued)

Net debt comprises bonds, other borrowings and finance leases net of cash. These are stated at period end exchange rates, or hedged rates where there is an effective external hedge in place. The other movement of £1.2m on debt due after more than one year is amortisation of the prepayment of bond fees and other loan fees. In the balance sheet, the bond balance is shown net of the prepaid bond fees. Management monitor and view the net debt figure excluding prepaid fees and so it is added back into net debt in the table above.

During the period the Group entered into finance lease agreements with a capital value at the inception of the lease of £1.1m (2020: £8.7m).

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

The other movement of £1.0m on debt due after more than one year is amortisation of the prepayment of bond fees.

## BOPARAN HOLDINGS LIMITED

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

#### 29. Financial commitments

##### *Capital commitments*

###### *Group*

There were capital commitments of £0.2m at 31 July 2021 (2020: £0.6m) provided for at the period end and capital commitments contracted for but not provided for of £2.8m (2020: £0.5m). These commitments related to the purchase of plant & fixtures.

###### *Company*

There were no capital commitments provided for at the period end (2020: £nil) and also no capital commitments contracted for but not provided (2020: £nil).

##### *Operating lease commitments*

###### *Group*

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

	31 July 2021 £m	1 August 2020 £m
Land and buildings leases expiring:		
Within one year	6.1	5.4
Between one and five years	18.8	15.1
After five years	11.1	13.7
	<u>36.0</u>	<u>34.2</u>
Other leases expiring:		
Within one year	5.0	4.7
Between one and five years	7.5	5.1
After five years	1.2	0.1
	<u>13.7</u>	<u>9.9</u>

###### *Company*

Total future minimum lease payments under non-cancellable operating leases at the period end were £nil (2020: £nil).

## BOPARAN HOLDINGS LIMITED

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

#### 30. Pension arrangements

##### DEFINED CONTRIBUTION SCHEMES

The Group contributes to defined contribution schemes for all qualifying employees. The total cost charged to income of £12.9m (2020: £14.7m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. At 31 July 2021 contributions of £1.4m (2020: £1.4m) due in respect of the current reporting period had not been paid over to the schemes.

##### DEFINED BENEFIT SCHEMES

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

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

The most recent actuarial valuations of the defined benefit schemes for the purpose of the financial statements and the present value of defined benefit obligations were carried out at 31 July 2021 by independent qualified actuaries. The present value of the defined benefit obligation was measured using the projected unit credit method.

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

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

	<b>31 July 2021</b>	<b>1 August 2020</b>
Rate of increase in salaries	<b>n/a</b>	n/a
Inflation assumption	<b>3.38%</b>	3.04%
Discount Rate	<b>1.57%</b>	1.40%
Rate of increase in pension payments	<b>3.12%</b>	2.88%
Mortality	<b>CMI_2020</b>	CMI_2019

The Group has adopted the SAPS S3 Heavy tables with scaling factors appropriate for each section of the membership with the core CMI 2020 projections with a long-term rate of improvement of 1.25% (2020: 1.25%) per annum.

## BOPARAN HOLDINGS LIMITED

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

#### 30. Pension arrangements (continued)

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

		<b>31 July 2021 (years)</b>	<b>1 August 2020 (years)</b>
Current pensioner	- male	<b>20.5</b>	20.7
	- female	<b>22.4</b>	22.5
Future pensioner	- male	<b>21.4</b>	21.7
	- female	<b>24.0</b>	24.0

#### POST-RETIREMENT MEDICAL BENEFIT SCHEME

Until 31 March 1999, Northern Foods Limited operated a post-retirement medical benefit scheme. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes detailed above. The main actuarial assumptions are the underlying medical cost inflation of 5.20% per annum (2020: 5.04%) and the discount rate of 1.57% per annum (2020: 1.40%).

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

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	<b>31 July 2021 £m</b>	<b>1 August 2020 £m</b>	<b>31 July 2021 £m</b>	<b>1 August 2020 £m</b>	<b>31 July 2021 £m</b>	<b>1 August 2020 £m</b>
Net interest cost	<b>3.4</b>	5.5	-	-	<b>3.4</b>	5.5
Past service cost	<b>0.3</b>	-	-	-	<b>0.3</b>	-
Scheme Administration expenses	<b>2.3</b>	1.9	-	-	<b>2.3</b>	1.9
Charge to profit and loss account	<b>6.0</b>	7.4	-	-	<b>6.0</b>	7.4
Actuarial (gains) / losses	<b>(77.7)</b>	24.6	<b>(0.1)</b>	-	<b>(77.8)</b>	24.6
Change in effect of asset ceiling (excluding interest income) (gain) / loss	<b>(2.3)</b>	7.2	-	-	<b>(2.3)</b>	7.2
Recognised in other comprehensive income	<b>(80.0)</b>	31.8	<b>(0.1)</b>	-	<b>(80.1)</b>	31.8
Total (gain) / loss relating to defined benefit schemes	<b>(74.0)</b>	39.2	<b>(0.1)</b>	-	<b>(74.1)</b>	39.2

## BOPARAN HOLDINGS LIMITED

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

#### 30. Pension arrangements (continued)

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

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	31 July 2021	1 August 2020	31 July 2021	1 August 2020	31 July 2021	1 August 2020
	£m	£m	£m	£m	£m	£m
Present value of obligations	(1,514.8)	(1,611.4)	(0.4)	(0.5)	(1,515.2)	(1,611.9)
Fair value of scheme assets	1,387.1	1,325.1	-	-	1,387.1	1,325.1
Net liability recognised in the balance sheet	(127.7)	(286.3)	(0.4)	(0.5)	(128.1)	(286.8)

The net pension scheme deficit in the balance sheet is stated before deduction of the associated deferred tax asset of £29.1m (2020: £22.2m), with the deferred tax asset shown separately within current assets (note 18).

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

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	31 July 2021	1 August 2020	31 July 2021	1 August 2020	31 July 2021	1 August 2020
	£m	£m	£m	£m	£m	£m
Scheme liabilities at the start of the period	1,611.4	1,528.7	0.5	0.6	1,611.9	1,529.3
Interest cost	22.2	30.6	-	-	22.2	30.6
Actuarial (gain) / loss	(65.6)	96.1	-	-	(65.6)	96.1
Benefits paid	(48.7)	(51.4)	(0.1)	(0.1)	(48.8)	(51.5)
Effect of asset ceiling	(2.3)	7.2	-	-	(2.3)	7.2
Past service cost	0.3	-	-	-	0.3	-
Exchange	(2.5)	0.2	-	-	(2.5)	0.2
Scheme liabilities at the period end	1,514.8	1,611.4	0.4	0.5	1,515.2	1,611.9



## BOPARAN HOLDINGS LIMITED

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

#### 30. Pension arrangements (continued)

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

	Defined benefit pension schemes	
	31 July 2021	1 August 2020
	£m	£m
Scheme assets at start of the period	1,325.1	1,246.9
Interest income	18.8	25.1
Contributions by the employer	84.6	35.0
Benefits paid	(48.7)	(51.4)
Administration expenses	(2.3)	(2.0)
Actuarial gain on scheme assets	12.1	71.5
Exchange	(2.5)	-
Fair value of scheme assets at the period end	<u>1,387.1</u>	<u>1,325.1</u>

Contributions by the employer of £84.6m (2020: £35.0m) include £83.1m (2020: £33.4m) funding contributions and £1.5m (2020: £1.6m) in respect of administrative expenses.

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

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

	31 July 2021	1 August 2020
	£m	£m
Equities	143.2	131.3
Bonds	1,562.1	811.5
Cash	(484.7)	173.0
Hedge Funds	147.5	189.4
Other	19.0	19.9
Total fair value of assets	<u>1,387.1</u>	<u>1,325.1</u>

The other asset category includes derivatives and property assets.

## **BOPARAN HOLDINGS LIMITED**

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

#### **30. Pension arrangements (continued)**

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

	<b>31 July 2021 £m</b>	<b>1 August 2020 £m</b>
Scheme administrative expenses	<b>2.3</b>	1.9
PPF levies	<b>1.2</b>	0.9
Other	-	0.1
Total defined benefit pensions costs charged through administrative expenses (note 3 & 26)	<b>3.5</b>	2.9

In addition, to the defined benefit pension costs charged through administrative expenses, the Group has also charged £0.3m (2020: £nil) in relation to the guaranteed minimum pension (GMP) through exceptional items (note 5).

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

	<b>31 July 2021 £m</b>	<b>1 August 2020 £m</b>
Contributions	<b>84.6</b>	35.0
PPF levies	<b>1.4</b>	0.9
Other	-	0.4
Total cash payments in respect of defined benefit pension schemes during the period (note 26)	<b>86.0</b>	36.3

## **BOPARAN HOLDINGS LIMITED**

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

#### **31. Contingent liabilities**

Boparan Holdings 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) (note 21). The individually guaranteed amount is not readily available.

There are a number of contingent liabilities relating to litigation or potential claims from customers and counterparties that arise in the normal course of business, which if realised are not expected to result in a material liability to the Group. The Group regularly reviews all of these claims to determine any possible financial loss; as at 31 July 2021 no provision was considered necessary. A provision will be recognised if it is more likely than not a settlement will be required and the value of the payment can be reliably estimated.

For the purposes of the exemptions referred to in section 357 of the Irish Companies Act 2014, and not otherwise, Boparan Holdings Limited as the holding undertaking of the undertakings listed below, hereby irrevocably guarantees in respect of the financial period ended on the 31 July 2021, all of the liabilities of the undertakings listed below; provided that this guarantee shall not extend to any liability or commitment of the undertakings listed below which shall not have arisen otherwise than in respect of that financial period or which shall not constitute a liability or loss.

The liabilities in respect of the undertakings listed below, which have arisen in respect of the financial period ended on 31 July 2021, are already included within the Group's consolidated balance sheet.

Billcrest Products Limited

Beverley House Foods (Boyle) Limited

Beverley House Food Group Limited

Beverley House Foods Portumna Limited

Beverley House Group Services Limited

Poldy's Fresh Foods Limited

Beverley House Foods (Longford)

Portumna Pastry Limited

## **BOPARAN HOLDINGS LIMITED**

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

#### **31. Contingent liabilities (continued)**

For the period ending 31 July 2021 the subsidiaries of the Company listed below were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

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

## BOPARAN HOLDINGS LIMITED

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

#### 31. Contingent liabilities (continued)

The liabilities in respect of the undertakings listed above, which have arisen in respect of the financial period ended on 31 July 2021, are already included within the Group's consolidated balance sheet.

#### 32. Related party transactions

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

Related party transactions for the 52 weeks ended 31 July 2021, and the 53 weeks ended 1 August 2020 are shown below:

	52 weeks ended 31 July 2021	53 weeks ended 1 August 2020
<b>Amber REI Holdings Limited and subsidiaries</b>	<b>£m</b>	<b>£m</b>
<i>Relationship: Related by virtue of common ownership</i>		
<i>Charges received from Amber REI Holdings:</i>		
Rental charges	5.0	4.2
Property service charges	-	0.1
Equipment rental charges	0.5	0.5
Purchases made by the Group	0.7	3.0
Outstanding creditor at the period end	0.7	0.5
<i>Amounts charged to Amber REI Holdings:</i>		
Service charges	0.1	-
<b>Hook 2 Sisters Limited</b>		
<i>Relationship: The Group hold a 50% investment in the company</i>		
Loans made to the related party (Repayable 9th Feb 2022)	3.3	3.3
Purchases made by the Group	702.5	652.5
Outstanding creditor at the period end	60.9	52.8
<b>2 Agriculture Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Sales made to the related party	0.1	0.2
Outstanding debtor at the period end	-	-

## BOPARAN HOLDINGS LIMITED

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

#### 32. Related party transactions (continued)

	52 weeks ended 31 July 2021	53 weeks ended 1 August 2020
	£m	£m
<b>Shazan Foods Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	28.7	7.1
Outstanding creditor at the period end	2.3	0.8
Group service charges to the related party	1.9	1.8
Sales made to the related party	12.9	1.0
Outstanding debtor at the period end	1.5	0.2
<b>Noblesse Proteins Investments B.V</b>		
<i>Relationship: The Group hold a 26% investment in the company</i>		
Sales made to the related party	2.1	1.6
Outstanding debtor at the period end	1.8	1.3
<b>Boparan Charitable Trust</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Donations made by the Group	-	0.1
Outstanding creditor at the period end	-	-
<b>Lakeside Food Group Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	2.2	0.3
Outstanding creditor at the period end	-	-
Sales made to the related party	0.1	0.2
Outstanding debtor at the period end	-	-

## BOPARAN HOLDINGS LIMITED

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

#### 32. Related party transactions (continued)

	52 weeks ended 31 July 2021	53 weeks ended 1 August 2020
	£m	£m
<b>Bernard Matthews Food Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	14.4	6.0
Outstanding creditor at the period end	0.5	1.6
Sales made to the related party	34.8	35.1
Outstanding debtor at the period end	3.7	3.1

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £10.6m (1 August 2020: £9.5m).

#### 33. Ultimate controlling party

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

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

#### 34. Subsequent Events

On 29 September 2021, the Group announced a consultation process at the Uttoxeter biscuits site, part of the Bakery and Meals division.

On 9 October 2021 the Group announced the transfer of the goodwill and certain assets of two manufacturing sites in the poultry division to Derby Added Value Foods Limited and Sunderland Added Value Foods Limited, both are related companies.

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.