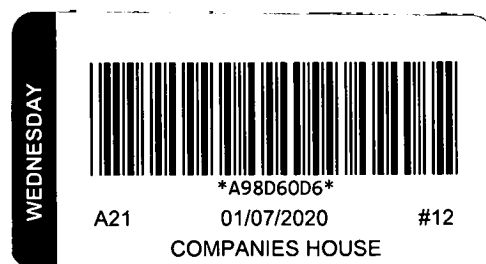


Company Registration Number:

02614349

**GREENCORE UK HOLDINGS LIMITED**

Directors' Report and Financial Statements  
Period ended 27 September 2019



**GRENCORE UK HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**Period ended 27 September 2019**

**CONTENTS**

	<b>Page</b>
Directors and other information	3
Directors' report	4
Independent auditor's report to the members of Grencore UK Holdings Limited	7
Statement of profit and loss account and other comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

**GREENCORE UK HOLDINGS LIMITED**

**DIRECTORS AND OTHER INFORMATION**

**DIRECTORS**

M Evans

E Tonge (Irish) (resigned on 19 May 2020)

P Haden (appointed 01 August 2019, resigned 10 January 2020)

N Blakey (appointed 01 August 2019, resigned 10 January 2020)

C Robinson (appointed 01 August 2019)

C Bradshaw (resigned 01 August 2019)

K Moore (appointed 24 April 2020)

C Evans (appointed 24 April 2020)

C O'Leary (resigned 29 January 2019)

**SECRETARY**

M Evans

**REGISTERED OFFICE**

Greencore Group UK Centre

Midland Way, Barlborough Links Business Park

Barlborough

Chesterfield

S43 4XA

**BANKERS**

HSBC

69 Pall Mall

London

SW1Y5EY

**SOLICITORS**

Eversheds LLP

Bridgewater Place

Water Lane

Leeds LS11

5DR

**AUDITOR**

Deloitte Ireland LLP

Chartered Accountants & Statutory Audit Firm

Deloitte & Touche House

Earlsfort Terrace

Dublin 2

## **GRENCORE UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the financial statements for Grencore UK Holdings Limited ("the Company") for the period ended 27 September 2019.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

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 assets, liabilities and financial position of the Company and of its profit or loss 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 estimates that are reasonable and prudent.
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the Company's ability to continue as a going concern, disclosing as applicable matter related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

### **GOING CONCERN**

In March 2020, the UK went into social 'lockdown' as a result of its response to the COVID-19 pandemic. The directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue operating as a going concern for the foreseeable future. In particular, the directors have taken into consideration cashflow projections from potential stress scenarios regarding the duration of the current COVID-19 lockdown and the impact as the measures on social distancing are eased.

The Company, along with other members of the Group, has provided guarantees in relation to the payment of borrowings of the Group from several banks. As at the date of signing, the directors have taken steps to ensure adequate liquidity is available to the Company for the likely duration of the crisis and the recovery period. Subsequent to period end the Group has secured formal agreement with its lending syndicate of banks and agreement in principle with its Private Placement holders to waive its Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods.

The Company's headroom was increased further following confirmation of its eligibility, to access funding under the Covid Corporate Financing Facility (CCFF).

Grencore Group PLC, has confirmed to the directors that it will continue to provide financial support for the Company to meet its debts as they become due. Accordingly, given the resources available to the Company, the directors have prepared the financial statements on a going concern basis.

### **PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The Company is a member of Grencore Group plc ("the Group"). The Company provides treasury services to other members of the Group and is also an investment holding Company. There are no plans in place which would significantly change the activities in the Company in the future.

### **RESULTS AND DIVIDENDS**

The loss for the period after taxation was £16.0 million (2018: loss £27.2 million). Dividends of £nil were paid during the period (2018: £nil).

## **GRENCORE UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **POST BALANCE SHEET EVENTS**

Since the year end, in March 2020 the COVID-19 pandemic has had an unprecedented impact on the UK economy and in response the UK Government implemented a social restriction lockdown. The Company has taken prudent measures to protect profitability and cashflows.

As set out in Note 1, subsequent to the period end, the Group secured formal agreement with its lending syndicate of banks and agreement in principle with its Private Placement holders to waive Net Debt: EBITDA covenant condition for September 2020 and March 2021. The Company is party to this agreement as a guarantor for the debt as set out in note 10.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's operations expose it to a variety of commercial risks that include the effects of credit risk and the recoverability of investments.

##### *Credit Risk*

The Company's receivables from fellow Group undertakings are repayable on demand. The directors are satisfied that these could be repaid using alternative sources of finance if required.

##### *Recoverability of Investments*

The financial position of the Company could be materially impacted by the failure to recover the carrying value of investments. The directors are satisfied that the Company's financial assets are stated at, at least their recoverable amounts.

##### *Brexit*

The Company has been engaged in Brexit planning since the result of the referendum was first announced and monitors closely the potential implications of Brexit on its business, particularly in the areas of volume, material sourcing and labour availability. A multi-functional team meets on an ongoing basis to assess Brexit-related risks, build mitigation plans, test alternative scenarios and support dialogue with our customers, government, the wider industry and other stakeholders.

The Company continues to believe that the risks from Brexit are manageable in the medium-term, while acknowledging potential near-term challenges associated with a disorderly exit.

#### **FINANCIAL RISK MANAGEMENT**

The Company is financed by fellow Group undertakings and these loans are repayable on demand. The ability of the Company to continue as a going concern should such a demand be received depends on the Company's ability to source alternative financing. The directors are satisfied that such financing facilities would be available if required.

Interest rate, foreign currency and liquidity risk are actively managed by the Group's Treasury Department which operates within strict Grencore Group plc Board approved policies and guidelines. This is discussed further in the Group's annual report which does not form part of this report.

#### **CHARITABLE AND POLITICAL DONATIONS**

Charitable donations during the period amounted to £nil (2018: £nil). No political donations or contributions were made by the Company (2018: £nil).

#### **DIRECTORS**

The directors who held office during the period and during the period to the date of approval of these financial statements are as follows:

M Evans

E Tonge (Irish) (resigned on 19 May 2020)

P Haden (appointed 01 August 2019, resigned 10 January 2020)

N Blakey (appointed 01 August 2019, resigned 10 January 2020)

C Robinson (appointed 01 August 2019)

C Bradshaw (resigned 01 August 2019)

K Moore (appointed 24 April 2020)

C Evans (appointed 24 April 2020)

C O'Leary (resigned 29 January 2019)

#### **DIRECTORS' AND COMPANY SECRETARY'S INTERESTS**

None of the directors or the Company secretary have any beneficial interest in the share capital of the Company.

The Company has taken out insurance for the directors and officers against liabilities which may be incurred in relation to the Company.

#### **STRATEGIC REPORT**

The Company has availed of the exemption under the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 from implementing the Strategic Report requirements as the Company qualifies as a small Company for Company law purposes.

**GREENCORE UK HOLDINGS LIMITED**

**DIRECTORS' REPORT (continued)**

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she 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 information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**AUDITOR**

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, was appointed during the period and pursuant to Section 487 of the Companies Act 2006, will be deemed to be reappointed and therefore continue in office.

On behalf of the board

A handwritten signature in black ink, appearing to read 'ME', is written over a horizontal line.

Michael Evans  
Director  
25 June 2020

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

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

#### **Opinion**

In our opinion the financial statements of Greencore UK Holdings Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 27 September 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies set out in note 1; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 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.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the directors' report and financial statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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.

As part of an audit in accordance with ISAs (UK), the auditor exercises professional judgment and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the entity's (or where relevant, the consolidated) financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's (or where relevant, the group's) internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concludes on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's (or where relevant, the group's) ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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## **Independent auditor's report to the members of Greencore UK 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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

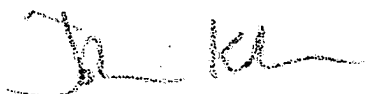
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



John Kehoe FCA (Senior statutory auditor)  
For and on behalf of Deloitte Ireland LLP  
Statutory Auditor  
Dublin, Ireland

Date 26 June 2020

**GREENCORE UK HOLDINGS LIMITED**

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

For the period ended 27 September 2019

	Note	2019 £'000	2018 £'000
Administration costs		(3)	(5)
<b>Loss on ordinary activities before exceptional, interest, and taxation</b>		<b>(3)</b>	<b>(5)</b>
Exceptional Items	3	(4,886)	(16,082)
<b>Loss on ordinary activities before interest and taxation</b>		<b>(4,889)</b>	<b>(16,087)</b>
Interest receivable and similar income	4	1,911	1,845
Interest payable and similar charges	4	(13,037)	(12,928)
<b>Loss on ordinary activities before taxation</b>		<b>(16,015)</b>	<b>(27,170)</b>
Taxation charge	5	-	-
<b>Loss for the financial period</b>		<b>(16,015)</b>	<b>(27,170)</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(16,015)</b>	<b>(27,170)</b>

The results for the period are wholly attributable to the continuing operations of the Company.

**GREENCORE UK HOLDINGS LIMITED**

**BALANCE SHEET**

As at 27 September 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed Assets</b>					
Financial assets	6		7,688		12,009
<b>Current Assets</b>					
Debtors					
- due within one year	7	207,376		234,357	
Cash at bank and in hand		-		34	
		207,376		234,391	
<b>Creditors: Amounts falling due within one year</b>	8	(543,108)		(558,429)	
<b>Net Current Liabilities</b>			(335,732)		(324,038)
<b>Total Net Liabilities</b>			(328,044)		(312,029)
<b>Share Capital and Reserves</b>					
Called up share capital	9		2,886		2,886
Share premium account			62,375		62,375
Profit and loss account			(393,305)		(377,290)
<b>Shareholders' Deficit</b>			(328,044)		(312,029)

These financial statements were approved by the board of directors on 25 June 2020 and were signed on its behalf by:



Michael Evans  
Director,  
25 June 2020

Registered number: 02614349

**GREENCORE UK HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

As at 27 September 2019

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
<b>At 29 September 2017</b>	2,886	62,375	(350,120)	(284,859)
<b>Total comprehensive income for the period</b>				
Loss for the financial period	-	-	(27,170)	(27,170)
<b>At 28 September 2018</b>	2,886	62,375	(377,290)	(312,029)
<b>Total comprehensive income for the period</b>				
Loss for the financial period	-	-	(16,015)	(16,015)
<b>At 27 September 2019</b>	2,886	62,375	(393,305)	(328,044)

**GRENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 27 September 2019**

**1. ACCOUNTING POLICIES**

Grencore UK Holdings Limited (the "Company") is a limited liability Company incorporated and domiciled in the United Kingdom. The registered number of the Company is 02614349 and its registered address is Grencore Group UK Centre, Midland Way, Barlborough Links Business Park, Barlborough, Chesterfield, S43 4XA.

The Company is exempt by virtue of s.400 of the Companies Act 2006, from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Acts 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Grencore Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Grencore Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Grencore Group plc, 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, Ireland.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes.
- disclosures in respect of the compensation of Key Management Personnel.
- disclosures in respect of capital management.
- comparative period reconciliations for share capital and tangible fixed assets.
- disclosures in respect of transactions with wholly owned subsidiaries.
- the effects of new but not yet effective IFRSs
- disclosures in respect of financial instruments and certain disclosures in respect of revenue from contracts with customers.

As the consolidated financial statements of Grencore Group plc include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments Disclosures*: and
- Certain disclosures required by IAS 36 *Impairment of Assets*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial.

The financial statements of the Company are prepared to the last Friday in September each period. Accordingly, these financial statements were prepared for the 52-week period ended 27 September 2019. Comparatives are for the 52-week period ended 28 September 2018. The balance sheets for 2019 and 2018 were prepared as at 27 September 2019 and 28 September 2018, respectively.

**Functional currency**

The financial statements are presented in sterling, which is the Company's functional currency, and are rounded to the nearest thousand except when otherwise indicated.

**GREENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 September 2019

**1. ACCOUNTING POLICIES (continued)**

**Foreign currency**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when fair value was determined. Foreign currency differences are generally recognised in profit or loss.

**Going concern**

In March 2020, the UK went into social 'lockdown' as a result of its response to the COVID-19 pandemic. The directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue operating as a going concern for the foreseeable future. In particular, the directors have taken into consideration cashflow projections from potential stress scenarios regarding the duration of the current COVID-19 lockdown and the impact as the measures on social distancing are eased.

The Company, along with other members of the Group, has provided guarantees in relation to the payment of borrowings of the Group from several banks. As at the date of signing, the directors have taken steps to ensure adequate liquidity is available to the Company for the likely duration of the crisis and the recovery period. Subsequent to period end the Group has secured formal agreement with its lending syndicate of banks and agreement in principle with its Private Placement holders to waive its Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods.

The Company's headroom was increased further following confirmation of its eligibility, to access funding under the Covid Corporate Financing Facility (CCFF).

Greencore Group plc, has confirmed to the directors that it will continue to provide financial support for the Company to meet its debts as they become due. Accordingly, given the resources available to the Company, the directors have prepared the financial statements on a going concern basis.

**Use of estimates and judgements**

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. There are no estimation uncertainties in these financial statements.

The critical accounting judgements exercised in applying the Group accounting policies are:

*Accounting for exceptional items*

The Company considers that items of income or expense which are material by virtue of their nature and amount should be disclosed separately if the Financial Statements are to fairly present the financial position and financial performance of the entity. The Company labels these items collectively as 'exceptional items'.

Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the exceptional accounting policy. These items are disclosures separately on the face of the Profit and Loss and Other Comprehensive Income Statement.

**New Standards and Interpretation**

The following new standards, interpretations and standard amendments became effective for the Group from 29 September 2018:

- IFRS 9 Financial Instruments

**GREENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 27 September 2019**

**1. ACCOUNTING POLICIES (continued)**

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments was effective for the Company from 29 September 2018 and replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard introduces new classification and measurement for financial assets, new rules for hedge accounting and a new impairment model for financial assets. The Company has transitioned to the new standard using the modified retrospective transition option and in accordance with the provisions of the new standard. Comparative figures have not been restated. The Company's evaluation of the effect of IFRS 9 is outlined below.

The Company has assessed the business models and contractual cash flows which apply to its financial assets and liabilities and classified them into the appropriate IFRS 9 categories. The classification under IFRS 9 did not impact the measurement or carrying amount of the financial assets on transition.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than just incurred credit losses. The standard provides a simplified approach as a practical expedient in assessing impairment of trade receivables, which the Company has adopted on transition. The Company assessed its historic credit loss experience on aged trade receivables adjusting for future economic conditions however this did not result in any change to the trade receivables impairment provision.

**Financial assets**

Investments in subsidiaries and associated undertakings are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

On initial recognition, a financial asset is classified as measured at amortised cost, or fair value through other comprehensive income ('FVOCI') or fair value through profit and loss ('FVPL'). The classification is based on the business model for managing the financial asset and the contractual terms of the cashflows. Reclassification of financial assets is required only when the business model for managing those assets changes. Financial assets are derecognised when the Group's contractual rights to the cashflows from the financial assets expire, are extinguished or are transferred to a third party.

**Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a nonderivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost net of allowance for expected credit losses. An allowance is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

The Company applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Company uses an allowance matrix to measure the ECL's of trade receivables based on its credit loss rates. Expected loss rates are based on historical payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the customer to settle receivables. The Company has determined the ECL default rate using market default risk probabilities with regards its key customers. Balances are written off when the probability of recovery is assessed as being remote.

**GREENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 27 September 2019**

**1. ACCOUNTING POLICIES (continued)**

**Trade and other receivables (continued)**

The Company's receivables at 27 September 2019 amounted to £207.4m (2018: £234.4m). None of these balances include an allowance for expected credit losses and all amounts are expected to be recoverable in full.

Any trade and other receivables included in non-current assets are carried at amortised cost in accordance with the effective interest rate method.

**Trade and other payables**

Trade and other payables are initially recorded at fair value and subsequently at the higher of cost or payment or settlement amounts. Where the time value of money is material, payables are initially recorded at fair value and subsequently carried at amortised cost.

**Intra-Group Guarantees**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**Borrowings**

All loans and borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the settlement or cancellation of liabilities are recognised in finance income and finance costs as appropriate.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

**Taxation**

The expense charge for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised in the Statement of Other Comprehensive Income or directly in equity, in which case the tax is also recognised in the Statement of Comprehensive Income or directly in equity.

Current tax represents the expected tax payable on the taxable income for the period, using tax rates and tax laws enacted or substantively enacted, at the financial position date along with any adjustment to tax payable in respect of previous period.

The Company provides in full for deferred tax assets and liabilities (using the liability method), arising from temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements except where they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability that at the date of initial recognition does not affect accounting or taxable profit or loss on a transaction that is not a business combination. Such differences result in an obligation to pay more tax or a right to pay less tax in future periods.

A deferred tax asset is only recognised where it is probable that future taxable profits will be available against which the temporary differences giving rise to the asset can be utilised.

Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are enacted or substantively enacted at the financial position date. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.



**GREENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 September 2019

**1. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**Interest receivable and Interest payable**

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**Exceptional items**

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the profit and loss account and other comprehensive income and results for the period. Examples of such items may include but are not limited to, significant reorganisation programmes, profits or losses on termination of operations, impact of significant plant development and related onboarding of business, significant impairments of assets, transaction and integration costs related to acquisition activity, transaction costs related to disposal activity and litigation costs and settlements. Management exercises judgement in assessing each particular item which, by virtue of its scale or nature, should be highlighted and disclosed in the profit and loss account and other comprehensive income and notes to the Financial Statements as exceptional items. Exceptional items are included within the profit and loss account and other comprehensive income caption to which they relate and are separately disclosed in the notes to the Financial Statements.

**2. STATUTORY INFORMATION**

The directors are remunerated by other Group undertakings in respect of their services to the Group. It is not possible to ascertain the amounts paid in respect of their services to the Company. Mr. E Tonge and Mr. P Hayden directors of the ultimate parent and their emoluments are disclosed in the Greencore Group Plc Annual Report.

Auditor's remuneration is borne by a fellow Group undertaking. There were no employees in the current or prior periods.

**3. EXCEPTIONAL ITEMS**

	2019 £'000	2018 £'000
Finance facilities fees written off	(565)	-
Impairment charge	(4,321)	(11,646)
Intercompany loan waiver	-	(4,436)
	<b>(4,886)</b>	<b>(16,082)</b>

During the period, the Company refinanced its debt and as a result have written off finance facility fees relating to its previous financing arrangement. The impairment charge, in the current and prior period, relates to the impairment of the Company's investment in its subsidiary, Greencore Northwood Limited. During the prior period, the Company waived an intercompany loan due from Greencore Grocery Limited on disposal of its Cakes & Desserts business ("Hull") in February 2018.

**GREENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 September 2019

**4. INTEREST**

	2019 £'000	2018 £'000
<b>Interest receivable and similar income</b>		
Interest receivable from Group undertakings	1,911	1,845
	2019 £'000	2018 £'000
<b>Interest payable and similar charges</b>		
Amortisation of issue costs of finance liability	107	320
Interest payable on loans repayable within 5 years	403	-
Interest payable to Group undertakings	12,527	12,608
	13,037	12,928

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

(a) Analysis of tax charge for the period

	2019 £'000	2018 £'000
<b>Current tax</b>		
United Kingdom corporation tax		
Total current tax	-	-
	-	-

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences arise as follows:

	2019 £'000	2018 £'000
<b>Loss on ordinary activities before tax</b>	(16,016)	(27,170)
Tax @ 19% (2018: 19%) thereon:	(3,043)	(5,162)
Non-deductible expenses	63	-
Non-deductible loan waiver	-	843
Non-deductible impairment charge	821	2,213
UK-UK transfer pricing adjustment	(29)	(30)
Group relief	2,188	2,136
Total tax charge for the period	-	-

Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the UK corporation tax rate from 20% to 19% from 01 April 2017 and to 18% from 01 April 2020. Finance Act 2016 was substantively enacted on 06 September 2016 and further reduced the rate to 17% from 01 April 2020, instead of the reduction to 18% as originally planned. However, in March 2020, the UK Government announced their intention to reverse the previously enacted cut in the rate of corporation tax from 19% to 17%. The reversal was substantively enacted on 17 March 2020.

Deferred tax has been recognised to the extent that the directors believe it is recoverable. Unrecognised deferred tax assets comprise the following net amounts:

	2019 £'000	2018 £'000
Tax losses	48	48

**GREENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 27 September 2019

**6. FINANCIAL ASSETS**

	2019 £'000	2018 £'000
<b>Investments in subsidiary undertakings</b>		
At beginning of period	12,009	23,655
Impairment charge for the period	(4,321)	(11,646)
At end of period	7,688	12,009

Name of subsidiary	Principal activity	Class of shares held	Percentage of shares and voting rights held	Country of incorporation
Greencore Northwood Limited	Finance Company	Ordinary	100%	England & Wales

The directors are satisfied with the carrying value of the investment.

**7. DEBTORS**

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	207,376	233,684
Unamortised loan fees	-	673
	207,376	234,357

Loans of £40.7 million (2018: £39.4 million) due from Group undertakings, bear interest at rates based on LIBOR and are repayable upon demand. All other amounts due from Group undertakings are unsecured, interest free and are repayable on demand.

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Bank overdrafts	62,302	106,221
Amounts owed to Group undertakings	466,173	452,198
Bank Loans	8,000	-
Other creditors	6,633	10
	543,108	558,429

Loans of £260.3 million (2018: £222.5 million) due to Group undertakings, bear interest at rates based on LIBOR and are repayable upon demand. All other amounts due to Group undertakings are unsecured, interest free and are repayable on demand.

The Company's bank loans are denominated in sterling bear floating rate interest and mature in October 2019. Interest is set at commercial rates based on a spread over sterling LIBOR for periods up to six months.

**9. SHARE CAPITAL**

	2019 £'000	2018 £'000
<b>Authorised share capital</b>		
10,000,000 Ordinary shares of £1.00 each	10,000	10,000
	10,000	10,000
<b>Allotted, called up and fully paid share capital</b>		
2,885,977 Ordinary shares of £1.00 each	2,886	2,886
	2,886	2,886

**GRENCORE UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 27 September 2019**

There has been no movement in share capital in the current period and prior periods. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**10. FINANCIAL COMMITMENTS & CONTINGENCIES**

**Commitments on behalf of group undertakings**

The Company, along with other members of the Group, has provided guarantees in relation to the payment of borrowings of the Group from several banks. Details of these borrowings are set out in the Group's annual report which does not form part of this report.

**11. SUBSEQUENT EVENTS**

Since the year end, in March 2020 the COVID-19 pandemic had an unprecedented impact on the UK economy and in response the UK Government implemented a social restriction lockdown. The Company has taken prudent measures to protect profitability and cashflows.

As set out in Note 1, subsequent to the period end, the Group secured formal agreement with its lending syndicate of banks and agreement in principle with its Private Placement holders to waive Net Debt: EBITDA covenant condition for September 2020 and March 2021. The Company is party to this agreement as a guarantor for the debt as set out in note 10.

**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate holding Company is Grencore Beechwood Limited, a Company incorporated in the UK, with a registered office at Grencore Group UK Centre, Midland Way, Barlborough Links Business Park, Barlborough, Chesterfield S43 4XA.

The ultimate controlling party is Grencore Group plc ("the Group"). The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the Company is a member, is Grencore Group plc. Copies of the Group financial statements may be obtained from Grencore Group plc at 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9.

**13. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors and authorised them for issue on 25 June 2020.