

Broomco (3555) Limited

**Strategic report, directors' report and
financial statements**

Registered number 05234799

31 December 2018



Broomco (3555) Limited
Company information

Directors

T Malkoski
R Purcell

Auditor

Ernst & Young LLP
24 Marina Court
Hull
HU1 1TJ

Banker

HSBC Bank Plc
33 Park Row
Leeds
West Yorkshire
LS1 4AD

Solicitor

Squire Patton Boggs (UK) LLP
6 Wellington Place
Leeds
West Yorkshire
LS1 4AP

Registered office

Unit 26, Brighton Street Industrial Estate
Freightliner Road
Hull
East Yorkshire
HU3 4UN

Registered number

05234799

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Principal activities

The principal activity of the company is as an intermediate holding company.

Review of the business

We have identified the below measures that are important to the company's financial performance. The Board considers these in assessing the achievement of the group's strategy:

	2018	2017
KPI	\$000	\$000
Interest receivable	333	318
Net assets	49,077	48,744

The directors are satisfied with the underlying performance of the company.

Principal risks and uncertainties

The principal risk faced by the company is the possibility of deterioration in the value of its investments.

Financial risk management

Exposure to price, credit, liquidity and cash flow risk

The company is able to minimise each of the above risks as interest free funding is provided by the parent company.

Future developments

The company is expected to continue as a holding company. The directors expect future results to be broadly in line with the current year.

By order of the board



R Purcell
Director
30 September 2019

Directors' report

The directors present their directors' report and the audited financial statements of the company for the year ended 31 December 2018.

Going concern

The directors confirm that after reviewing existing financial resources and projected cash flow, and considering current and anticipated market conditions, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company's ultimate UK parent, Broomco (3554) Limited, has extended its loan facilities to 9th December 2028 and has received a working capital injection from its new parent Nagatanien Holdings Co Limited. Broomco (3554) Limited has committed to give financial support as required to the company. Accordingly, the going concern basis has been adopted in preparing these financial statements.

Results and Dividends

Profit for the year can be found on page 8. Dividends paid during the year totalled \$Nil (2017: \$Nil). The directors do not recommend the payment of a final dividend.

Prior year adjustment

During the year ended 31 December 2016, a dividend of \$54,422,000 was received from Pilgrim Food Holdings Limited. Upon subsequent retrospective review, there would not have been sufficient distributable reserves in that company to pay this dividend in full, and an amount of \$336,000 would be considered unlawful.

Consequently, a prior year adjustment has been made to reduce the dividend income in this company by \$336,000 from the stated balance, and recognise an intercompany creditor for the remaining \$336,000.

The profit and loss reserve at 1 January 2017 has therefore also been adjusted by the same amount, from the stated balance of \$8,489,000 to \$8,153,000.

Directors

The directors who held office during the year and up to the date of signing the financial statements (unless otherwise stated) were as follows:

T Malkoski
R Purcell (appointed 14 February 2019)
P Frampton (resigned 31 December 2018)

Disclosure of information to auditor

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Third party indemnity provisions

The directors are indemnified against any claim first made against them for any wrongful act in their capacity as a director, officer or employee of the company.

Directors' report (continued)

Employment of disabled persons

Within the grounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees. The company's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the company's operations. Employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status. Full consideration is given to applications for employment by and the continuing employment, training and career development of disabled people.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year

Auditor

Pursuant to Section 485 of the Companies Act 2006, Ernst & Young LLP were appointed as auditors of the company on 10 January 2019.

This report was approved by the board on 30 September 2019 and signed on its behalf.



R Purcell
Director

Unit 26, Brighton Street Industrial Estate
Freightliner Road
Hull
East Yorkshire
HU3 4UN

Broomco (3555) Limited

Statement of directors' responsibilities in respect of the strategic report, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 BROOMCO (3555) LIMITED

Opinion

We have audited the financial statements of Broomco (3555) Limited for the year ended 31 December 2018 which comprise Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOMCO (3555) LIMITED (continued)

Matters on which we are required to report by exception

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

Responsibilities of directors

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

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

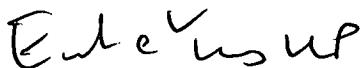
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



Richard Frostick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull

30 September 2019

Profit and loss account and other comprehensive income
for the year ended 31 December

	<i>Note</i>	2018	2017
		\$000	\$000
Interest receivable and similar income	5	333	318
Profit on ordinary activities before taxation		333	318
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		333	318

Other comprehensive income

No items were recognised in other comprehensive income in the year (2017: \$Nil).

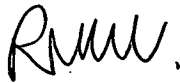
The notes on pages 11 to 20 form part of these financial statements.

Balance sheet
at 31 December 2018

	<i>Note</i>	2018	2018	Restated 2017	Restated 2017
		\$000	\$000	\$000	\$000
Fixed assets					
Investments	7		80,698		80,698
			<hr/>		<hr/>
Current assets					
Debtors	8	13,294		12,961	
Cash at bank and in hand	9	17		17	
		<hr/>		<hr/>	
		13,311		12,978	
Creditors amounts falling due within one year	10	(45,268)		(45,268)	
		<hr/>		<hr/>	
Net current liabilities			(31,957)		(32,290)
			<hr/>		<hr/>
Total assets less current liabilities			48,741		48,408
			<hr/>		<hr/>
Net assets			48,741		48,408
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	11		22,282		22,282
Share premium account	11		17,655		17,655
Profit and loss account	11		8,804		8,471
			<hr/>		<hr/>
Total equity			48,741		48,408
			<hr/>		<hr/>

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 30 September 2019 and were signed on its behalf by:



R Purcell
Director

Company registered number: 05234799

Statement of changes in equity

	Share capital	Share premium	Profit and loss account	Total equity
	S000	S000	S000	S000
Balance at 1 January 2017 – as previously stated	22,282	17,655	8,489	48,426
Restatement at 1 January 2017 (see note 13)	-	-	(336)	(336)
Balance at 1 January 2017 – as restated	22,282	17,655	8,153	48,090
Profit for the year	-	-	318	318
Balance at 31 December 2017 and 1 January 2018	22,282	17,655	8,471	48,408
Profit for the year	-	-	333	333
Balance at 31 December 2018	22,282	17,655	8,804	48,741

The notes on pages 11 to 20 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

Broomco (3555) Limited (the “company”) is a company limited by shares and incorporated and domiciled in the UK. The company’s registered office address is Unit 26, Brighton Street Industrial Estate, Freightliner Road, Hull, Yorkshire, HU3 4UN.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”). The presentation currency of these financial statements is the US Dollar as the majority of the company’s turnover, cashflow and borrowings are in US Dollars. All amounts in the financial statements have been rounded to the nearest \$1,000.

The company’s ultimate parent undertaking, Broomco (3554) Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Broomco (3554) Limited are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and are available to the public and may be obtained from Unit 26, Brighton Street Industrial Estate, Freightliner Road, Hull, Yorkshire, HU3 4UN. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Broomco (3554) Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1. Notes *(continued)*

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

The financial information presented covers the years ended 31 December 2018 and 31 December 2017.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

1.2 Measurement convention

The financial information has been prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

1.3 Going concern

The company has access to funding from its ultimate parent and the wider Chaucer group. The directors consider that the existing facilities remain sufficient for the working capital needs of the business and that they will continue to be able to make capital repayments as they fall due.

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial information.

The company has received confirmation from its parent company that it will provide financial support for the foreseeable future and at least the next 12 months.

Notes (continued)

1 Accounting policies (continued)

1.4 Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the company (or company, as the case may be) are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in this financial information for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment in accordance with FRS 102.14.8.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1 Accounting policies (continued)

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows. The effect of discounting is not material. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. No impairments have been recognised in the periods presented.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Interest receivable and interest payable

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

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Auditor's remuneration

Audit costs are borne by a fellow group company.

3 Staff numbers and costs

The company had no employees in the year to 31 December 2018 (year to 31 December 2017: Nil).

4 Directors' remuneration

In both 2018 and 2017 the cost of directors' remuneration was borne by other companies within the Chaucer Group. It is not practical to determine the proportion of the emoluments which relate to their services as directors of this company.

5 Interest receivable and similar income

	Year ended 31 December 2018 \$000	Year ended 31 December 2017 \$000
Interest income	333	318

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 December 2018 \$000	Year ended 31 December 2017 \$000
Current tax expense		
Total tax expense on continuing operations	-	-

Notes *(continued)*

6 Taxation *(continued)*

The Budget on 16 March 2016 announced changes in the main UK corporation tax rate. The rate (currently 19%) will reduce to 17% from 1 April 2020.

This reduction in tax rates was included in the 2016 Finance Act which was substantively enacted for the purposes of UK GAAP (i.e. having completed its Commons stages) on 6 September 2016.

Reconciliation of effective tax rate

	Year ended 31 December 2018 \$000	Year ended 31 December 2017 \$000
Profit for the period	333	318
Total tax expense	-	-
	<hr/>	<hr/>
Profit excluding taxation	333	318
	<hr/>	<hr/>
Standard rate of UK corporation tax	19.00%	19.25%
Tax using the UK corporation tax rate for the relevant period	63	61
Dividend income not taxable	-	-
Group relief surrendered for nil payment	-	-
Deferred tax not recognised	(63)	(61)
	<hr/>	<hr/>
Total tax expense on continuing operations	-	-
	<hr/>	<hr/>

Notes (continued)

7 Investments in subsidiaries

	Year ended 31 December 2018 \$000	Year ended 31 December 2017 \$000
Shares in subsidiary undertakings	80,698	80,698

The company has the following investments in subsidiaries:

Subsidiaries	Country of incorporation	Registered No.	Registered address	Year- end	Class of Shares held	Ownership
Pilgrim Food Holdings Ltd	UK	04171960	Unit 26, Brighton Street Ind Est, Freightliner Road, Hull, HU3 4EN	31 Dec	Ordinary	100%
Chaucer Foods Limited	UK	03168607	Unit 26, Brighton Street Ind Est, Freightliner Road, Hull, HU3 4EN	31 Dec	Ordinary	100%
Chaucer Foods UK Ltd	UK	01620320	Unit 26, Brighton Street Ind Est, Freightliner Road, Hull, HU3 4EN	31 Dec	Ordinary	100%
Chaucer Foods Inc	USA	75-3064374	2238 Yew Street Forest Grove, Oregon 97116	31 Dec	Ordinary	100%
Chaucer QALICB Inc	USA	975155-98	2238 Yew Street Forest Grove, Oregon 97116	31 Dec	Ordinary	100%
Chaucer Leverage Lender Inc	USA	974997-99	2238 Yew Street Forest Grove, Oregon 97116	31 Dec	Ordinary	100%
Chaucer Foods SpA	Chile	96.092.168-8	Av. Condell 376, Santiago, Chile	31 Dec	Ordinary	100%
Chaucer Foods SAS	France	320050768	110 rue de la Perrière 49260 saint Cyr en Bourg	31 Dec	Ordinary	100%
Chaucer Foods Hong Kong Ltd	Hong Kong	749470	4/F, Soho 77, 77 Bonham strand, Sheung Wan	31 Dec	Ordinary	100%
Chaucer Foods (Qingdao) Company Ltd	China	913702007504203545	No.50 (A), Tokyo Road, Free Trade Port Zone, Qingdao	31 Dec	Ordinary	100%
Qingdao Chauanda Trade Co Ltd	China	9137021232149112XG	Room 804, East of Floor 8, No. 182-8 Haier Road, Laoshan District, Qingdao	31 Dec	Ordinary	100%
Crunchies Natural Food Company LLC	USA	5619874	23586 Calabasas Rd. Ste 202, Calabasas, CA 91302-1322	31 Dec	Ordinary	100%

Notes (continued)

8 Debtors

	At 31 December 2018 \$000	At 31 December 2017 \$000
Due within one year		
Amounts owed by group undertakings	13,294	12,961
	<u>13,294</u>	<u>12,961</u>

9 Cash and cash equivalents

	At 31 December 2018 \$000	At 31 December 2017 \$000
Cash and cash equivalents per balance sheet	17	17
	<u>17</u>	<u>17</u>

10 Creditors

	At 31 December 2018 \$000	At 31 December 2017 \$000
Due within one year		
Amounts owed to group undertakings	45,268	45,268
	<u>45,268</u>	<u>45,268</u>

Notes (continued)

11 Capital and reserves

	At 31 December 2018 Number	At 31 December 2017 Number
Share capital		
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1.00 each	14,412,003	14,412,003

	At 31 December 2018 \$000	At 31 December 2017 \$000
Share capital		
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1.00 each	22,282	22,282

Reserve	Description and purpose
<i>Share premium</i>	Amount subscribed for share capital in excess of nominal value.
<i>Profit and loss account</i>	Cumulative net gains and losses recognised in the consolidated income statement.

12 Commitments

Capital commitments

There were no capital commitments at 31 December 2018 or 31 December 2017.

13 Prior year adjustment

During the year ended 31 December 2016, a dividend of \$54,422,000 was received from Pilgrim Food Holdings Limited. Upon subsequent retrospective review, there would not have been sufficient distributable reserves in that company to pay this dividend in full, and an amount of \$336,000 would be considered unlawful.

Consequently, a prior year adjustment has been made to reduce the dividend income in this company by \$336,000 from the stated balance, and recognise an intercompany creditor for the remaining \$336,000.

The profit and loss reserve at 1 January 2017 has therefore also been adjusted by the same amount, from the stated balance of \$8,489,000 to \$8,153,000.

14 Related parties

As a 100% owned subsidiary of Broomco (3554) Limited, the company qualifies for exemption from disclosing transactions with other group companies.

Notes (continued)

15 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Broomco (3554) Limited. The ultimate controlling party is Nagatanien Co. Limited, a company incorporated in Japan.

The largest group in which the results of the company are consolidated is that headed by Nagatanien Co. Limited, a company incorporated in Japan. The smallest group in which the results of the company are consolidated is that headed by Broomco (3554) Limited, incorporated in the United Kingdom. No other group financial statements include the results of the company. The consolidated financial statements of Nagatanien Co. Limited are available to the public and may be obtained from 2-36-1, Nishi-Shimbashi, Minato-ku, Tokyo. The consolidated financial statements of Broomco (3554) Limited are available to the public and may be obtained from Unit 26, Brighton Street Industrial Estate, Freightliner Road, Hull, Yorkshire, HU3 4UN.

16 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions concerning the future, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements are based on historical experience and management's best knowledge at the time and the actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities are discussed below.

Impairment of investment

Determining whether investments are impaired requires an estimation of the value in use of the cash-generating units to which investments have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The company estimates the recoverable amounts based on historical experience of margin, volumes and cost structure and expectations of future events. The company's weighted average cost of capital takes account of current market conditions as well as risks specific to the entity and this has been applied as a pre-tax discount factor to obtain a current value. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market specific risks.

Assumptions relating to tax

The company recognises expected assets for tax based on an estimation of the likely taxes receivable, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual asset arising from these items differs from these estimates, such differences will have an impact on income tax and deferred tax assets in the period when such determination is made.