

**Gands (U.K.)**  
(an unlimited company with share capital)

**Report and Financial Statements**  
**for the 52 weeks ended 28 December 2019**

**Registered Number: 02786695**



## **Gands (U.K.)**

### **Report and Financial Statements for the 52 weeks ended 28 December 2019**

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## **Gands (U.K.)**

### **Directors and advisors**

#### **Directors**

S Lavin  
D McDonald  
S A DeMeulenaere

#### **Joint Secretaries**

M H Back  
S A DeMeulenaere

#### **Registered office**

c/o OSI Food Solutions UK Limited  
Luneburg Way  
Scunthorpe  
North Lincolnshire  
United Kingdom  
DN15 8LP

#### **Independent auditors**

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

#### **Bankers**

Bank of America, N.A.  
2 King Edward Street  
London  
EC1A 1HQ

## Gands (U.K.)

### Strategic report for the 52 weeks ended 28 December 2019

#### Review of business

The Company's principal activity is the holding of investments. The principal activity of the Group is the manufacture and sale of food products.

The result for the period was affected by an increase in value of listed investments of £13,199,000 (2018: decrease £9,461,000), which was recognised through the Statement of Comprehensive Income as a Fair Value Gain.

#### Key performance indicators

The Group's key performance indicators are as follows:

	2019 £'000	2018 £'000
Turnover	303,625	298,319
Operating profit - excluding amortisation of goodwill	5,516	6,932
% of sales	1.8%	2.3%
Pre-tax profit - excluding amortisation and gain/(losses) on investments	3,957	5,688
% of sales	1.3%	1.9%

Group turnover for the continuing operations in the period ended 28 December 2019 increased by 1.8% to £303.6m, compared with £298.3m in the previous period. The Group faced challenging trading conditions but has remained focused, continuing to build on its core strengths as a provider of high quality food products.

Operating profit margin decreased by 0.5% to 1.8%, mainly as a result of additional overheads :- relating to the planned reorganisation, the extra volumes being handled and increased infrastructure costs within the Creative group.

The Group made a profit after taxation for the financial period of £8,669,000 (2018: loss £11,796,000). The directors do not recommend the payment of a dividend (2018: £nil).

The key financial indicators, used by management to monitor performance in the various businesses and to assess risks, are sales volumes, the margins achieved on those sales (by product) and the level of operating profit generated from operations.

#### Post balance sheet events

In March 2020, the World Health Organization formally recognised Covid-19, the novel strain of coronavirus, as a pandemic. As a result of various actions taken by federal and local governments worldwide to curb the pandemic, including the temporary closure of certain businesses, various travel restrictions, and the mandatory containment of large segments of the global population within their geographic regions, global economic output has shown signs of short-term contraction and there remains significant uncertainty as to the extent and duration of the global economic impact.

However, the directors continue to manage the business prudently to ensure the challenges of Covid-19 are met.

The closure of in-house dining at UK restaurants led to a reduction in the Group's net sales. Some production facilities were temporarily closed and staff furloughed to match the reduced demand. The Group has access to funds under the OSI Group loan facility, providing liquidity to manage operations on an ongoing basis. Given the continued uncertainty regarding the ultimate impact of this pandemic, however, any future related financial impact cannot be reasonably estimated at this time. The result for 2020 is expected to be lower than 2019.

The Group acquired a production site at Burton upon Trent in 2019 which was held as an asset under construction at year end. Investment in new production equipment at this site has allowed consolidation of existing production facilities within the Creative Foods Group. With this consolidation, the operations at Proper Pies Ltd ceased on March 31st 2020, Oliver James Ltd. on July 31st 2020 and Oasis Foods Ltd. will cease by the end of 2020.

## Gands (U.K.)

### Strategic report for the 52 weeks ended 28 December 2019 (continued)

#### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Risks are formally reviewed by the Boards of the principal operating subsidiaries and appropriate processes put in place to monitor and mitigate them.

The Group's financial position is affected by the carrying value of the listed investment held by the Group. The carrying value is impacted by both the volatility of the equity markets in addition to foreign currency exchange rates. The Group's exposure to the volatility of the equity markets is highlighted by the movement in the share price of the listed investment held by the Group, being R\$9.76 (Brazilian Real) at 28 December 2019 against R\$5.46 at 29 December 2018. The share price as at 28 August 2020 was R\$17.62. The carrying value of the listed investment as at 28 August 2020 was £43,988,000 (28 December 2019: £33,118,000).

The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate cash flow risk, foreign exchange currency rate risk and market price risk. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

#### Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits.

#### Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is reassessed annually.

#### Liquidity risk

The Group retains sufficient cash to ensure it has sufficient available funds for operations and has access to funding from its ultimate parent undertaking if required.

#### Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and intercompany loans receivable which attract interest at floating rates. Interest bearing liabilities include floating rate bank and intercompany loans. The Group does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

#### Foreign exchange currency rate risk

The Group has a policy to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows and putting in place where appropriate forward currency exchange rate contracts.

#### Market price risk

The Group is exposed to risk in respect of equity investments in listed entities. The value of the investments held is affected by the performance of the international equity markets and the carrying value may be adversely affected by material declines in these markets. Furthermore, the ability to liquidate market positions will be affected by restrictions on disposing of shares held, in addition to weak equity markets.

The directors will revisit the appropriateness of the above policies should the Group's operations change in size or nature.

By order of the Board



M H Back  
Secretary

21 September 2020

## **Gands (U.K.)**

### **Directors' report for the 52 weeks ended 28 December 2019**

The directors present their annual report and the audited consolidated financial statements of the Group for the 52 week period ended 28 December 2019. The prior period is the 52 week period ended 29 December 2018.

#### **Directors**

The following directors held office during the period and up to the date of signing the financial statements:

S Lavin

D McDonald

S A DeMeulenacre

#### **Employee involvement**

The Group maintains its commitment to involving its employees in the Group's activities. This is achieved by monthly staff briefings covering the Company's financial and commercial performance. To encourage employee involvement a focused training programme is in place underpinned by the Group's participation in the 'Investors in People' scheme.

#### **Employment of disabled persons**

The Group is committed to the concept of equal employment opportunities for all and fair consideration is given to disabled persons, whether registered or not, for all job vacancies for which they are suitable applicants. Where possible, employees who become disabled in the Group's employment will be offered alternative employment and appropriate retraining.

#### **Matters of strategic importance**

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

#### **Statement of disclosure of information to auditors**

So far as each of the directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board



M H Back

Secretary

21 September 2020

## **Gands (U.K.)**

### **Independent auditors' report to the members of Gands (U.K.)**

#### **Opinion**

We have audited the financial statements of Gands U.K. (the 'parent company') and its subsidiaries (the 'group') for the 52 weeks ended 28 December 2019 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

#### **Emphasis of Matter - valuation of intangibles and investments in subsidiaries**

We draw attention to the accounting policies in the financial statements which indicate the uncertainties relating to the group's impairment review of its intangible fixed assets stated at £52.7m in the consolidated statement of financial position and certain investments in subsidiaries stated at £61.6m in the company Statement of financial position. Whilst the directors have completed an impairment review based on board approved cashflow projections which take account of information that existed at the year end date, there can be no certainty that the forecasts will be achieved, and, as described in the accounting policies, the impairment review is sensitive to small changes in the assumptions used in the forecasts. The ultimate outcome of the matter cannot presently be determined, and no provision for any impairment of the value of the intangible assets or the investments in subsidiaries that may result has been made in the financial statement. Our opinion is not modified in respect of this matter.

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

We have *nothing to report* in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's or the parent 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.

## **Gands (U.K.)**

### **Independent auditors' report to the members of Gands (U.K.) (continued)**

#### **Other information**

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

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

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

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.



## **Gands (U.K.)**

### **Independent auditors' report to the members of Gands (U.K.) (continued)**

#### **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.

*RSM UK Audit LLP*

Kerry Norman (Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street, London, EC4A 4AB  
22 September 2020

## Gands (U.K.)

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 28 December 2019

	Note	52 WEEKS TO 28 December 2019 £'000	52 WEEKS TO 29 December 2018 £'000
<b>TURNOVER</b>	1	303,625	298,319
Cost of sales		(266,221)	(263,130)
<b>GROSS PROFIT</b>		37,404	35,189
Distribution costs		(7,928)	(7,405)
Administrative expenses		(31,517)	(28,409)
<b>OPERATING LOSS</b>		(2,041)	(625)
Fair value gains/(losses) on investments		13,199	(9,461)
Interest receivable and similar income	2	172	32
Interest payable and similar charges	3	(1,731)	(1,276)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	9,599	(11,330)
Tax on profit/(loss) on ordinary activities	6	(930)	(466)
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		8,669	(11,796)

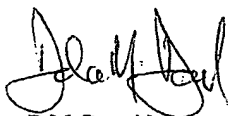
The results above relate to continuing operations.

Comprehensive income for the financial period is all attributable to the owners of the parent company.

**Gands (U.K.)****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 28 December 2019**

	Note	28 DECEMBER 2019 £'000	29 DECEMBER 2018 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	30,181	17,200
Intangible assets	9	52,720	60,277
Investments	10	33,118	19,919
		<b>116,019</b>	<b>97,396</b>
<b>CURRENT ASSETS</b>			
Stocks	11	19,224	18,557
Debtors due after more than one year	12	4,550	2,250
Debtors due within one year	12	24,632	25,586
Cash at bank and in hand		10,312	4,758
		<b>58,718</b>	<b>51,151</b>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	13	(36,283)	(33,518)
<b>NET CURRENT ASSETS</b>		<b>22,435</b>	<b>17,633</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>138,454</b>	<b>115,029</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	<b>(64,915)</b>	<b>(50,372)</b>
<b>PROVISIONS</b>	16	<b>(5,090)</b>	<b>(4,877)</b>
<b>NET ASSETS</b>		<b>68,449</b>	<b>59,780</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	41,817	41,817
Share premium account		7,094	7,094
Profit and loss account		19,538	10,869
<b>TOTAL EQUITY</b>		<b>68,449</b>	<b>59,780</b>

The financial statements on pages 8 to 35 were approved by the board of directors and authorised for issue on **21** September 2020 and were signed on its behalf by:



**D McDonald**  
Director

Registered Number: 02786695

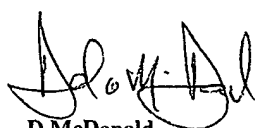
## Gands (U.K.)

### COMPANY STATEMENT OF FINANCIAL POSITION AT 28 December 2019

	Note	28 DECEMBER 2019 £'000	29 DECEMBER 2018 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	-	7
Investments	10	105,171	105,171
		<b>105,171</b>	<b>105,178</b>
<b>CURRENT ASSETS</b>			
Debtors due after more than one year	12	49,868	31,911
Debtors due within one year	12	349	383
Cash at bank and in hand		2,886	1,118
		<b>53,103</b>	<b>33,412</b>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	13	(4,890)	(2,001)
<b>NET CURRENT ASSETS</b>		<b>48,213</b>	<b>31,411</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>153,384</b>	<b>136,589</b>
Creditors: amounts falling due after more than one year	14	(94,252)	(78,678)
<b>NET ASSETS</b>		<b>59,132</b>	<b>57,911</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	41,817	41,817
Share premium account		7,094	7,094
Profit and loss account		10,221	9,000
<b>TOTAL EQUITY</b>		<b>59,132</b>	<b>57,911</b>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares group accounts. The Company's profit and total comprehensive income for the period was £1,221,000 (2018: £611,000 profit).

The financial statements on pages 8 to 34 were approved by the board of directors and authorised for issue on **2/** September 2020 and were signed on its behalf by:



**D McDonald**  
Director

Registered Number: 02786695

**Gands (U.K.)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE  
52 WEEKS ENDED 28 December 2019**

	SHARE CAPITAL	SHARE PREMIUM	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
<b>Balance at 30 December 2017</b>	41,817	7,094	22,665	71,576
Loss and total comprehensive income for the period	-	-	(11,796)	(11,796)
<b>Balance at 29 December 2018</b>	41,817	7,094	10,869	59,780
Profit and total comprehensive income for the period	-	-	8,669	8,669
<b>Balance at 28 December 2019</b>	41,817	7,094	19,538	68,449

## Gands (U.K.)

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 28 December 2019

	SHARE CAPITAL	SHARE PREMIUM	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
<b>Balance at 2 January 2018</b>	41,817	7,094	8,389	57,300
Profit for the period	-	-	611	611
<b>Balance at 29 December 2018</b>	41,817	7,094	9,000	57,911
Profit for the period	-	-	1,221	1,221
<b>Balance at 28 December 2019</b>	41,817	7,094	10,221	59,132

## Gands (U.K.)

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 52 WEEKS ENDED 28 December 2019

	Note	52 WEEKS TO 28 December 2019 £'000	52 WEEKS TO 29 DECEMBER 2018 £'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	18	8,824	8,454
Interest paid	3	(1,731)	(1,276)
Foreign exchange losses		(137)	-
Income taxes paid		(869)	(1,358)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>6,087</b>	<b>5,820</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets	8	(15,864)	(3,472)
Proceeds of disposal of tangible fixed assets		9	77
Related party loans		(2,300)	(2,250)
Interest received	2	172	32
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(17,983)</b>	<b>(5,613)</b>
<b>FINANCING ACTIVITIES</b>			
New bank loan		17,450	1,550
Repayments of obligations under finance leases		-	(708)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>		<b>17,450</b>	<b>842</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,554</b>	<b>1,049</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>4,758</b>	<b>3,709</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>10,312</b>	<b>4,758</b>
Relating to:-			
Bank balances included in cash at bank/in hand		10,312	4,758

## **Gands (U.K.)**

### **Accounting policies for the 52 weeks ended 28 December 2019**

#### **General information**

Gands (U.K.) ("the Group") is a privately owned unlimited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP.

The nature of the Group's operations is given in the Strategic Report on page 2.

#### **Principal accounting policies**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

In accordance with FRS 102, the Company has taken advantage of the exemption from the following disclosure requirement:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures

The financial statements of the Company are consolidated within these consolidated Gands (U.K.) financial statements.

#### **Going concern**

The directors don't consider it necessary to prepare cashflow forecasts to be able to confirm that the Gands (U.K.) group is a going concern. This conclusion concern is based on the assumption that whatever cash is required by the Gands (U.K.) group in the going concern period will be provided by the OSI group, and that this is regardless of how much cash is needed.

OSI Group, LLC, the ultimate controlling party of Gands (UK) group, have confirmed that they will continue to provide sufficient financial support to the Gands (U.K) group to enable it to continue to trade as a going concern and pay its debts as they fall due for a period of at least 12 months from the date of signing of its financial statements for the year ended 28 December 2019.

As explained in the Strategic Report, the outbreak of coronavirus will have negative consequences on the results and performance in 2020, however mitigating actions have been put in place and with ongoing support of the OSI Group, LLC, the Gands (U.K.) Group is well placed to manage the business risks successfully. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors have satisfied themselves that the OSI group has adequate cash and credit facilities available to it to provide this support.

#### **Basis of consolidation**

The consolidated financial statements incorporate those of Gands (U.K) and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Some subsidiaries have prepared their financial statements for the year ended 31<sup>st</sup> December 2019 but there is no impact on the Group's results.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.



## **Gands (U.K.)**

### **Accounting policies for the 52 weeks ended 28 December 2019 (continued)**

#### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

#### ***Sale of food products***

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of food products are recognised when goods are delivered and legal title has passed and the Group has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location

#### **Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### **Foreign currency**

Transactions denominated in currencies other than the functional currency (foreign currency) are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rate of exchange prevailing at the reporting date. All exchange differences arising are taken to profit or loss.

#### **Impairment of non-financial assets**

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the continued use of the asset. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued, when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

#### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **Gands (U.K.)**

### **Accounting policies for the 52 weeks ended 28 December 2020 (continued)**

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

##### ***Financial assets***

###### ***Trade and other debtors***

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### ***Financial liabilities and equity***

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

##### ***Equity instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### ***Trade and other creditors***

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

##### ***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

##### ***Derivatives***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

##### ***Leased assets***

###### ***The Group as Lessee – Finance Leases***

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

###### ***The Group as Lessee – Operating Leases***

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

## Gands (U.K.)

### Accounting policies for the 52 weeks ended 28 December 2020 (continued)

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost or deemed cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write down the cost or valuation of tangible fixed assets to their estimated residual values on a straight-line basis over the period of their expected useful economic lives, as follows:

Freehold land	Nil
Freehold buildings	Over 33 years
Additions to freehold buildings	Over the remaining depreciation period of the main building
Plant and machinery	Between 3 to 10 years
Assets held under finance leases	Over 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Major spare parts that are expected to be used in more than one period, or that can only be used for one asset, are capitalised as tangible fixed assets. All other spare parts are classified as stocks.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### **Capitalisation of finance costs**

Finance costs incurred in the construction of freehold buildings are capitalised and are being written off over the expected useful economic life of the building. All other finance costs, not incurred in the construction of fixed assets, are written off to profit or loss in the period in which they are incurred.

#### **Intangible assets**

##### *Goodwill*

Consolidation goodwill, being the amount paid in connection with the acquisition of Creative Foods Europe Ltd (formerly Flagship Europe Limited) in December 2018 is being amortised evenly over 10 years.

##### *Other Intangible assets*

Intangible assets were measured at fair value at the date of acquisition.

Amortisation is charged to write off the cost of the intangible assets less their revalued value over their estimated useful lives on a straight line basis. The annual rates applicable are:

- Trade names - 10% on cost
- Customers relationships - 10% on cost

## **Gands (U.K.)**

### **Accounting policies for the 52 weeks ended 28 December 2020 (continued)**

#### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

#### **Investments**

Fixed asset investments comprise listed equity shares and shares in subsidiary undertakings. Shares in subsidiary undertakings are shown at cost less provision for impairment. Listed equity shares are those shares which are traded on a recognised stock exchange and are quoted in an active market where quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Listed equity shares are included in the balance sheet at market value. This policy is in accordance with the alternative accounting rules. A diminution in value is recognised in profit or loss to the extent that it is not covered by previous revaluation surpluses. To the extent they reverse previously recognised revaluation losses, revaluation gains are recognised in profit or loss. All other changes in value arising on the revaluation of listed fixed asset investments are recognised in the revaluation reserve and in profit or loss when less than cost.

#### **Investments (continued)**

Realised gains/losses on disposal of investments are taken to profit or loss, being the difference between the disposal proceeds and the carrying value of the investments. Any revaluation/impairment previously recognised in the revaluation reserve is transferred to profit or loss reserve on the date of disposal.

#### **Capital grants**

Capital grants relating to tangible fixed assets are treated as deferred income and released to profit or loss over the anticipated useful lives of the relevant assets.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition:

Raw meat and packaging	Purchase cost on a first-in, first-out basis.
Inventory for resale	Average costing method
Engineering spare parts	Purchase cost on an average basis.
Finished products	Cost of direct materials and labour, plus attributable overheads, based on a weekly level of activity.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

#### **Pension costs**

Contributions to defined contribution pension schemes are charged to profit or loss as they become payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## **Gands (U.K.)**

### **Accounting policies for the 52 weeks ended 28 December 2020 (continued)**

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from profit on ordinary activities because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

#### **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Depreciation method, rates and useful life of fixed assets*

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement by the directors to ensure that assets match the future economic benefits embodied in them.

## Gands (U.K.)

### Accounting policies for the 52 weeks ended 28 December 2020 (continued)

#### Critical accounting estimates and areas of judgement (continued)

##### *Impairment review of Acquisition intangibles on consolidation and company level investments*

Management have completed an impairment review in relation to the goodwill and intangibles carried in the Gands (U.K.) consolidated Statement of financial position and certain investments in subsidiaries held in the Gands (U.K.) company Statement of financial position which had a net book value of £52,720,000 and £61,599,000 respectively as at the year end. These intangible assets and investments relate to the acquisition of the Creative Food Europe Limited group.

Impairment reviews are an area involving management judgement, requiring assessment as to whether the carrying value of the assets can be supported by the net present value ("NPV") of future cashflows derived from such assets using cashflow projections which have been discounted at a rate of 10%. In calculating the net present value of the future cash flows, certain assumptions are required to be made.

The value-in-use calculation are based on board approved budgets for a nine year period, and include a terminal value based on the projections for the final year of the nine year plan with a long term growth rate assumption applied. The critical estimates for calculating the value in use are:

- Revenue growth rates have been calculated based on those applied to the Board approved budget. They incorporate future expectations of growth with both existing and new customers. A +/-1% change in the revenue growth rate assumption would have a £12m impact on the NPV calculation
- Margins are based on historic performance and expected future savings based on expected efficiencies expected to be made. A +/-1% change in the total costs assumption would have a £21m impact on the NPV calculation.

The forecasts used in the calculations are based on management's best estimates, but there can be no certainty as to the achievement of the forecasts. Note also that given the group's year end, Covid 19 is a post balance sheet event and has therefore not been taken account of in the forecasts prepared.

There can be no certainty over the ability of the Creative Food Europe Limited group to achieve the forecasts upon which the impairment review has been based, and this indicates that a material uncertainty exists that may cast doubt over the carrying value of the intangible assets held in the group statement of financial position and the investments held in the company statement of financial position.

##### *Acquisition intangibles*

The Group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Management judgement is also required in assessing the useful economic lives of these assets for the purposes of amortisation.

##### *Critical areas of judgement*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee.

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019

#### 1 Turnover

There is only one class of business which is the manufacture and sale of food products.

An analysis of turnover by destination is given below:

	2019 £'000	2018 £'000
United Kingdom	297,979	291,777
Rest of EU	5,627	5,049
Rest of the world	19	1,493
	303,625	298,319

#### 2 Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest receivable	70	3
Interest receivable from group companies	102	29
	172	32

#### 3 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest payable on bank loans and overdrafts wholly repayable within five years	1,554	1,095
Interest payable on finance leases	-	19
Interest payable to group companies	175	162
Foreign exchange losses	2	-
	1,731	1,276

## Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

### 4 Profit/(loss) on ordinary activities before taxation

	2019 £'000	2018 £'000
<b>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) :</b>		
Depreciation and other amounts written off tangible fixed assets:		
- Owned fixed assets	2,874	2,252
- Leased assets	-	431
Amortisation of goodwill/intangibles	7,557	7,557
Stock - amounts expensed to cost of sales	248,635	247,155
Government grants released	(37)	(37)
Profit on disposal of tangible fixed assets	-	(5)
Foreign exchange losses	137	67
Operating lease rentals	1,278	1,483
Auditors' remuneration:		
- Audit services - audit	34	28
- Audit services - the audit of subsidiary undertakings	90	90
- Non-audit services - accountancy	28	28

### 5 Directors' emoluments and employee information

#### Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2018: £nil).

#### Employee information

The average monthly number of persons (including executive directors) employed by the Group during the period was:

By activity:	2019 Number	2018 Number
Administration	118	130
Manufacturing/production	451	421
	569	551
<b>Staff costs (for the above persons):</b>		
	2019 £'000	2018 £'000
Wages and salaries	19,715	18,036
Social security costs	1,802	1,706
Other pension costs (note 21)	441	327
	21,958	20,069
	2019 £'000	2018 £'000
Compensation of key management personnel	681	656

Several members of the management team are remunerated by other companies in the OSI group.



## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 6 Tax on profit/(loss) on ordinary activities

##### Analysis of tax charge in the period

	2019 £'000	2018 £'000
<b>Current tax:</b>		
UK corporation tax - current period	680	1,035
UK corporation tax - prior period	37	(15)
<b>Total current tax</b>	<b>717</b>	<b>1,020</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	37	(65)
Fair value adjustments	(653)	(653)
Restatement for the change in the corporation tax rate	-	3
Prior period adjustment	5	(6)
Utilisation of losses brought forward	824	167
<b>Total deferred tax (note 16)</b>	<b>213</b>	<b>(554)</b>
<b>Tax on profit/(loss) on ordinary activities</b>	<b>930</b>	<b>466</b>

##### Factors affecting the tax charge in the period

The tax assessed for the period is higher (2018: higher) than the standard rate of corporation tax in the UK, 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>9,599</b>	<b>(11,330)</b>
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	1,823	(2,152)
Effects of:		
Expenses not recognised for tax purposes	778	2,665
Income not taxable for tax purposes	(2,514)	(7)
Re-measurement of deferred tax	801	(17)
Prior period adjustment	42	(23)
<b>Total tax charge for the period</b>	<b>930</b>	<b>466</b>

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 6 Tax on profit/(loss) on ordinary activities (continued)

##### Factors affecting future tax charges

The Group's profits for this accounting period are taxed at an effective rate of 19%. The standard UK Corporation Tax rate will reduce from 19% to 17% from 1 April 2020. The deferred tax balances in the financial statements have been calculated using a rate of 17% as this was the rate enacted in law at the balance sheet date for the period in which the deferred tax balance is forecast to be utilised. The changes are not anticipated to have a material impact on the Group's financial statements in future periods.

#### 7 Profit of parent company

The profit and total comprehensive income for the financial period in the financial statements of Gands (U.K.) was £1,221,000 (2018 profit: £611,000). The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement for the parent company.

#### 8 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 31 December 2018	7,899	25,735	33,634
Additions	13,245	2,619	15,864
Disposals	-	(57)	(57)
<b>At 28 December 2019</b>	<b>21,144</b>	<b>28,297</b>	<b>49,441</b>
Thereof assets under construction	13,129	880	14,009
<b>Accumulated Depreciation</b>			
At 31 December 2018	2,396	14,038	16,434
Charge for the period	243	2,630	2,873
Disposals	-	(47)	(47)
<b>At 28 December 2019</b>	<b>2,639</b>	<b>16,621</b>	<b>19,260</b>
<b>Net book amount</b>			
<b>At 28 December 2019</b>	<b>18,505</b>	<b>11,676</b>	<b>30,181</b>
At 29 December 2018	5,503	11,697	17,200

In the current period there are assets under construction of £14,009,000. These assets are yet to enter service and therefore attracted no depreciation in the current financial period.

##### Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £336,000 (2018: £336,000). Depreciation relating to capitalised interest amounted to £10,000 (2018: £10,000).

## Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

### 8 Tangible fixed assets (continued)

Company	Plant and machinery £'000
<b>Cost</b>	
At 31 December 2018	38
Disposals	(38)
<b>At 28 December 2019</b>	-
<b>Accumulated Depreciation</b>	
At 31 December 2018	31
Charge for the period	2
Disposals	(33)
<b>At 28 December 2019</b>	-
<b>Net book amount</b>	
<b>At 28 December 2019</b>	-
At 29 December 2018	7

### 9 Intangible assets

Group	Goodwill £'000	Customer Relationships £'000	Trade Names £'000	Total £'000
<b>Cost</b>				
At 30 December 2018	37,169	27,619	10,785	75,573
<b>At 28 December 2019</b>	<b>37,169</b>	<b>27,619</b>	<b>10,785</b>	<b>75,573</b>
<b>Amortisation</b>				
At 30 December 2018	7,580	5,550	2,166	15,296
Charge for the period	3,717	2,762	1,078	7,557
<b>At 28 December 2019</b>	<b>11,297</b>	<b>8,312</b>	<b>3,244</b>	<b>22,853</b>
<b>Net Book value</b>				
<b>At 28 December 2019</b>	<b>25,872</b>	<b>19,307</b>	<b>7,541</b>	<b>52,720</b>
At 29 December 2018	29,589	22,069	8,619	60,277

Amortisation has been charged to administrative expenses in the Statement of Comprehensive Income.  
The remaining amortisation period is six years and 353 days.

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 10 Fixed asset investments

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Shares held in listed entity	33,118	19,919	-	-
Shares in group undertakings	-	-	105,171	105,171
	33,118	19,919	105,171	105,171

Reconciliation of movement in the period:

	Shares held in listed entity £'000	Shares in group undertakings £'000
<b>Valuation/cost</b>		
At 30 December 2018	19,919	105,171
Fair value gain	13,199	-
<b>At 28 December 2019</b>	<b>33,118</b>	<b>105,171</b>

#### Group

Shares held in listed entity represent the Group's investment in Marfrig Alimentos S/A, a company registered in Brazil whose shares are listed on the São Paulo Stock Exchange. Shares held in a listed entity are valued at market value in accordance with the alternative accounting rules. The market value of listed equity securities is based on the bid price in an active market.

If revalued investments were stated on the historical cost basis, the amounts would be:

	2019 £'000	2018 £'000
Shares held in listed entity	52,223	52,223

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 10 Fixed assets investments (continued)

During the period the Company held, directly or indirectly, more than 20% of the share capital of the following:

Subsidiary undertakings	Registered Number	Principal activity:	% of share capital held
OSI Food Solutions UK Holdings Limited <sup>1</sup>	02489193	Holding company	100%
Creative Foods Europe Holdings Limited <sup>6</sup>	08493072	Holding company	100%
Atlantic Foods Group Limited <sup>3</sup>	06092692	Holding company	100%
Creative Foods Europe Limited <sup>4</sup>	05335933	Manufacture and sale of food products	100%
Oasis Foods Limited <sup>4</sup>	02775761	Manufacture and sale of food products	100%
Proper Pies Limited <sup>3</sup>	05756183	Manufacture and sale of food products	100%
Oliver James Foods Limited <sup>3</sup>	07648764	Manufacture and sale of food products	100%
Calder Foods Property Limited <sup>3</sup>	03264171	Holding and investment company	100%
Calder Foods (Manufacturing) Limited <sup>5</sup>	04638841	Manufacture and sale of food products	100%
OSI Food Solutions UK Limited <sup>2</sup>	01372104	Manufacture and sale of food products	100%
OSI International Holdings Limited <sup>1</sup>	03189885	Holding company	100%
Kitchen Range Holdings Limited <sup>1</sup>	06621725	Holding company	100%

All the above companies are registered in England.

<sup>1</sup>Held directly by Gands (U.K.) - Registered Office: Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP

<sup>2</sup>Held indirectly through ownership in OSI Food Solutions UK Holdings Limited - Registered Office: Luneburg Way, Scunthorpe, North Lincolnshire DN15 8LP

<sup>3</sup> Held indirectly through ownership in Creative Foods Europe Holdings Limited – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

<sup>4</sup> Held indirectly through ownership in Atlantic Foods Group Limited – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

<sup>5</sup> Held indirectly through ownership in Calder Foods Property Limited – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

<sup>6</sup>Held directly by Gands (U.K.) – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

The results of all of the above subsidiary undertakings have been included in the consolidated financial statements.

The directors consider that the carrying value of the investments is supported by the value of the underlying net assets.

All of the above subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts under section 479A of the Companies Act 2006. Gands (UK) has provided a guarantee in respect of liabilities arising in those subsidiaries for the 52 week period ended 28 December 2019.

Non-trading holding and dormant subsidiary companies have been excluded from this table.

## Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

### 11 Stocks

Group	2019 £'000	2018 £'000
Raw materials and consumables	4,899	3,873
Finished goods and goods for resale	14,325	14,684
	<b>19,224</b>	<b>18,557</b>

### Company

The Company does not hold stock.

### 12 Debtors

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	4,550	2,250	49,868	31,268
Deferred tax asset (note 16)	-	-	-	643
	<b>4,550</b>	<b>2,250</b>	<b>49,868</b>	<b>31,911</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	19,451	23,835	-	-
Amounts owed by group undertakings	50	75	135	192
Corporation tax	58	-	214	191
Other debtors	3,535	609	-	-
Prepayments and accrued income	1,538	1,067	-	-
	<b>24,632</b>	<b>25,586</b>	<b>349</b>	<b>383</b>
<b>Total debtors</b>	<b>29,182</b>	<b>27,836</b>	<b>50,217</b>	<b>32,294</b>

Amounts owed by group undertakings include a loan of £45,318,000 (2018: £29,018,000) due from Creative Foods Europe Ltd repayable on 7 March 2024 and a loan to MPO Global Trading UK Ltd of £4,550,000 (2018: £2,250,000) repayable on 7 March 2024. Both loans bear interest at variable rates based on LIBOR.

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 13 Creditors: amounts falling due within one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans and overdrafts	3,000	-	3,000	-
Trade creditors	23,644	24,803	-	-
Amounts owed to group undertakings	3,720	4,589	1,746	1,884
Other taxation and social security	518	453	24	6
Corporation tax	-	94	-	-
Other creditors	312	276	-	-
Accruals and deferred income	5,089	3,303	120	111
	<b>36,283</b>	<b>33,518</b>	<b>4,890</b>	<b>2,001</b>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

#### 14 Creditors: amounts falling due after more than one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans	60,000	45,550	60,000	45,550
Amounts owed to group undertakings (note 15)	4,833	4,692	34,252	33,128
Accruals and deferred income	82	130	-	-
	<b>64,915</b>	<b>50,372</b>	<b>94,252</b>	<b>78,678</b>

Amounts owed to group undertakings are unsecured loans, carrying interest at rates linked to Libor and are due for repayment between January 2023 and December 2024.

#### Group

Total accruals and deferred income include an amount of £119,000 (2018: £155,000) in relation to capital grants. The movement in capital grants in the period is as follows:

	Capital grants £'000
At 30 December 2018	155
Credited to profit in the period	(36)
<b>At 28 December 2019</b>	<b>119</b>

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 15 Loans and other borrowings

##### Maturity of debt

Amounts falling due:	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Bank loans:</i>				
Within one year	3,000	-	3,000	-
Between two and five years	60,000	45,550	60,000	45,550
<i>Amounts due to group undertakings:</i>				
Between two and five years	4,833	-	34,252	28,436
After five years	-	4,692	-	4,692
	<b>67,833</b>	<b>50,242</b>	<b>97,252</b>	<b>78,678</b>

##### Contingent liability

In March 2019 the OSI Group LLC renewed global loan facilities with various international banks. Total borrowings under these facilities as at 28 December 2019 were £530,000,000 (29 December 2018: £531,000,000). All borrowings are secured by fixed and floating charges over the majority of assets and undertakings of companies within the Group. These charges are supported by unlimited cross guarantees and by fixed charges and pledges over the shares held by the Company and certain of its subsidiaries. In addition, the Company and certain of its subsidiaries have entered into cross guarantees in respect of borrowings of other companies in the OSI Group LLC group. The directors do not expect any material loss to the Group or Company to arise in respect of the guarantees.

#### 16 Provisions

Group	Deferred taxation £'000
At 30 December 2018	4,877
Charged to the statement of comprehensive income (note 6)	213
<b>At 28 December 2019</b>	<b>5,090</b>

Deferred tax liabilities/(assets) as at period end comprise the following:

Group	Recognised	
	2019 £'000	2018 £'000
Accelerated capital allowances	566	526
Fair value/revaluation gains	4,861	5,514
Other timing differences	(13)	(15)
Tax losses carried forward	(324)	(1,148)
	<b>5,090</b>	<b>4,877</b>



## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 16 Provisions (continued)

##### Company

	Recognised	
	2019	2018
	£'000	£'000
Tax losses carried forward	-	(643)

The Group has recognised the deferred tax element of the tax losses carried forward (which are eligible for utilisation against future non-trade earnings), as the likelihood of future taxable profits can now be predicted with reasonable certainty.

A capital loss of £57,700,000 was crystallized in 2013 resulting from the deferred consideration from the disposal to Marfrig Alimentos S/A of the Group's former shareholdings in Moy Park Limited and Kitchen Range Foods Limited. The deferred tax asset of £9,809,000 (2018: £9,809,000) has not been recognised in these financial statements as there is no likelihood that a capital gain will be realised in the foreseeable future.

A capital loss of £19,105,000 (2018: £32,304,000) would arise if the shares in Marfrig Alimentos S/A were disposed of at their balance sheet value. The deferred tax asset of £3,248,000 (2018: £5,492,000) has not been recognised in these financial statements as there is no likelihood that a capital gain will be realised in the foreseeable future.

#### 17 Share capital and reserves

	2019	2018
	£'000	£'000
<b>Share capital - Company and Group</b>		
Allotted, called up and fully paid		
30,919,754 ordinary shares of £1 each	30,920	30,920
10,897,268 'A' ordinary shares of £1 each	10,897	10,897
	<b>41,817</b>	<b>41,817</b>

##### Ordinary share rights

The Company's ordinary and 'A' ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

##### Reserves

##### Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

##### Retained earnings

Cumulative profit and loss net of distributions to owners.

## Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

### 18 Reconciliation of loss after tax to net cash generated from operations

	2019 £'000	2018 £'000
Profit/(loss) after tax	8,669	(11,796)
Depreciation of tangible fixed assets	2,874	2,683
Amortisation of goodwill/intangible assets	7,557	7,557
(Increase)/decrease in fair value of investments (note 10)	(13,199)	9,461
Deferred government grants released	(36)	(37)
Foreign exchange losses	137	-
Gain on disposal of fixed assets	-	(5)
Interest receivable	(172)	(32)
Interest payable	1,731	1,276
Taxation	930	466
<b>Operating cash flows before movements in working capital</b>	<b>8,491</b>	<b>9,573</b>
(Increase) in stocks	(667)	(3,464)
(Increase) in trade and other debtors	(3,388)	(5,800)
Increase in trade and other creditors	4,388	8,145
<b>Cash generated from operations</b>	<b>8,824</b>	<b>8,454</b>

### Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	10,312	4,758
<b>Net funds at period end</b>	<b>10,312</b>	<b>4,758</b>

### 19 Capital and other commitments

Group	2019 £'000	2018 £'000
Contracts placed for future plant and machinery capital expenditure not provided in the financial statements	2,242	94

The Company had no capital commitments (2018: £nil).

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 20 Financial commitments

##### *The Group as lessee*

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

	2019 £'000	2018 £'000
Expiring:		
Within one year	690	1,037
Between one and five years	1,152	1,029
In more than five years	8	70
	<b>1,850</b>	<b>2,136</b>

The Company had no operating lease commitments (2018: £nil).

#### 21 Pension arrangements

Companies within the Group operate a number of defined contribution and money purchase pension arrangements. The assets of these arrangements are held separately from those of the Group and are invested with insurance companies.

The Group charge for the period was £441,000 (2018: £327,000). Included within accruals is an amount of £50,000 (2018: prepayment £18,000) relating to pension contributions payable at the period-end. In addition, the Group also bears the cost of life cover in respect of all qualifying employees.

The Company charge for the period was £22,000 (2018: £21,000). The Company had no outstanding liabilities at the period end.

#### 22 Related party transactions

The Company has taken advantage of the exemptions under FRS 102 section 33 not to disclosure transactions entered into between fellow wholly owned subsidiaries of OSI Group LLC.

The Company had the following transactions in the ordinary course of business, unless otherwise stated, with other entities related by virtue of their membership of the same group of companies:

52 weeks ended 28 December 2019	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	30,862	8	2,183
52 weeks ended 29 December 2018	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	24,324	3	2,153

Pickstock Telford Ltd is a joint venture company of OSI Group LLC in which a 50% shareholding is held.

## **Gands (U.K.)**

### **Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)**

#### **23 Ultimate parent undertaking**

The immediate parent undertaking is Leges Corporation, a company incorporated in the United States of America, by virtue of its shareholding in the Company. The directors regard OSI Group LLC, a company incorporated in the United States of America, as the ultimate controlling party, by virtue of its shareholding in the immediate parent undertaking. OSI Group LLC of 1225 Corporate Boulevard, Aurora, IL 60504 USA is the parent undertaking of the smallest and largest group of which the Company is a member and for which group financial statements are prepared. The financial statements of OSI Group LLC are not publicly available.

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

In March 2020, the World Health Organization formally recognised Covid-19, the novel strain of coronavirus, as a pandemic. As a result of various actions taken by federal and local governments worldwide to curb the pandemic, including the temporary closure of certain businesses, various travel restrictions, and the mandatory containment of large segments of the global population within their geographic regions, global economic output has shown signs of short-term contraction and there remains significant uncertainty as to the extent and duration of the global economic impact.

However, the directors continue to manage the business prudently to ensure the challenges of Covid-19 are met.

The closure of in-house dining at UK restaurants led to a reduction in the Group's net sales. Some production facilities were temporarily closed and staff furloughed to match the reduced demand. The Group has access to funds under the OSI Group loan facility, providing liquidity to manage operations on an ongoing basis. Given the continued uncertainty regarding the ultimate impact of this pandemic, however, any future related financial impact cannot be reasonably estimated at this time. The result for 2020 is expected to be lower than 2019.

The Group acquired a production site at Burton upon Trent in 2019 which was held as an asset under construction at year end. Investment in new production equipment at this site has allowed consolidation of existing production facilities within the Creative Foods Group. With this consolidation, the operations at Proper Pies Ltd ceased on March 31st 2020, Oliver James Ltd. on July 31st 2020 and Oasis Foods Ltd. will cease by the end of 2020.

## Gands (U.K.)

### Notes to the financial statements for the 52 weeks ended 28 December 2019 (continued)

#### 25 Financial instruments

The carrying amounts of the Group's financial instruments at the balance sheet date were:

	2019 £'000	2018 £'000
<b>Financial assets:</b>		
<i>Debt instruments measured at amortised cost</i>		
Trade debtors	23,851	23,835
Amounts owed by group undertakings	4,600	75
Other debtors	3,535	610
	<b>31,986</b>	<b>24,520</b>
<b>Financial liabilities:</b>		
<i>Measured at amortised cost</i>		
Trade creditors	28,966	24,546
Amounts owed to group undertakings	8,521	9,281
Accrued liabilities	4,199	3,278
Other creditors	312	276
Bank Loans	63,000	45,500
	<b>104,998</b>	<b>82,881</b>

The carrying amounts of the Company's financial instruments at the balance sheet date were:

	2019 £'000	2018 £'000
<b>Financial assets:</b>		
<i>Debt instruments measured at amortised cost</i>		
Amounts owed by group undertakings	50,003	31,460
	<b>50,003</b>	<b>31,460</b>
<b>Financial liabilities:</b>		
<i>Measured at amortised cost</i>		
Accrued liabilities	120	111
Amounts owed to group undertakings	35,998	35,012
Bank loans	63,000	45,550
	<b>99,118</b>	<b>80,673</b>