

Farnsworth Investments Limited

Annual report and financial statements

For the 53 weeks ended 1 August 2020

Company registration no. 02475724



✓ **Farnsworth Investments Limited**

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Farnsworth Investments Limited

Officers and professional advisors

Directors

R K O Kers
C A Tomkinson

Registered office

Trinity Park House
Fox Way
Wakefield
West Yorkshire
WF2 8EE

Farnsworth Investments Limited

Directors' report

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

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and no strategic report has been presented in line with these provisions.

Business overview and principal activities

Farnsworth Investments Limited ('the Company') is a wholly owned indirect subsidiary of the group headed by Boparan Holdings Limited ('the Group').

The principal activity of the Company is to hold intercompany balances. There have not been any significant changes in the Company's principal activity in the period under review or post period end.

The Company did not trade during the period. It is anticipated that the Company will remain dormant for the foreseeable future.

Directors

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

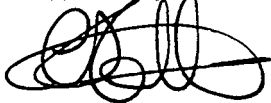
Going concern

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

Auditor

For the period ended 1 August 2020 the Company is entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies. The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476.

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



C A Tomkinson
Director

23 April 2021

Farnsworth Investments 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 judgements 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.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Farnsworth Investments Limited

Balance sheet

At 1 August 2020

	Note	1 August 2020 £'000	27 July 2019 £'000
Current assets			
Debtors: amounts falling due within one year	4	7,968	7,968
Current liabilities			
Creditors: amounts falling due within one year	5	(10,621)	(10,621)
Net current liabilities		<u>(2,653)</u>	<u>(2,653)</u>
Total assets less current liabilities		<u>(2,653)</u>	<u>(2,653)</u>
Net liabilities		<u>(2,653)</u>	<u>(2,653)</u>
Capital and reserves			
Called up share capital	6	2,500	2,500
Profit and loss account		<u>(5,153)</u>	<u>(5,153)</u>
Shareholders' deficit		<u>(2,653)</u>	<u>(2,653)</u>

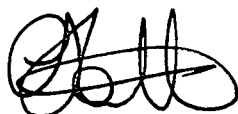
For the 53 weeks ended 1 August 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

No members have required the Company to obtain an audit of its accounts for the 53 weeks ended 1 August 2020 in accordance with section 476 of the Companies Act 2006.

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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of Farnsworth Investments Limited were approved by the board of directors and authorised for issue on 23 April 2021. They were signed on its behalf by:



C A Tomkinson
Director
Company number 02475724

Farnsworth Investments Limited

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

1. Accounting policies

Basis of accounting

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

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

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

Financial Reporting Standard 102 – reduced disclosure exemptions

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

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

The Company is consolidated in the financial statements of its ultimate parent, Boparan Holdco Limited. Copies of these financial statements may be obtained from the Company's registered office.

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

Going concern

The Company is in a net liabilities position and was loss making in both the current and prior period, it does not have any exposure to external financing as its day to day working capital requirements are managed through its own cash flow and borrowings from its parent company where required.

In determining whether the company's report can be prepared on a going concern basis, the directors considered the company and wider 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 company and Group, its cash flows, liquidity position, borrowing facilities and covenants.

Farnsworth Investments Limited

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

1. Accounting policies (continued)

Going concern (continued)

The BHL Board is regularly updated on the evolving risks of the ongoing COVID 19 situation and continues to monitor developments closely. Whilst managing absence, social distancing and materials shortages have been challenging operationally and demand has been volatile in some parts of our business, we are fortunate in that we have had, and continue to have, sufficient demand in all of our businesses to remain operational. A further significant extension to lock down restrictions, though currently deemed unlikely due to the rollout of vaccines and the recent announcement of the plan to release lockdown measures could result in a further period of working capital outflow and operational challenges.

The key factors considered by the directors of the Group are as follows:

- 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 directors have considered a sensitivity reflecting a 30% reduction in EBITDA as a reasonable worst case scenario. Under this scenario, no breach is identified in respect of either cash or covenant headroom, with significant headroom remaining in this sensitized scenario;
- the implications of the challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group has access to a committed bank facility and invoice discounting facility to meet day to day working capital requirements; and
- the impact of COVID-19 on the business and its prospects.

Since the balance sheet date, on 27 November 2020 a full capital structure refinance was undertaken resulting in the issuance of a new £475m senior secured bond, maturing on 30 November 2025.

In addition, a new £90m (£80m plus a £10m accordion) super senior secured RCF was agreed with the Group's existing banks, maturing in May 2025. The going concern assessment has been made by reviewing the financial position of the group including the availability of these new facilities and the future operating forecasts.

As at the date of this annual report, the directors have a reasonable expectation that the Company has 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 financial statements. Accordingly, the financial statements for the 53 weeks ended 1 August 2020 have been prepared on the going concern basis.

Taxation

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

Farnsworth Investments Limited

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

1. Accounting policies (continued)

Financial instruments

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

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

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

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

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.

2. Critical accounting judgements and key sources of estimation uncertainty

The directors have assessed that there are no critical accounting judgements or sources of estimation uncertainty in these financial statements.

3. Remuneration of directors and auditors

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

There were no non-audit fees incurred in either the current or prior periods.

Farnsworth Investments Limited

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

4. Debtors: Amounts falling due within one year

	1 August 2020 £'000	27 July 2019 £'000
Amounts due from Group undertakings	7,925	7,925
Corporation tax	43	43
	<u>7,968</u>	<u>7,968</u>

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

5. Creditors: Amounts falling due within one year

	1 August 2020 £'000	27 July 2019 £'000
Amounts due to immediate parent company	10,621	10,621
	<u>10,621</u>	<u>10,621</u>

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

6. Called up share capital

	1 August 2020 £'000	27 July 2019 £'000
Allotted, called up and fully paid:		
2,500,000 ordinary shares of £1 each	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

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

7. Related party transactions

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

Farnsworth Investments Limited

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

8. Ultimate parent undertaking

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

Copies of the consolidated financial statements can be obtained from the Company's registered office as detailed on page 1. As at 1 August 2020 Boparan Holdco Limited was also the Company's ultimate parent undertaking.

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