

Company Registration Number:

02614349

GREENCORE UK HOLDINGS LIMITED

Directors' Report and Financial Statements
Period ended 24 September 2021



GREENCORE UK HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Period ended 24 September 2021

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GRENCORE UK HOLDINGS LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

K Moore

C Evans

G Dullage (appointed 28 January 2021)

S McLaughlin (Irish) (appointed 28 January 2021)

M Evans (resigned 28 January 2021)

C Robinson (resigned 28 January 2021)

SECRETARY

M Evans

REGISTERED OFFICE

Grencore Manton Wood

Retford Road

Manton Wood Enterprise Park

Worksop

S80 2RS

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 24 September 2021.

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

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. The Company's results for the period are a loss after tax of £11.4m and the Company is in an overall net liability position of £358.5m, and in a net current liability position of £257.0m. The Company's funding facilities are managed centrally by the Group and the directors have taken steps to ensure adequate liquidity is available to the Company from future cashflows generated by the Company and Group. The directors are satisfied that financing could be obtained from other Grencore Group companies if required. As the Company participates in Group funding arrangements with the Group's external bankers and as part of these arrangements, the Company, along with other members of the Grencore Group, has provided guarantees in relation to the payment of borrowings of the Group from several banks, the performance of Grencore Group is also important in determining the appropriateness of the going concern of the Company. From a group perspective, the Group performed a number of cashflow projections. The Group scenarios model cost and cashflow mitigating actions, including a reduction in non-business critical capital projects and have assumed no significant structural changes to the business will be need. The Group scenarios assume the following:

- A base case projection which is based on the Group's FY22 budget and strategic plan;
- A downside scenario is applied to the base case, which assumes the occurrence of winter restrictions arising as a result of the COVID-19 pandemic in H1 FY22 and the financial impact of several material supply side disruptions; and
- A severe downside scenario, assuming a longer period of restrictions and more severe supply side disruptions. In this scenario, mitigating actions are considered including, but not limited to, a further reduction in capital expenditure and a further reduction of the indirect costs base.

The directors of the Group concluded that Grencore Group has sufficient resources available to continue as a going concern. Based on the result of the Company for the period, the scenarios modelled at a Group level and the resources available, the directors of the Company consider it appropriate to adopt the going concern basis in preparing the Financial Statements.

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 £11.4 million (2020: loss £19.1 million). Dividends of £nil were paid during the period (2020: £nil).

GREENCORE UK HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Company has drawn down a new external £45 million term loan.

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.

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 Greencore Group plc Board approved policies and guidelines.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations during the period amounted to £nil (2020: £nil). No political donations or contributions were made by the Company (2020: £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:

K Moore

C Evans

G Dullage (appointed 28 January 2021)

S McLaughlin (appointed 28 January 2021)

M Evans (resigned 28 January 2021)

C Robinson (resigned 28 January 2021)

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.

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.

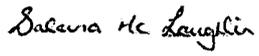
GREENCORE UK HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte Ireland LLP will therefore continue in office.

On behalf of the board



S McLaughlin
Director
25 January 2022

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 Limited ("the company"):

- give a true and fair view of the state of the company's affairs as at 24 September 2021 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 and Other Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 15, including a summary of significant accounting policies as set out in note 1.

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

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENCORE UK HOLDINGS LIMITED

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. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. 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.

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 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 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.

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. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRENCORE UK HOLDINGS LIMITED

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

We obtained an understanding of the legal and regulatory framework that the company 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 Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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;
- enquiring of management 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.

Report on other legal and regulatory requirements

Opinion 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 period for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report have 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENCORE UK HOLDINGS LIMITED

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.



Glenn Gillard
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

26 January 2022

GREENCORE UK HOLDINGS LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 24 September 2021

	Note	2021 £'000	2020 £'000
Administration costs		(4)	(4)
Loss on ordinary activities before exceptional, interest, and taxation	2	<u>(4)</u>	<u>(4)</u>
Exceptional Items	3	(3,243)	(8,254)
Loss on ordinary activities before interest and taxation		<u>(3,247)</u>	<u>(8,258)</u>
Interest receivable and similar income	4	1,058	1,853
Interest payable and similar charges	4	(9,220)	(12,666)
Loss on ordinary activities before taxation		<u>(11,409)</u>	<u>(19,071)</u>
Taxation	5	-	-
Loss for the financial period		<u>(11,409)</u>	<u>(19,071)</u>
TOTAL COMPREHENSIVE INCOME		<u>(11,409)</u>	<u>(19,071)</u>

GREENCORE UK HOLDINGS LIMITED

BALANCE SHEET

As at 24 September 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed Assets					
Financial assets	6		-		3,242
			-		3,242
Current Assets					
Debtors - due within one year	7	161,831		237,428	
Cash at bank and in hand		597		-	
		162,428		237,428	
Creditors: Amounts falling due within one year	8	(419,401)		(353,977)	
Net Current Liabilities			(256,973)		(116,549)
Creditors: Amounts falling due after one year	9		(101,417)		(233,808)
Derivative financial instruments			(134)		
Total Net Liabilities			(358,524)		(347,115)
Share Capital and Reserves					
Called up share capital	10		2,886		2,886
Share premium account			62,375		62,375
Profit and loss account			(423,785)		(412,376)
Shareholders' Deficit			(358,524)		(347,115)

These financial statements were approved by the board of directors on 25 January 2022 and were signed on its behalf by:

Savana Mc Laughlin

S McLaughlin
Director,
25 January 2022

Registered number: 02614349

GREENCORE UK HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
For period ended 24 September 2021

	Share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
At 27 September 2019	2,886	62,375	(393,305)	(328,044)
Total comprehensive income for the period				
Loss for the financial period	-	-	(19,071)	(19,071)
At 25 September 2020	2,886	62,375	(412,376)	(347,115)
Total comprehensive income for the period				
Loss for the financial period	-	-	(11,409)	(11,409)
At 24 September 2021	2,886	62,375	(423,785)	(358,524)

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

1. ACCOUNTING POLICIES

Greencore 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 Greencore Manton Wood, Retford Road, Manton Wood Enterprise Centre, Worksop, S80 2RS.

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, Greencore Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Greencore Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Greencore 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; and
- Certain disclosures in respect of leases.

As the consolidated financial statements of Greencore 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 24 September 2021. Comparatives are for the 52-week period ended 25 September 2020. The balance sheets for 2021 and 2020 were prepared as at 24 September 2021 and 25 September 2020, respectively.

Basis of measurement

The financial statements have been prepared on the basis of historical costs, except where assets and liabilities are stated at fair value in accordance with relevant accounting policies.

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.

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.

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

1. ACCOUNTING POLICIES (continued)

Going concern

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. While the Company incurred a loss for the period of £11.3m and is in a net current liability and overall liability position at period end, the directors are satisfied that facilities from other companies within the Greencore group can be made available to the Company if required. In addition, Greencore Foods Limited 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

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The critical account judgements exercised in applying the accounting policies are going concern (as described above) and accounting for exceptional items.

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

There were no material new standards, interpretations or standard amendments that became effective for the Company from 26 September 2020.

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.

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 of trade receivables based on its credit loss rates. For intercompany receivables that are repayable on demand, the ECL is based on the assumption that the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial. If the borrower could not repay the loan if demanded at the reporting date, then the Company considers the expected manner of recovery to measure ECL. This might be a 'repay over time' strategy or a fire sale of less liquid assets. If the recovery strategies indicate the Company would fully recover the outstanding balance receivable, the ECL will be limited to the effect of discounting the amount due on the loan over the period until the cash is realised.

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

1. ACCOUNTING POLICIES (continued)

Trade and other receivables (continued)

Balances are written off when the probability of recovery is assessed as being remote. The Company's receivables at 24 September 2021 amounted to £161.8m (2020: £237.4m). 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 transaction price 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.

When the Group modifies the terms of its debt facilities, it determines if the modification is a substantial or non-substantial modification. A substantial change is attributable to a change in contractual cashflows of more than 10%, resulting in a derecognition of the existing facilities and recognition of a new facility. A non-substantial modification to facilities results in the recognition of modification gain or loss in the income statement. A modification gain or loss is determined by recalculating the gross carrying value of the borrowings by discounting the new contractual cash flows using the original effective interest rate. The transaction cost associated with modifying the terms of the borrowings are spread forward by the adjusted effective interest rate.

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.

Derivative financial instruments

The activities of the Company expose it to the financial risks of changes in interest rates. The Company uses derivative financial instruments in the form of interest rate swap agreements, to hedge these exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments which are held for trading and are not designated as effective hedging instruments are classified as a current asset or liability (as appropriate) regardless of maturity if the Company expects that they may be settled within 12 months of the Balance Sheet date. All other derivative instruments that are not designated as effective hedging instruments are classified by reference to their maturity date. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The fair value of derivative instruments is determined by using valuation techniques. The Company uses its judgement to select the most appropriate valuation methods and makes assumptions that are mainly based on observable market conditions existing at the Balance Sheet date.

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

1. ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

For those derivatives designated as hedges and for which hedge accounting is sought, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Any gains or losses arising from changes in the fair value of all other derivatives which are classified as held for trading are taken to the profit or loss and charged to finance income or expense. These may arise from derivatives for which hedge accounting is not applied because they are not designated as hedging instruments. The Company does not use derivatives for trading or speculative purposes.

As permitted by *IFRS 9 Financial Instruments*, the Company continues to account under the hedge accounting requirements of IAS 39.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are taken as a deduction within share premium within equity, net of tax, from the proceeds.

Taxation

The expense charge for the period comprises current and deferred tax. Tax is recognised in the profit or loss 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, respectively.

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 balance sheet 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.

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.

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

1. ACCOUNTING POLICIES (continued)

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.

Auditor's remuneration of £5k is borne by a fellow Group undertaking (2020: £5k).

There were no employees in the current or prior periods.

3. EXCEPTIONAL ITEMS

	2021	2020
	£'000	£'000
Impairment charge	(3,243)	(4,446)
Debt Modification	-	(3,808)
	(3,243)	(8,254)

During the period, the company impaired its investment in Greencore Northwood Limited by £3.2m (2020: £4.4m).

During the prior period, the company recognized a debt modification charge of £3.8m reflecting the incremental interest costs that will be incurred by the Company in future periods as a result of the covenant amendments. In line with the debt modification requirements of IFRS 9, the Company is required to reflect the remeasurement of the carrying value of debt due to the change in the contractual cashflows, resulting in a charge in the period, with a corresponding increase in borrowings. The impairment charge in the prior period, relates to the impairment of the Company's investment in its subsidiary, Greencore Northwood Limited.

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

4. INTEREST

	2021	2020
	£'000	£'000
Interest receivable and similar income		
Interest receivable from Group undertakings	1,058	1,853
	2021	2020
	£'000	£'000
Interest payable and similar charges		
Interest payable on loans repayable within 5 years	5,902	1,551
Interest payable to Group undertakings	3,184	11,115
Fair value movement on interest rate swaps	134	-
	9,220	12,666

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the period

	2021	2020
	£'000	£'000
Current tax		
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% (2020: 19%). The differences arise as follows:

	2021	2020
	£'000	£'000
Loss on ordinary activities before tax	(11,275)	(19,071)
Tax @ 19% (2020: 19%) thereon:	(2,142)	(3,623)
Non-deductible impairment charge	616	844
Utilisation of losses for which no deferred tax recognised	(381)	-
UK-UK transfer pricing adjustment	(25)	(25)
Group relief	1,932	2,804
Total tax charge for the period	-	-

GREENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

5. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 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. In March 2021, the UK government announced their intention to increase the UK corporation tax rate from 19% to 25% from 1 April 2023. This rate increase was substantively enacted on 24 May 2021.

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

	2021 £'000	2020 £'000
Tax losses	1,248	54

6. FINANCIAL ASSETS

	2021 £'000	2020 £'000
Investments in subsidiary undertakings		
At beginning of period	3,242	7,688
Impairment charge for the period	(3,242)	(4,446)
At end of period	-	3,242

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 that the carrying value of the investment is nil.

7. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Other Debtors	2,314	4,542
Amounts owed by Group undertakings	159,517	232,886
	161,831	237,428

Loans of £3.4 million (2020: £36.9 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

	2021 £'000	2020 £'000
Bank overdrafts	-	18,159
Amounts owed to Group undertakings	417,937	334,531
Other creditors	1,464	1,287
	419,401	353,977

Loans of £135.9 million (2020: £19.1 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.

GRENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

9. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 £'000	2020 £'000
Bank Loans	101,417	233,808
	<u>101,417</u>	<u>233,808</u>

As part of a Group restructuring programme executed during the prior financial year, the Company now holds all of the Revolving Credit Facility debt owed for the Group. The revolving credit facility matures in January 2026.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments recognised as assets and liabilities in the Company Balance Sheet are analysed as follows:

	2021		
	Assets £'000	Liabilities £'000	Net £'000
Non-current			
Interest Rate Swaps	-	(134)	(134)
	-	(134)	(134)
	2020		
	Assets £'000	Liabilities £'000	Net £'000
Non-current			
Interest Rate Swaps	-	-	-
	-	-	-

Derivative instruments which are held for trading and are not designated as effective hedging instruments are classified as a current asset or liability (as appropriate) regardless of maturity if the Company expects that they may be settled within 12 months of the Balance Sheet date. Derivative instruments that are designated as effective hedging instruments are classified as a current or non-current asset or liability by reference to the maturity of the hedged item. All other derivative instruments are classified by reference to their maturity date.

As part of the Group's financial risk management, the Company has interest rate with parties outside the Group to convert floating rate debt of the Group into fixed rate debt liabilities. The fair value of these contracts at 24 September 2021 was a liability of £0.1 million (2020: £nil).

11. SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised share capital		
10,000,000 Ordinary shares of £1.00 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid share capital		
2,885,977 Ordinary shares of £1.00 each	2,886	2,886
	<u>2,886</u>	<u>2,886</u>

12. FINANCIAL COMMITMENTS

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.

GRENCORE UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 24 September 2021

13. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the Company has drawdown a new external £45 million term loan.

14. 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 Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS.

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, Ireland.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised them for issue on 25 January 2022.