

Gands (U.K.)
(an unlimited company with share capital)
Report and Financial Statements
for the 52 weeks ended 1 January 2022

Registered Number: 02786695



Gands (U.K.)

Report and Financial Statements for the 52 weeks ended 1 January 2022

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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
Lunenburg 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 1 January 2022

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.

Key performance indicators

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

The Group's key performance indicators are as follows:

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Turnover	270,769	225,642
Operating loss before exceptional items	(8,879)	(14,344)
% of sales	(3.2%)	(6.4%)
Pre-tax loss - excluding impairment/amortisation of assets, exceptional items and gain on investments	(10,554)	(16,071)
% of sales	(3.9%)	(7.1%)

Group turnover for the continuing operations in the period ended 1 January 2022 increased by 20% to £270.8m, compared with £225.6m in the previous period, due to the recovery in restaurant and pub dining.

The Group continued to invest at its production site at Burton upon Trent which has allowed capacity expansion and consolidation of existing production facilities within the Creative Foods Group. With this consolidation, the operations at Calder Foods closed in early 2022. Additional closure costs were incurred at Calder Foods and Oasis Foods which have been reported as administration costs.

Other income includes dividend income of £6,836,000 received during 2021 from the Group's listed investments. The result for the period was affected by an increase in value of listed investments of £15,886,000 (2021: increase £3,552,000), which was recognised through the Statement of Comprehensive Income as a fair value gain. However further reorganisation costs of £3,491,000 resulted in a profit before taxation for the period of £1.8m (2021: loss £74.1m).

A deferred tax asset has been recognised for trading losses which can be offset against future profits. This together with an increase in the corporation rate to 25% has helped create a tax credit of £8,615,000 (2021: £5,875,000 credit).

The directors do not recommend the payment of a dividend (2021: £nil).

The Group continues to have 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.

Future developments

The directors forecast growth in 2022, which is linked to the planned opening after lockdown. The directors have implemented new strategies, with the aim of continuing to improve their menu solutions service provision to its current customers and attract new customers. The result for 2022 is expected to be better than 2021.

Gands (U.K.)

Strategic report for the 52 weeks ended 1 January 2022 (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\$14.51 (Brazilian Real) at 2 January 2021 against R\$22.07 at 1 January 2022. The share price as at 2 September 2022 was R\$13.29. The carrying value of the listed investment as at 2 September 2022 was £40,119,000 (1 January 2022: £52,555,000).

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.

Gands (U.K.)

Strategic report for the 52 weeks ended 1 January 2022 (continued)

S172 Statement

The Directors of the company have a duty to promote the success of the company. A director of the company must act in the way they consider, in good faith, to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

In discharging their s.172 (1) duties the Directors have had regard to the factors set out above, as well as other factors relevant to the decisions being made. The Directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision-making coupled with robust oversight of risks and internal controls.

Directors undertake a number of stakeholder engagement activities to provide them with the information they need to understand the views and interests of stakeholders. Gands (U.K.)'s Key Stakeholders are listed below:

Shareholders: Our ultimate shareholders OSI Group LLC are in regular communication with the Board. Performance metrics and updates are provided through established mechanisms.

Employees: The directors recognise the importance of the contribution made by our employees to continue to deliver the highest level of product and services for customers. Initiatives to encourage wellbeing continue to evolve and are strongly influenced by the workforce. Professional and personal development of employees is viewed as fundamental to the continued success of the company.

Suppliers: The directors rely on suppliers to provide the services and goods needed to support our business and maintain the high quality to customers. Engagement with suppliers enables the Company to develop and maintain long-term and sustainable relationships and helps ensure that the Company purchases products and services from suppliers who operate responsibly and in line with our policies and standards.

Customers: The directors recognise that meeting the needs of customers is key to the continued success of the business. The company is committed to supplying the customer's products of the highest quality to meet their requirements. Engagement with Customers takes many forms including Customer Feedback and KPIs in addition to the ongoing relationship with customers throughout the year. The results of the discussions with customers are discussed and utilised to drive the strategic direction of the business.

Community and Environment: The directors recognise the importance of the environmental impact of the company. The company has taken steps to minimise its carbon footprint and has offset 7,460 tonnes of carbon dioxide through various initiatives.

When making decisions, the Gands (U.K.) Board considers the insights obtained through the listed relevant stakeholder engagement activities as well as the need to maintain a reputation for high standards of business conduct and the long term consequence of its decisions.

By order of the Board



M H Back
Secretary

23 September 2022

Gands (U.K.)

Directors' report for the 52 weeks ended 1 January 2022

The directors present their annual report and the audited consolidated financial statements of the Group for the 52 week period ended 1 January 2022. The prior period is the 53 week period ended 2 January 2021.

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 DeMeulenaere

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.

Energy and emissions report

The energy and emissions figures for the Group were as follows:

	52 Week Period to 1 January 2022	53 Week Period to 2 January 2021
Total energy consumption (kWh)	21,400,575	16,850,012
Emissions from combustion of gas (Scope 1)	1,921 tonnes CO _{2e}	713 tonnes CO _{2e}
Emissions from purchased electricity (Scope 2)	2,706 tonnes CO _{2e}	3,000 tonnes CO _{2e}
Emissions from business travel (Scope 3)	30 tonnes CO _{2e}	15 tonnes CO _{2e}
Total emissions	4,657 tonnes CO_{2e}	3,728 tonnes CO_{2e}
Intensity ratio: CO ₂ emissions (tonnes)/production (tonnes)	0.064	0.085

UK energy covers all direct activities for the Gands (U.K.) Group.

CO_{2e} Carbon Dioxide equivalent

Quantification and Reporting Methodology.

The emissions are reported with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The 2020 UK Government GHG Conversion Factors for company reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in operations to emissions of CO₂ equivalent. Carbon emission factors for purchased electricity are calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. 100% renewable electricity is purchased for the Scunthorpe site and an additional figure is calculated using market-based factors to account for this in the above report. For transport data where actual usage data (e.g. litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage. Associated Greenhouse gases have been calculated using the annually updated emission factors that are available on:

<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Gands (U.K.)

Directors' report for the 52 weeks ended 1 January 2022 (continued)

Energy and emissions report (continued)

The directors recognise the importance of the environmental impact of the Group.

The Group continues to implement ESOS Phase 2 findings where appropriate:-

- Ongoing installation of LED Lighting to Cold Store LED equivalents used saving approx.5700kWh
- Inedible storage compressor upgrade and replacement of refrigeration plant/Units Gas convert use R513A (F-gas with lower GWP than previous R404A)
- Cold store condenser replacement to include replacement of refrigeration plant/units and Gas conversion to R449A & retrofit EEV
- Ongoing insulation of CIP pipe-work (95% complete)
- Installation of a 225 kWp ground mount solar PV system

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.

Subsequent events

In March 2022 the Group closed its Calder Foods operations and transferred the trade and assets to another group company. Calder Foods continued to trade up to this date.

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

23 September 2022

Gands (U.K.)

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

Opinion

We have audited the financial statements of Gands (UK) (the 'parent company') and its subsidiaries (the 'group') for the period ended 1 January 2022 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity and consolidated statement of cash flows and notes to the financial statements, including 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 1 January 2022 and of the group's loss for the period 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 group assets and company 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 certain assets stated at £49.1m in the consolidated statement of financial position at the end of the year and certain investments in subsidiaries stated at £46.4m in the company statement of financial position at the end of the year. Whilst the directors have completed an impairment review based on board approved cash flow 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, but no further impairments have been recognised in the financial statements in line with the results of the review undertaken. Our opinion is not modified in respect of this matter.

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 group's or the parent 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.

Other information

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

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

We have nothing to report in this regard.

Gands (U.K.)

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

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 6, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Gands (U.K.)

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

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures including completion of disclosures checklists, inspecting correspondence with local tax authorities and tax advisors where relevant.

The most significant laws and regulations that have an indirect impact on the financial statements are food safety and hygiene regulations and health and safety regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations (we have looked for incidents in the public domain) and inspected correspondence with licensing or regulatory authorities where appropriate.

The audit engagement team identified the risk of management override of controls and revenue cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and performing additional testing of sales around year end to ensure that they were recorded in the correct period.

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.

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.

Kerry Norman

Kerry Norman (Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street, London, EC4A 4AB
26th September 2022

Gands (U.K.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 weeks ended 1 January 2022

	Note	52 WEEKS TO 1 January 2022 £'000	53 WEEKS TO 2 January 2021 £'000
TURNOVER	1	270,769	225,642
Cost of sales		(251,699)	(210,782)
GROSS PROFIT		19,070	14,860
Distribution costs		(6,514)	(8,017)
Administrative expenses		(28,888)	(23,080)
Other Income		7,453	1,893
OPERATING LOSS before exceptional items		(8,879)	(14,344)
Fair value gains on investments	11	15,885	3,552
Exceptional costs	4	(3,490)	(61,635)
Interest receivable and similar income	2	170	169
Interest payable and similar charges	3	(1,845)	(1,896)
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,841	(74,154)
Tax on profit/ (loss) on ordinary activities	7	8,615	5,875
PROFIT/ (LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		10,456	(68,279)

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 1 January 2022**

	Note	1 January 2022 £'000	2 January 2021 £'000
FIXED ASSETS			
Tangible assets	9	41,252	42,114
Intangible assets	10	788	579
Investments	11	52,555	36,670
		94,595	79,363
CURRENT ASSETS			
Stocks	12	17,713	22,988
Debtors due after more than one year	13	18,239	9,000
Debtors due within one year	13	15,411	17,912
Cash at bank and in hand		13,293	6,317
		64,656	56,217
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	(38,031)	(31,893)
NET CURRENT ASSETS		26,625	24,324
TOTAL ASSETS LESS CURRENT LIABILITIES		121,220	103,687
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(105,594)	(103,517)
NET ASSETS		15,626	170
CAPITAL AND RESERVES			
Called up share capital	18	46,817	41,817
Share premium account		7,094	7,094
Profit and loss account		(38,285)	(48,741)
TOTAL EQUITY		15,626	170

The financial statements on pages 10 to 35 were approved by the board of directors and authorised for issue on September 23 2022 and were signed on its behalf by:



D McDonald
Director

Registered Number: 02786695

Gands (U.K.)

COMPANY STATEMENT OF FINANCIAL POSITION AT 1 January 2022

	Note	1 January 2022 £'000	2 January 2021 £'000
FIXED ASSETS			
Tangible assets	9	-	-
Investments	11	89,961	89,961
		89,961	89,961
CURRENT ASSETS			
Debtors due after more than one year	13	101,818	91,038
Debtors due within one year	13	416	833
Cash at bank and in hand		2,671	2,175
		104,905	94,046
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	(7,746)	(6,814)
NET CURRENT ASSETS		97,159	87,232
TOTAL ASSETS LESS CURRENT LIABILITIES		187,120	177,193
Creditors: amounts falling due after more than one year	15	(105,594)	(133,957)
NET ASSETS		81,526	43,236
CAPITAL AND RESERVES			
Called up share capital	18	46,817	41,817
Share premium account		7,094	7,094
Profit and loss account		27,615	(5,675)
TOTAL EQUITY		81,526	43,236

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 £33,290,000 (2021: £15,896,000 loss).

The financial statements on pages 10 to 35 were approved by the board of directors and authorised for issue on September 23 2022 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 1 January 2022**

	SHARE CAPITAL	SHARE PREMIUM	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
Balance at 28 December 2019	41,817	7,094	19,538	68,449
Loss and total comprehensive income for the period	-	-	(68,279)	(68,279)
Balance at 2 January 2021	41,817	7,094	(48,741)	170
Shares issued	5,000	-	-	5,000
Profit and total comprehensive income for the period	-	-	10,456	10,456
Balance at 1 January 2022	46,817	7,094	(38,285)	15,626

Gands (U.K.)**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 weeks
ended 1 January 2022**

	SHARE CAPITAL	SHARE PREMIUM	PROFIT AND LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000
Balance at 28 December 2019	41,817	7,094	10,221	59,132
Loss for the period	-	-	(15,896)	(15,896)
Balance at 2 January 2021	41,817	7,094	(5,675)	43,236
Shares issued	5,000	-	-	5,000
Profit for the period	-	-	33,290	33,290
Balance at 1 January 2022	46,817	7,094	27,615	81,526

Gands (U.K.)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 52 weeks ended 1 January 2022

	Note	52 WEEKS TO 1 January 2022 £'000	53 WEEKS TO 2 January 2021 £'000
OPERATING ACTIVITIES			
Cash generated/ (used) by operations	19	6,943	(14,471)
Interest paid	3	(962)	(1,896)
Income taxes received/ (paid)		235	(152)
NET CASH FROM OPERATING ACTIVITIES		6,216	(16,519)
INVESTING ACTIVITIES			
Purchase of fixed assets	9	(5,150)	(22,856)
Purchase of intangible fixed assets	10	(432)	(611)
Proceeds of disposal of tangible fixed assets		50	272
Related party loans		(1,000)	(4,450)
Interest received	2	170	169
NET CASH USED IN INVESTING ACTIVITIES		(6,362)	(27,476)
FINANCING ACTIVITIES			
Related party loan		6,622	49,000
Share capital issued		5,000	-
(Repayment)/new bank loan		(4,500)	(9,000)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		7,122	40,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		6,976	(3,995)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		6,317	10,312
CASH AND CASH EQUIVALENTS AT END OF PERIOD		13,293	6,317
Relating to:-			
Bank balances included in cash at bank/in hand		13,293	6,317

Gands (U.K.)

Accounting policies for the 52 weeks ended 1 January 2022

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.

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 cash flow forecasts to be able to confirm that the Gands (U.K.) group is a going concern. This conclusion 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 1 January 2022.

As explained in the Strategic Report, the outbreak of coronavirus will have negative consequences on the results and performance in 2022, 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 31st December 2021 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 1 January 2022 (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 1 January 2022 (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.

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 1 January 2022 (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	Between 8 to 39 years
Plant and machinery	Between 3 to 15 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 Holdings Ltd (formerly Flagship Europe Limited) in December 2016 has been fully impaired in 2020.

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

Capitalised software

Capitalised Software are initially measured at cost as an intangible asset and subsequently measured at cost or valuation, net of amortisation and any impairment losses. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives being 3-5 years.

Gands (U.K.)

Accounting policies for the 52 weeks ended 1 January 2022 (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.

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 1 January 2022 (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 1 January 2022 (continued)

Critical accounting estimates and areas of judgement (continued)

Impairment review of certain assets on consolidation and company level investments

Management have completed an impairment review in relation to the assets carried in the Gands (U.K) consolidated Statement of financial position and also certain investments in subsidiaries held in the Gands (U.K.) company Statement of financial position relating to the Creative Food Europe Holdings Limited group, which had a net book value of £49.1m and £46.4m respectively as at the end of the year.

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 cash flows derived from such assets using cash flow projections which have been discounted at a rate of 10.25%. In calculating the net present value of the future cash flows, certain assumptions are required to be made.

The value-in-use calculation is 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 estimate for calculating the value in use is as follows:

- Operating margins are based on those applied to the Board approved budget. They incorporate future expectations of revenue growth and expected future cost reductions. A 1% decrease in the operating margin results in a £31m impact on the NPV calculation and would result in a partial impairment of both the asset figures in the consolidated statement of financial position and the investment figure in the company statement of financial position.

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. 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 relevant assets held in the consolidated 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 1 January 2022

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:

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
United Kingdom	267,432	219,293
Rest of European Union	3,328	6,349
Rest of the world	9	-
	270,769	225,642

2 Interest receivable and similar income

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Bank interest receivable	1	8
Interest receivable from group companies	169	161
	170	169

3 Interest payable and similar charges

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Interest payable on bank loans and overdrafts wholly repayable within five years	809	1,439
Interest payable to group companies	1,036	457
	1,845	1,896

4 Exceptional costs

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Reorganisation costs	3,490	3,660
Amortisation and amounts written off goodwill and intangible assets	-	52,720
Impairment of fixed assets	-	5,255
	3,490	61,635

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

5 Profit/(loss) on ordinary activities before taxation

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) :		
Depreciation and other amounts written off fixed assets:		
- Owned fixed assets	5,972	5,353
- Capitalised software	223	32
Impairment of inventories recognised	675	1,762
Stock- amounts expensed to cost of sales	240,498	217,882
Government grants released	(37)	(37)
Furlough scheme income	(617)	(1,550)
(Profit)/loss on disposal of tangible fixed assets	(10)	43
Foreign exchange (gains)/losses	(73)	47
Operating lease rentals	714	1,850
Auditors' remuneration:		
- Audit services - audit	40	41
- Audit services - the audit of subsidiary undertakings	123	84

6 Directors' emoluments and employee information

Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2021: £nil).

Employee information

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

By activity:	52 Weeks to 1 January 2022 Number	53 Weeks to 2 January 2021 Number
Administration	107	129
Manufacturing/production	288	440
	395	569
Staff costs (for the above persons):		
	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Wages and salaries	16,698	18,116
Social security costs	1,596	1,749
Other pension costs (note 22)	369	414
	18,663	20,279
Compensation of key management personnel	587	662
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 1 January 2022 (continued)

7 Tax on profit/(loss) on ordinary activities

Analysis of tax charge in the period

	52 Weeks to 1 January 2022 £'000	53 Weeks to 2 January 2021 £'000
Current tax:		
UK corporation tax - current period	(124)	(29)
UK corporation tax - prior period	(813)	(195)
Total current tax	(937)	(224)
Deferred tax:		
Origination and reversal of timing differences	(5,493)	(2,286)
Fair value adjustments	-	(3,382)
Utilisation of losses	87	-
Restatement for the change in the corporation tax rate	(1,825)	31
Prior period adjustment	(447)	(14)
Total deferred tax (note 17)	(7,678)	(5,651)
Tax on profit/(loss) on ordinary activities	(8,615)	(5,875)

Factors affecting the tax charge in the period

The tax assessed for the period is higher (2021: higher) than the standard rate of corporation tax in the UK, 19% (2021: 19%). The differences are explained below:

Profit/(loss) on ordinary activities before taxation	1,841	(74,154)
Profit/ (loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	349	(14,090)
Effects of:		
Expenses not recognised for tax purposes	530	5,663
Income not taxable for tax purposes	(4,324)	(681)
Losses not recognised	(1)	3,406
Origination and reversal of temporary differences	(126)	29
Re-measurement of deferred tax	(1,825)	7
Previously unrecognised tax losses	(1,912)	-
Prior period adjustment	(1,306)	(209)
Total tax charge/(credit) for the period	(8,615)	(5,875)

Factors affecting future tax charges

In the Finance Act 2021 the rate of UK corporation tax was raised from 19% to 25%, effective 1 April 2023. Deferred tax balances have been measured at a rate of 25%.

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

8 Profit/ (loss) of parent company

The profit and total comprehensive income for the financial period in the financial statements of Gands (U.K.) was £33,290,000 (2021 loss: £15,896,000). 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.

9 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 3 January 2021	30,988	35,941	66,929
Additions	1,303	3,847	5,150
Disposals	-	(3,228)	(3,228)
Transfers	(161)	161	-
At 1 January 2022	32,130	36,721	68,851
Accumulated Depreciation			
At 3 January 2021	3,596	21,219	24,815
Charge for the period	1,277	4,695	5,972
Disposals	-	(3,188)	(3,188)
At 1 January 2022	4,873	22,726	27,599
Net book amount			
At 1 January 2022	27,257	13,995	41,252
At 2 January 2021	27,392	14,722	42,114

Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £336,000 (2021: £336,000). Depreciation relating to capitalised interest amounted to £10,000 (2021: £10,000).

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

10 Intangible assets

Group	Goodwill £'000	Customer Relationships £'000	Trade Names £'000	Capitalised Software £'000	Total £'000
Cost					
At 3 January 2021	37,169	27,619	10,785	611	76,184
Additions	-	-	-	432	432
At 1 January 2022	37,169	27,619	10,785	1,043	76,616
Amortisation					
At 3 January 2021	37,169	27,619	10,785	32	75,605
Charge for the period	-	-	-	223	223
At 1 January 2022	37,169	27,619	10,785	255	75,828
Net Book value					
At 1 January 2022	-	-	-	788	788
At 2 January 2021	-	-	-	579	579

Impairment of goodwill, customer relationships and trade names has been charged to exceptional costs in the Statement of Comprehensive Income.

11 Fixed asset investments

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Shares held in listed entity	52,555	36,670	-	-
Shares in group undertakings	-	-	89,961	89,961
	52,555	36,670	89,961	89,961

Reconciliation of movement in the period:

	Shares held in listed entity £'000	Shares in group undertakings £'000
Valuation/cost		
At 3 January 2021	36,670	89,961
Impairment	-	-
Fair value gain/(loss)	15,885	-
At 1 January 2022	52,555	89,961

Gands (U.K.)

Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

11 Fixed assets investments (continued)

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:	2022 £'000	2021 £'000
Shares held in listed entity	52,223	52,223

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 ¹	02489193	Holding company	100%
Creative Foods Europe Holdings Limited ⁴	08493072	Holding company	100%
Creative Foods Europe Limited ³	05335933	Manufacture and sale of food products	100%
Calder Foods Property Limited ³	03264171	Holding and investment company	100%
Oasis Foods Ltd ⁵	02775761	Manufacture and sale of food products	100%
Calder Foods (Manufacturing) Limited ³	04638841	Manufacture and sale of food products	100%
OSI Food Solutions UK Limited ²	01372104	Manufacture and sale of food products	100%
OSI International Holdings Limited ¹	03189885	Holding company	100%
Kitchen Range Holdings Limited ¹	06621725	Holding company	100%

All the above companies are registered in England.

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

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

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

⁴Held directly by Gands (U.K.) – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL

⁵ Held indirectly through ownership in Creative Foods Europe Holdings Limited – Registered Office: 10 Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL. Previously held by the now dormant Atlantic Foods Group Ltd.

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 1 January 2022.

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 1 January 2022 (continued)

12 Stocks

Group	2022 £'000	2021 £'000
Raw materials and consumables	6,020	6,189
Finished goods and goods for resale	11,693	16,799
	17,713	22,988

Company

The Company does not hold stock.

13 Debtors

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts falling due after more than one year:				
Amounts owed by group undertakings	10,000	9,000	101,818	91,038
Deferred taxation (note 17)	8,239	-	-	-
	18,239	9,000	101,818	91,038
Amounts falling due within one year:				
Trade debtors	12,676	14,749	-	-
Amounts owed by group undertakings	58	34	50	443
Corporation tax	1,136	434	366	390
Deferred taxation (note 17)	-	561	-	-
Other debtors	651	955	-	-
Prepayments and accrued income	890	1,179	-	-
	15,411	17,912	416	833
Total debtors	33,650	26,912	102,234	91,871

Amounts owed by group undertakings include a loan of £91,818,000 (2021: £75,318,000) due from Creative Foods Holdings Europe Ltd, a loan of £nil (2021: £6,720,000) due from OSI Foods Solutions UK Ltd and a loan due from MPO Global Trading UK Ltd of £10,000,000 (2021: £9,000,000). All loans are repayable on 7 March 2024 and bear interest at variable rates based on LIBOR.

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Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

14 Creditors: amounts falling due within one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans and overdrafts	4,500	4,500	4,500	4,500
Trade creditors	21,203	16,125	-	-
Amounts owed to group undertakings	4,739	5,054	2,853	2,016
Other taxation and social security	496	541	24	24
Corporation tax	-	-	-	-
Other creditors	54	57	-	-
Accruals and deferred income	7,039	5,616	369	274
	38,031	31,893	7,746	6,814

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

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans	45,000	49,500	45,000	49,500
Amounts owed to group undertakings (note 16)	60,594	53,972	60,594	84,457
Accruals and deferred income	-	45	-	-
	105,594	103,517	105,594	133,957

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

Group

Total accruals and deferred income include an amount of £44,000 (2021: £82,000) in relation to capital grants. The movement in capital grants in the period is as follows:

	Capital grants £'000
At 3 January 2021	82
Credited to profit in the period	(38)
At 1 January 2022	44

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Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

16 Loans and other borrowings

Maturity of debt

Amounts falling due:	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<i>Bank loans:</i>				
Within one year	4,500	4,500	4,500	4,500
Between two and five years	45,000	49,500	45,000	49,500
<i>Amounts due to group undertakings:</i>				
Between two and five years	60,594	53,972	60,594	84,457
After five years		-		
	110,094	107,972	110,094	138,457

Contingent liability

In March 2019 the OSI Group LLC renewed global loan facilities with various international banks. Total borrowings under these facilities as at 1 January 2022 were £532,000,000 (2 January 2021: £474,000,000). 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.

17 Provisions

Group	Deferred taxation £'000
At 3 January 2021	(561)
Credited to the statement of comprehensive income (note 7)	(7,678)
At 1 January 2022	(8,239)

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

Group	Recognised	
	2022 £'000	2021 £'000
Accelerated capital allowances	(468)	(269)
Fair value/revaluation gains	-	-
Other timing differences	(718)	(23)
Tax losses carried forward	(7,053)	(269)
	(8,239)	(561)

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Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

17 Provisions (continued)

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. Of the resulting deferred tax asset of £14,425,000 (2021: £10,963,000) only £332,000 has been recognised in these financial statements to offset a potential gain if the shares in Marfrig Alimentos S/A were disposed of at their balance sheet value – see below.

A capital gain of £332,000 (2021: loss £15,553,000) would arise if the shares in Marfrig Alimentos S/A were disposed of at their balance sheet value. A deferred tax liability of £83,000 (2020: asset £2,955,000) has not been recognised in these financial statements as there are sufficient historic capital losses to offset this gain.

18 Share capital and reserves

	2022 £'000	2021 £'000
Share capital - Company and Group		
Allotted, called up and fully paid		
35,919,754 ordinary shares of £1 each (2021: 30,919,754)	35,920	30,920
10,897,268 'A' ordinary shares of £1 each	10,897	10,897
	46,817	41,817

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.

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Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

19 Reconciliation of loss after tax to net cash generated from operations

	2022 £'000	2021 £'000
Profit/(loss) after tax	10,456	(68,279)
Depreciation of tangible fixed assets	5,972	5,353
Depreciation of intangible fixed assets	223	32
Write-off/impairment of fixed assets	-	5,255
Impairment/amortisation of goodwill/intangible assets	-	52,720
Increase in fair value of investments (note 11)	(15,885)	(3,552)
Deferred government grants released	(37)	(37)
(Profit)/loss on disposal of fixed assets	(10)	43
Interest receivable	(170)	(169)
Interest payable	1,845	1,896
Taxation	(8,615)	(5,875)
Operating cash flows before movements in working capital	(6,221)	(12,613)
Decrease/(increase) in stocks	5,275	(3,764)
Decrease/(increase) in trade and other debtors	2,642	7,657
(Increase)/decrease increase in trade and other creditors	5,247	(5,751)
Cash (used)/generated by operations	6,943	(14,471)

Analysis of changes in net debt - group

	2 January 2021 £'000	Cash Flows £'000	1 January 2022 £'000
Cash at bank and in hand	6,317	6,976	13,293
Bank loans	(54,000)	4,500	(49,500)
Group company loans	(53,972)	(6,622)	(60,594)
	(101,655)	4,854	(96,801)

20 Capital and other commitments

Group	2022 £'000	2021 £'000
Contracts placed for future plant and machinery capital expenditure not provided in the financial statements	3,367	1,823

The Company had no capital commitments (2021: £nil).

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Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

21 Financial commitments

The Group as lessee

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

	2022 £'000	2021 £'000
Expiring:		
Within one year	1,061	770
Between one and five years	632	1,169
In more than five years	59	58
	1,752	1,997

The Company had no operating lease commitments (2021: £nil).

22 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 £369,000 (2021: £414,000). Included within accruals is an amount of £57,000 (2021: £132,000) 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 £21,000 (2021: £22,000). The Company had outstanding liabilities of £2,000 (2021: £nil) at the period end.

23 Related party transactions

The Company has taken advantage of the exemptions under FRS 102 section 33 not to disclose 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 1 January 2022	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	36,353	3	2,652
53 weeks ended 2 January 2021	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Pickstock Telford Ltd	28,973	-	2,799

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

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Notes to the financial statements for the 52 weeks ended 1 January 2022 (continued)

24 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.

25 Financial instruments

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

	2022 £'000	2021 £'000
Financial assets:		
<i>Debt instruments measured at amortised cost</i>		
Trade debtors	12,676	14,749
Amounts owed by group undertakings	10,058	9,034
Other debtors	651	966
	23,385	24,749
Financial liabilities:		
<i>Measured at amortised cost</i>		
Trade creditors	21,203	16,125
Amounts owed to group undertakings	65,333	59,026
Accrued liabilities	7,039	5,661
Other creditors	54	57
Bank Loans	49,500	54,000
	143,129	134,869

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

	2022 £'000	2021 £'000
Financial assets:		
<i>Debt instruments measured at amortised cost</i>		
Amounts owed by group undertakings	101,818	91,481
	101,818	91,481
Financial liabilities:		
<i>Measured at amortised cost</i>		
Accrued liabilities	369	274
Amounts owed to group undertakings	60,594	86,473
Bank loans	49,500	54,000
	110,463	140,747

26 Subsequent events

In March 2022 the Group closed its Calder Foods operations and transferred the trade and assets to another group company. Calder Foods continued to trade up to this date.