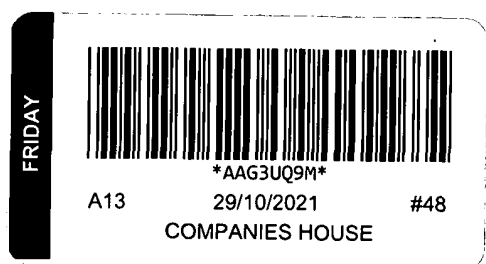


**Premier Foods Investments No.1 Limited**

Annual report and financial statements

for the 53 weeks ended 3 April 2021

Registered Number: 5014179



**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

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**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Strategic report for the 53 weeks ended 3 April 2021**

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**Review of the company's business**

The statutory accounting period is the 53 weeks from 29 March 2020 to 3 April 2021 and comparative results are for the 52 weeks from 31 March 2019 to 28 March 2020. All references to the 'period', unless otherwise stated, are for the 53 weeks ended 3 April 2021 and the comparative period, 52 weeks ended 28 March 2020. The statement of profit and loss and other comprehensive income is set out on page 10 and shows the results for the period ended 3 April 2021. The results for Premier Foods Investments No. 1 Limited (the "Company") show a loss before taxation of £338.2m for the 53 weeks ended 3 April 2021 (2019/20: £8.3m profit).

As at 3 April 2021, the Company had net assets of £797.8m (28 March 2020: £143.5m).

During the period, as part of a Group wide capital re-organisation, the Directors of the immediate parent passed a resolution to waive the entire balance in relation to an intercompany loan along with accrued interest owed by a group subsidiary via capital contribution amounting to £1.1bn. As a result of the waiver, the Company received a capital contribution amounting to £1.1bn from its immediate parent. The Directors of the Company passed a resolution to waive £34.7m in relation to balances owed by the Company's immediate parent in the form of dividends. The Directors also resolved to cancel the share premium balance amounting to £151m to profit and loss account and issue 1.3 billion bonus shares of £1 per share from the capital contribution reserve and profit and loss account, which was immediately cancelled to profit and loss account. Following capitalisation of debts as part of the Group wide capital re-organisation, the carrying value of investment exceeded the recoverable amount and therefore the Company impaired its investment in the subsidiaries by £1.0bn.

The Company distributed dividends worth £102.5m, which include interim dividend of £30m distributed to the Company's immediate parent during the period, intercompany balance owed by its immediate parent waived in the form of dividends amounting to £34.7m, and £37.8m by way of waiver of debts owed by other Group undertakings that the Company also received as a result of being an intermediary within the chain of entities receiving the distribution.

The Company also received dividends worth £647.2m from its immediate subsidiary, which include interim dividend amounting to £30m, £579.5m by way of waiver of debts owed to a Group undertaking, and £37.8m by way of waivers of debts owed by other Group undertakings that the Company also distributed as a result of being an intermediary within the chain of entities receiving the distribution.

**Key performance indicators**

The directors of Premier Foods plc (the "Group") manage operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business of Premier Foods Investments No.1 Limited. The development, performance and position of Premier Foods plc is discussed in the Group's 2020/21 annual report and accounts which does not form part of this report.

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Strategic report for the 53 weeks ended 3 April 2021 (continued)**

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**Subsequent events**

On 19 May 2021 the Group announced that it had signed a new revolving credit facility (RCF) agreement with an updated lending group for a period of three years from May 2021 with the potential of extending for up to two additional years. This new senior secured RCF is a committed facility of £175m with an interest margin grid broadly in line with the previous RCF, undrawn elements of the RCF will continue to attract interest equivalent to 35% of the applicable margin. The RCF is held within Premier Foods Investments Limited and Premier Foods Group Limited.

On 7 June 2021 the issue of a £330m Senior Secured fixed rate note, due 2026, replaced the Group's £300m Senior Secured fixed rate note, due to mature October 2023. The Company has agreed to act as a guarantor under the terms of the new note and the RCF facility which is held by another Company within the Group.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are macroeconomic and geopolitical uncertainty, legal compliance, and strategy delivery. The principal risks and uncertainties of Premier Foods plc, which includes those of the Company, are discussed on page 46-53 and 130-135 in the Group's 2020/21 annual report.

**Financial risk management**

The Company's activities expose it to interest rate risk. The management of this risk, along with the day-to-day managing of treasury activities is centralised and performed by the Group Finance function. The policy framework governing the managing of this risk is defined by the Board of Premier Foods plc. The framework for the management of this risk is discussed in the Group's 2020/21 annual report and accounts, which does not form part of this report.

On behalf of the board



Duncan Leggett

Director

23 July 2021

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Director's report for the 53 weeks ended 3 April 2021**

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The directors present their annual report together with the audited financial statements for the Company, registered number 5014179, for the period ended 3 April 2021.

**Principal activities**

The principal activity of the Company throughout the period continued to be that of an investment holding company. The directors are satisfied with the results for the period and do not envisage any changes to the conduct of the business over the next twelve months.

**Directors' and Officers' liability insurance**

This insurance covers the directors and officers against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of the Company and in respect of damages resulting from the unsuccessful defence of any proceedings.

**Dividends**

The Company distributed dividends worth £102.5m, which include interim dividend of £30m distributed to the Company's immediate parent during the period, intercompany balance owed by its immediate parent waived in the form of dividends amounting to £34.7m, and £37.8m by way of waiver of debts owed by other Group undertakings that the Company also received as a result of being an intermediary within the chain of entities receiving the distribution.

**Directors**

The directors who held office during the period were as follows:

Duncan Leggett  
Simon Rose  
Simon Wilbraham

**Political contributions**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2019/20: £nil).

**Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Director's report for the 53 weeks ended 3 April 2021(continued)**

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**Auditor**

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

By order of the board



Duncan Leggett  
Director

23 July 2021

Premier House  
Centrium Business Park  
Griffiths Way  
St Albans  
Hertfordshire  
AL1 2RE

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

---

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Premier Foods Investments No.1 Limited**

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### **Opinion**

We have audited the financial statements of Premier Foods Investments No.1 Limited ("the company") for the 53 weeks ended 3 April 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 April 2021 and of its loss for the 53 weeks then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and finance management, and inspection of policy documentation as to the Premier Foods plc's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.



## **Independent auditor's report to the members of Premier Foods Investments No.1 Limited (continued)**

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We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the entity is a holding company and does not earn 3<sup>rd</sup> party revenue that could be susceptible to fraud.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Evaluated the business purpose of significant unusual transactions.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Polina Nikolaev (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

23 July 2021

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Profit and Loss Account and Other Comprehensive Income for the 53 weeks ended 3 April 2021**

	Note	53 weeks ended 3 April 2021 £m	52 weeks ended 28 March 2020 £m
Impairment of investment in subsidiary	8	(981.7)	-
<b>Operating loss</b>		<b>(981.7)</b>	<b>-</b>
Income from investment in subsidiary	4	647.2	-
Finance income	5	0.9	15.2
Finance cost	6	(4.6)	(6.9)
<b>(Loss) / Profit before taxation</b>		<b>(338.2)</b>	<b>8.3</b>
Taxation	7	-	-
<b>(Loss) / Profit after taxation and total comprehensive income</b>		<b>(338.2)</b>	<b>8.3</b>

There is no material difference between the results as disclosed in the profit and loss account and other comprehensive income and the results on a historical cost basis in either period.

The notes on pages 13 to 21 form an integral part of these financial statements.

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Balance sheet as at 3 April 2021**

	Note	As at 3 April 2021 £m	As at 28 March 2020 £m
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Investments	8	820.2	706.9
Trade and other debtors	9	-	1.4
		<u>820.2</u>	<u>708.3</u>
<b>Current assets</b>			
Trade and other debtors	9	-	18.1
<b>Total assets</b>		<u>820.2</u>	<u>726.4</u>
<b>LIABILITIES:</b>			
<b>Current liabilities</b>			
Trade and other creditors	10	(22.4)	(582.9)
<b>Net current liabilities</b>		<u>(22.4)</u>	<u>(564.8)</u>
<b>Total liabilities</b>		<u>(22.4)</u>	<u>(582.9)</u>
<b>Net assets</b>		<u>797.8</u>	<u>143.5</u>
<b>EQUITY:</b>			
<b>Capital and reserves</b>			
Share capital	11	1.0	1.0
Share premium		-	151.0
Other reserves	12	-	3.4
Profit and loss account		<u>796.8</u>	<u>(11.9)</u>
<b>Total equity</b>		<u>797.8</u>	<u>143.5</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

The financial statements were approved by the Board of directors on 23 July 2021, and were signed on its behalf by



Duncan Leggett  
Director  
23 July 2021

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Statement of changes in equity for the 53 weeks ended 3 April 2021**

	Share capital	Share premium	Other reserves	Capital contribution reserve	Profit and loss account	Total equity
	£m	£m	£m	£m	£m	£m
<b>At 31 March 2019</b>	<b>1.0</b>	<b>151.0</b>	<b>3.4</b>	<b>-</b>	<b>(20.2)</b>	<b>135.2</b>
Total comprehensive income for the 52 weeks	-	-	-	-	8.3	8.3
<b>At 28 March 2020</b>	<b>1.0</b>	<b>151.0</b>	<b>3.4</b>	<b>-</b>	<b>(11.9)</b>	<b>143.5</b>
<b>At 28 March 2020</b>	<b>1.0</b>	<b>151.0</b>	<b>3.4</b>	<b>-</b>	<b>(11.9)</b>	<b>143.5</b>
Capital contribution	-	-	-	1,095.0	-	1,095.0
Issue of shares <sup>1</sup>	1,346.1	-	(3.4)	(1,095.0)	(247.7)	-
Capital reduction <sup>1</sup>	(1,346.1)	(151.0)	-	-	1,497.1	-
Dividends <sup>2</sup>	-	-	-	-	(102.5)	(102.5)
Total comprehensive income for the 53 weeks	-	-	-	-	(338.2)	(338.2)
<b>At 3 April 2021</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>796.8</b>	<b>797.8</b>

<sup>1</sup>During the period, as part of a Group wide capital re-organisation, the Company received a capital contribution amounting to £1.1bn from its immediate parent. the Directors resolved to cancel the share premium balance amounting to £151m to profit and loss account and issue 1.3 billion bonus shares of £1 per share from the capital contribution reserve, other reserves, and profit and loss account, which was immediately cancelled to the profit and loss account.

<sup>2</sup>Dividends distributed include interim dividend of £30m distributed to the Company's immediate parent during the period, intercompany balance owed by its immediate parent waived in the form of dividends amounting to £34.7m, and £37.8m by way of waiver of debts owed by other Group undertakings that the Company also received as a result of being an intermediary within the chain of entities receiving the distribution.

The notes on pages 13 to 21 form an integral part of these financial statements.

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Notes to the financial statements for the 53 weeks ended 3 April 2021**

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**1. Principal accounting policies***Basis of accounting*

Premier Foods Investments No. 1 Limited is a private company incorporated, domiciled and registered in England in the United Kingdom (UK). The registered number is 5014179, with its registered office at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire, AL1 2RE.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements are presented in sterling, which is the Company's functional currency. Amounts are presented to the nearest £0.1m.

The Company's ultimate parent undertaking, Premier Foods plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Premier Foods plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from [www.premierfoods.co.uk](http://www.premierfoods.co.uk)

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

- A Cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries of the Group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Premier Foods plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

*Going Concern*

Notwithstanding net current liabilities of £22.4m as at 3 April 2021 (28 March 2020: £564.8m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors of Premier Foods plc have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, Premier Foods plc, to meet its liabilities as they fall due for that period.

**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)**

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**1. Principal accounting policies (continued)***Going Concern (continued)*

Those forecasts are dependent on Premier Foods plc and its subsidiaries (together “Group”) providing additional financial support during that period. The Group has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

*Investments*

Investments are stated at cost less any provision required for impairment in their value. Investments are reviewed at least annually to determine whether there is an indication of impairment. An impairment loss is recognised in the statement of profit and loss and other comprehensive income, if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Investments are stated at cost less any provision required for impairment in their value.

*Debtors*

Debtors comprise intercompany loans. The Company uses the expected loss model to review the recoverability of debtors and measure the loss allowance required. The Company measures loss allowances for debtors at an amount equal to lifetime expected credit losses. In determining credit risk, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and forward looking information.

*Trade and other creditors*

Trade and other creditors are initially measured at fair value and subsequently measured at amortised cost. Trade creditors and other liabilities are discounted when the time value of money is considered material.

*Taxation*

Taxation losses within the tax group are surrendered for nil consideration from 3 April 2016 to other members of the Group to off-set against taxable profits in the claimant company.

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



**Premier Foods Investments No.1 Limited**

Annual report and financial statements for the 53 weeks ended 3 April 2021

Registered number: 5014179

**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)****1. Principal accounting policies (continued)***Finance cost*

Borrowing costs are accounted for on an accruals basis in the statement of profit or loss and other comprehensive income using the effective interest method.

*Finance income*

Finance income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable, taking into consideration the interest element of derivatives.

**2. Auditor's remuneration**

The audit fee has been borne by a fellow Group undertaking in the periods ended 3 April 2021 and 28 March 2020.

**3. Directors and employees**

None of the Directors received any remuneration for their qualifying services to the Company (2019/20: nil). The Directors' services were incidental to their service to the Group as a whole and no allocation has been made to the Company.

There were no employees of the Company during the period (2019/20: nil).

**4. Income from investment in subsidiary**

	53 weeks ended 3 April 2021 £m	52 weeks ended 28 March 2020 £m
Income from investment in subsidiary	<u>647.2</u>	<u>-</u>

During the period, as part of a Group wide capital re-organisation, the Company received dividends worth £647.2m from its immediate subsidiary, which include interim dividend amounting to £30m, £579.5m by way of waiver of debts owed to a Group undertaking and £37.8m by way of waivers of debts owed by other Group undertakings that the Company received as a result of being an intermediary within the chain of entities receiving the distribution.

**5. Finance income**

	53 weeks ended 3 April 2021 £m	52 weeks ended 28 March 2020 £m
Interest receivable from Group undertakings	<u>0.9</u>	<u>15.2</u>

**6. Finance cost**

	53 weeks ended 3 April 2021 £m	52 weeks ended 28 March 2020 £m
Interest payable to Group undertakings	<u>(4.6)</u>	<u>(6.9)</u>

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**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)****7. Taxation**

	<b>53 weeks ended 3 April 2021</b>	<b>52 weeks ended 28 March 2020</b>
	<b>£m</b>	<b>£m</b>
UK corporation tax on the loss for the period at 19.0% (2019/20: 19.0%)	-	-
<b>Income taxation credit</b>	<b>-</b>	<b>-</b>

The tax assessed for the period is the lower than (2019/20: less than) the standard rate of corporation tax in the UK of 19.0% (2019/20: 19.0%). The differences are explained below:

	<b>53 weeks ended 3 April 2021</b>	<b>52 weeks ended 28 March 2020</b>
	<b>£m</b>	<b>£m</b>
(Loss)/Profit before taxation	<b>(338.2)</b>	<b>8.3</b>
(Loss)/Profit multiplied by the standard rate of corporation tax in the UK of 19.0% (2019/20: 19.0%)	<b>64.2</b>	<b>(1.6)</b>
Impairment of investment in subsidiary	<b>(186.5)</b>	<b>-</b>
Group relief not paid for	<b>(0.7)</b>	<b>1.6</b>
Non-taxable Dividend income	<b>123.0</b>	<b>-</b>
<b>Total income taxation credit</b>	<b>-</b>	<b>-</b>

With effect from 3 April 2016, the losses surrendered as Group Relief between UK members of the Group have been surrendered for no consideration.

In the Spring budget of 2021, it was proposed that the corporation tax rate starting April 2023 will increase from the current 19% to 25%. The Company has no recognised or unrecognised deferred tax balances at end of the current and prior year.

**8. Investments**

	<b>Subsidiary undertakings £m</b>
<b>Cost and net book value</b>	
At 28 March 2020	706.9
Additions	1,095.0
Impairment	(981.7)
At 3 April 2021	<b>820.2</b>

During the year, the Directors of the immediate parent passed a resolution to waive the entire balance in relation to an intercompany loan along with accrued interest owed by a Group subsidiary via capital contribution amounting to £1.1bn. Following capitalisation of debts as part of the Group wide capital re-organisation, the carrying value of investment exceeded the recoverable amount and therefore the Company impaired its investment in the subsidiaries by £1.0bn.

The recoverable amount of £0.8bn of the investment was determined by reference to value in use of the underlying business adjusted for the fair value of external debts, cash balances and intercompany balance.

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**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)****8. Investments (continued)**

The key assumptions when forecasting cash flows used in the value in use calculations are revenue growth and divisional contribution margin. Revenue growth is forecast based on known or forecast customer sales initiatives, including, to the extent agreed, customer business plans or agreements for the next period, current and forecast new product development, promotional and marketing strategy, and specific category or geographical growth. External factors, including the consumer environment, are also taken into account in the more short-term forecasts. The compound revenue growth rate over the three-year forecast period is 1.5% (2019/20: 2.7%). The compound annual growth rate has dropped from 2.7% in prior year as a result of baseline revenue in the current year compared to previous year. Divisional contribution margin is forecast based on the projected mix of branded and non-branded sales, raw material input costs, purchasing initiatives and marketing and distribution costs.

For the purposes of impairment testing, the cash flows are extrapolated into perpetuity using growth assumptions relevant for the business sector. The growth rate applied of 1.1% (2019/20: 1.1%) is based on the long term growth in UK GDP as the directors expect food consumption to follow GDP growth. This is not considered to be higher than the average long-term industry growth rate.

The discount rate applied to the cash flows is calculated using a post-tax rate based on the weighted average cost of capital ('WACC') which would be anticipated for a market participant in the Group. The Group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. In the current period, the post-tax rate used to discount the forecast cash flows has been determined to be 7.5% (2019/20: 8.0%). On a pre-tax basis a discount rate of 9.1% (2019/20: 9.7%) would have been applied.

Subsidiary undertakings are disclosed within note 16.

**9. Trade and other debtors**

	3 April 2021 £m	28 March 2020 £m
<i>Amounts due after more than one year:</i>		
Amounts owed by Group undertakings	-	1.4
	-	1.4
	3 April 2021 £m	28 March 2020 £m
<i>Amounts due within one year:</i>		
Amounts owed by Group undertakings	-	18.1
	-	18.1

In 2020/21, as part of a Group-wide re-organisation the debts receivable from Group subsidiaries were restructured, which include waiver of debts and net settlement of receivables where possible.

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**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)****10. Trade and other creditors**

	3 April 2021 £m	28 March 2020 £m
Amounts owed to Group undertakings	<u>(22.4)</u>	<u>(582.9)</u>

In 2020/21, as part of a Group-wide re-organisation the debts payable to Group subsidiaries were restructured, which include waiver of debts and net settlement of payables where possible.

The owed to Group undertakings are interest free, unsecured and repayable on demand.

**11. Share capital**

	Allotted, called up and fully paid Number	£m
Ordinary shares of £1 each At 3 April 2021 and at 28 March 2020	<u>1,000,200</u>	<u>1.0</u>

All of the ordinary shares rank equally with respect to voting rights and the rights to receive dividends and distributions on a winding up.

**12. Other reserves**

The reserve was established on 30 June 2004 as £203.4m. An application was made to the High Court to reduce the share premium account created on 23 January 2004 shortly after the incorporation of the Company. The court order effectively created distributable reserves. A dividend of £200m was paid in 2007 out of the reserve thus reducing it to £3.4m. During the period, as part of a Group wide capital re-organisation, the Directors resolved to issue 3.4 million bonus shares of £1 per share from, which was immediately cancelled to the profit and loss account.

**13. Group financial statements**

The Company is a wholly owned subsidiary of Premier Foods plc (registered address: Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire, AL1 2RE) and is included in the consolidated financial statements of Premier Foods plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

**14. Ultimate parent company**

The immediate parent undertaking is Premier Foods plc.

The ultimate parent undertaking and controlling party is Premier Foods plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Premier Foods plc consolidated financial statements can be obtained from the Group's website: [www.premierfoods.co.uk](http://www.premierfoods.co.uk). The principal place of business Premier Foods plc, Premier House, Centrium House, Centrium Business Park, Griffiths Way, St Albans, AL1 2RE is in the UK.

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**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)****15. Guarantees**

The Group has provided guarantees to third parties in respect of borrowings of certain subsidiary undertakings. The maximum amount guaranteed at 3 April 2021 is £0.5bn (28 March 2020: £0.7bn). This facility is guaranteed by the principal entities of the Group including Premier Foods Investments No.1 Limited.

**16. Investments**

The following represent all the subsidiary undertakings, associate undertakings and joint operations as at 3 April 2021. With the exception of Premier Foods Investments Limited, which is owned 100% by Premier Foods Investments No.1 Limited, all shares in undertakings are held indirectly by Premier Foods Investments No.1 Limited.

Company	% Held by Parent Company of the Group	% Held by Group companies, if different	Share Class	Country	Registered Address
Premier Foods Investments Limited	100%	100%	£1.00 Ordinary shares	England & Wales	Premier House Griffiths Way St Albans Hertfordshire AL1 2RE
Premier Foods Finance plc	0%	100%	£1.00 Ordinary shares		
RHM Limited	0%	100%	£0.001 Ordinary shares		
RHM Group Holding Limited	0%	100%	£0.10 Ordinary shares		
RHM Group Two Limited	0%	100%	£0.01 Ordinary shares		
RHM Group Three Limited	0%	100%	£0.01 Ordinary shares		
Premier Foods Group Services Limited	0%	100%	£0.01 Ordinary shares		
Premier Foods Group Limited	0%	100%	£0.25 Ordinary shares		
Centura Foods Limited	0%	100%	£1.00 Ordinary shares		
Premier Foods (Holdings) Limited	0%	100%	£1.00 Ordinary shares		
H.L. Foods Limited	0%	100%	£1.00 Ordinary shares		
Hillsdown Europe Limited	0%	100%	£1.00 Ordinary shares		
Premier Financing Limited	0%	100%	£1.00 Ordinary shares		
CH Old Co Limited	0%	100%	£1.00 Ordinary shares		
Hillsdown International Limited	0%	100%	£1.00 Ordinary shares		
Premier International Foods UK Limited	0%	100%	£1.00 Ordinary shares		
RH Oldco Limited	0%	100%	£1.00 Ordinary shares		
Alpha Cereals Unlimited	0%	100%	£0.05 Ordinary shares		
RHM Frozen Foods Limited	0%	100%	£1.00 Ordinary shares		
RHM Overseas Limited	0%	100%	£1.00 Ordinary shares		
Knighton Foods Investments Limited*	0%	100%	£1.00 Ordinary shares		
Knighton Foods Limited	0%	100%	£1.00 Ordinary shares		
Knighton Foods Properties Limited	0%	100%	£1.00 Ordinary shares		
DFL Oldco Limited**	0%	100%	£1.00 Ordinary shares		
F.M.C. (Meat) Limited**	0%	100%	£0.25 Ordinary shares		
Haywards Foods Limited**	0%	100%	£1.00 Ordinary shares		
RLP Old Co Limited**	0%	100%	£1.00 Ordinary shares		
Hillsdown Holdings Pension Trustees Limited*	0%	100%	£1.00 Ordinary shares		
Premier Foods Group Life Plan Trustees Limited*	0%	100%	£1.00 Ordinary shares		
Winsford Bacon Company Limited	0%	100%	£0.25 Ordinary shares		
The Specialist Soup Company Limited**	0%	100%	£1.00 Ordinary shares		
Tiffany Sharwood's Frozen Foods Limited**	0%	100%	£1.00 Ordinary shares		
Manor Bakeries Limited**	0%	100%	£1.00 Ordinary shares		
James Robertson & Sons Limited**	0%	100%	£1.00 Ordinary shares		
00241018 Limited (formerly British Bakeries)**	0%	100%	£1.00 Ordinary shares		
AB Old Co Limited (00815338)**	0%	100%	£1.00 Ordinary shares		

**Premier Foods Investments No.1 Limited**

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**Notes to the financial statements for the 53 weeks ended 3 April 2021(continued)****16. Investments (continued)**

Daltonmoor Limited**	0%	100%	£1.00 Ordinary shares		
PFF Old Co Limited (921417)**	0%	100%	£1.00 Ordinary shares		
Premier Grocery Products Limited**	0%	100%	£1.00 Ordinary shares		
RFB Old Co Limited**	0%	100%	£1.00 Ordinary shares		
RHM Group Four Limited (349904)**	0%	100%	£1.00 Ordinary shares		
Family Loaf Bakery Limited (The)*	0%	100%	£1.00 Ordinary A shares		
			£1.00 Ordinary B shares		
W & J B Eastwood Limited**	0%	100%	£1.00 Preference shares		
			£1.00 Ordinary A shares		
Vic Hallam Holdings Limited**	0%	100%	£1.00 Ordinary B shares		
			£0.25 Ordinary shares		
			£1.00 redeemable cumulative preference shares		
Citadel Insurance Company Limited	0%	100%	£1.00 Ordinary Shares	Isle of Man	Ioma House Hope Street Douglas Isle of Man IM1 1AP
Arkway Limited**	0%	100%	£1.00 Ordinary shares	England & Wales	2 Woolgate Court St Benedicts Street Norwich Norfolk NR2 4AP
Woolgate Nitrovit Limited**	0%	100%	£0.25 Ordinary shares		
Diamond Foods Lebensmittelhandel GmbH	0%	100%	€0.5113 Ordinary shares	Germany	Gärtnerstraße 3, 25485 Hemdingen, Germany
Premier Brands Limited	0%	100%	£1.00 Ordinary shares	Scotland	Summit House 4-5 Mitchell Street Edinburgh Scotland EH6 7BD
Beatties Northern Limited (SC018898)**	0%	100%	£1.00 Ordinary shares		
Premier Foods, Inc.	0%	100%	USD\$0.01 Common Stock shares	United States	The Corporation Trust Company Corporation Trust Centre 1209 Orange Street, Wilmington DE 19801, USA
Premier Foods ROI Limited	0%	100%	€1.00 Ordinary shares	Ireland	25-28 North Wall Quay Dublin 1 Ireland
Premier Foods Ireland Manufacturing Limited*	0%	100%	€1.26 Ordinary shares		
Formwood (Coleford) Limited (344678)**	0%	100%	£1.00 Ordinary shares	England & Wales	Hillsdown House, 32 Hampstead High Street, London, NW3 1QD
G P Woolgate Limited (452169)**	0%	100%	£1.00 Ordinary shares	England & Wales	PWC LLP, Benson House 33 Wellington Street, Leeds, LS1 4JP

\*Dormant entities

\*\* Restored entities

All undertakings have the same balance sheet date as Premier Foods Investments No.1 Limited with the exception of Diamond Foods Lebensmittelhandel GmbH and Citadel Insurance Company Limited which have a 31 December year end.

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**Notes to the financial statements for the 53 weeks ended 3 April 2021***(continued)*

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**17. Subsequent events**

On 19 May 2021 the Group announced that it had signed a new revolving credit facility (RCF) agreement with an updated lending group for a period of three years from May 2021 with the potential of extending for up to two additional years. This new senior secured RCF is a committed facility of £175m with an interest margin grid broadly in line with the previous RCF, undrawn elements of the RCF will continue to attract interest equivalent to 35% of the applicable margin. The RCF is held within Premier Foods Investments Limited and Premier Foods Group Limited.

On 7 June 2021 the issue of a £330m Senior Secured fixed rate note, due 2026, replaced the Group's £300m Senior Secured fixed rate note, due to mature October 2023. The Company has agreed to act as a guarantor under the terms of the new note and the RCF facility which is held by another Company within the Group.