

Company Registration No. 05269846

WHITWORTHS LIMITED

Annual Report and Financial Statements
61 weeks ended 30 December 2017



WHITWORTHS LIMITED

REPORT AND FINANCIAL STATEMENTS 30 DECEMBER 2017

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WHITWORTHS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Fairweather
O Oz
K Oz
O Ceryan

REGISTERED OFFICE

Orchard House
Irthlingborough
Wellingborough
Northamptonshire
NN9 5DB

BANKERS

Barclays Bank plc
8 Market Street
Kettering
Northamptonshire
NN16 0AX

Leumi ABL Ltd
126 Dyke Road
Brighton
East Sussex
BN1 3TE

AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

WHITWORTHS LIMITED

STRATEGIC REPORT

The directors present their annual report and audited financial statements for the 61 weeks ended 30 December 2017.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 1 November 2017 the accounting date was changed to 31 December and therefore this annual report and financial statements are for the period of 61 weeks ending 30 December 2017.

On 12 May 2017 Whitworths Investments Limited, of which the Company is a wholly owned subsidiary, sold its trading investment in Anatolia Tarim Urunleri Sanayi ve Dis Ticaret Anonim Sirketi ("Anatolia"), a company which is registered in Turkey. On the same date Anatolia acquired all of the share capital of Whitworths Investments Limited. The merger of Whitworths and Anatolia has formed one of Europe's largest dried fruit, nuts and seeds (DFNS) businesses. The merger provides a platform for long-term growth, combining the capability of Whitworths as the UK's leading DFNS supplier with the strength of Anatolia in sourcing and packing Turkish-grown products. This provides the enlarged business with a unique position in the market to deliver supply chain integrity from producer to consumer in key areas of dried fruit.

The company continues to operate in its key food markets of vine fruit, tree fruit, culinary nuts, beans, pulses and cereals, and other miscellaneous ambient food products. Many of the company's markets are in growth driven by today's consumer trends of healthy eating, snacking and baking habits. These positive trends will facilitate the company's continued development supported by a focus on new product innovation.

The following other KPI's are deemed to be relevant to the company:

This period, turnover has decreased to £167.1m (78 weeks ended 29 October 2016: £220.0m). The decrease has been driven by the change in the accounting date and the turnover has also been adversely impacted by price pressure from the major retailers. The turnover in the prior period was adversely impacted by the implementation of a new ERP system in March 2016 which impacted the business' ability to service its customers at the normal level. The estimate of lost sales, based on a normal service level, is £15.1m in the period March 2016 to October 2016.

The Operating loss of £3.5m (78 weeks ended 29 October 2016: £49.9m loss) is as a result of price pressure from major retailers and the exceptional costs totaling £2.1m (78 weeks ended 29 October 2016: £52.5m) incurred from various strategic and business advisory fees which subsequently resulted in the decision, by the previous shareholders, to sell the Whitworths' operating companies to Anatolia on 12 May 2017.

The prior period exceptional costs largely comprise an impairment provision in respect of unrecoverable intercompany loan balances from the previous holding companies (£44.6m). The balance of exceptional costs comprised restructuring costs following the appointment of the new Chief Executive Officer in the period (£1.2m), costs to rectify issues which arose following implementation of a new ERP system (£4.9m) and other exceptional trading costs, resulting from a supply of out of specification product from a supplier, where the Company was unsuccessful in recovery of costs.

As at 30 December 2017 the Company had cash of £4.2m (29 October 2016: £1.7m) and £4.0m of debt (29 October 2016: £nil).

Net assets have reduced to £8.4m (29 October 2016: £13.6m) as a result of the loss in the period.

Average employee numbers have reduced to 344 for the period (78 weeks ended 29 October 2016: 365) as a result of improved factory efficiency and a reduction in overhead support.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's main markets in the UK continue to be a competitive trading environment. However, the risks associated with this have been addressed by a continued focus on the strength of the company's product offer, its relationships with its customers and the diversity of those customers. Raw material commodity costs are closely monitored by management through weekly meetings and much of the increases in such costs are passed onto customers.

Significant proportions of the company's purchases are made in US Dollars and Euros and are therefore exposed to the movement in exchange rates. The risk is managed by a combination of the contractual arrangements with larger customers, the maintenance of foreign currency bank accounts and the use of forward foreign exchange contracts.

WHITWORTHS LIMITED

STRATEGIC REPORT

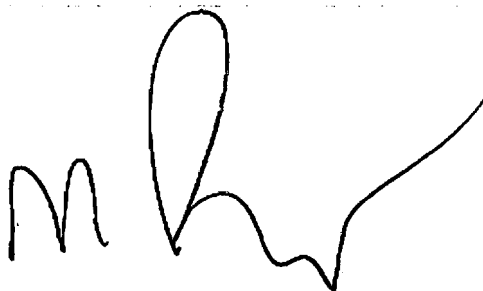
GOING CONCERN

The financial statements have been prepared on a going concern basis.

Following the acquisition on 12 May 2017 the Company has secured funding facilities on an Asset Backed Lending basis from Leumi ABL Limited, which include financial covenants. Therefore the directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook. The Company has sufficient financial resources and forecast profitability going forward.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors
and signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'M Fairweather', with a large loop at the end.

Mark Fairweather
Director

Date: 29 June 2018

WHITWORTHS LIMITED

DIRECTORS' REPORT

In accordance with s414C (11) of the Companies Act 2006, the directors have presented future developments in the Strategic Report.

PRINCIPAL ACTIVITY

The company's principal activities during the period were the packaging and distribution of ambient food products and the provision of food services to its customer base.

RESULTS AND DIVIDENDS

The loss for the period after taxation of £1.5m (78 weeks ended 29 October 2016 loss: £42.2m) has been transferred to reserves.

The directors do not recommend the payment of a dividend (78 weeks ended 29 October 2016: £nil).

DIRECTORS

The directors who served during the period and since the period end, unless otherwise stated, were as follows:

M Fairweather

S Lowe (resigned 22 April 2018)

O Ceryan (appointed 12 May 2017)

K Oz (appointed 12 May 2017)

O Oz (appointed 12 May 2017)

EMPLOYEE INVOLVEMENT

The company has developed procedures for good communication and employee involvement. Joint committees operate on a regular basis to discuss matters affecting communication of information about the business to all levels of employees.

Team briefing sessions are conducted regularly and provide a regular communication of information about the business to all levels of employees.

In addition to normal salary, certain employees receive payments which are based on the performance of the business and which encourage a commitment to success.

EMPLOYMENT OF DISABLED PEOPLE

It is the policy of the company to employ people who are handicapped by disablement provided that it is practicable to offer them suitable employment; also to make every effort to provide appropriate employment for employees who become disabled.

It is the company's intention to give disabled people opportunity for training, career development and promotion consistent with their capabilities.

The individual needs of the disabled will be taken into consideration and where practicable, special arrangements will be made to enable them to carry out their work.

WHITWORTHS LIMITED

DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Commodity prices and foreign exchange rates

The company uses both spot currency purchases and forward foreign exchange contracts to hedge commodity and packaging purchases in order to minimise risk in fluctuations of exchange rates. The company works closely with its customers to ensure that contracts are agreed for commodities and the subsequent foreign currency requirements, within a short period of receiving a customer order, to minimise the risk of fluctuations in both commodity prices and exchange rates and therefore do not provide a material risk to the company.

Credit risk

The company's principal financial assets are bank balances and cash, and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

On 19 July 2017, the company secured financing facilities on an Asset Backed Lending basis from Leumi ABL Limited with a total facility amounting to £19.0m. This facility will provide the liquidity to ensure that sufficient funds are available for ongoing operations and future developments.

Interest rate risk

The company finances its operations through a mixture of retained profits and third party borrowings. The company exposure to interest rate fluctuations on its borrowings is mitigated by the use of fixed interest loan borrowing agreements.

AUDITOR

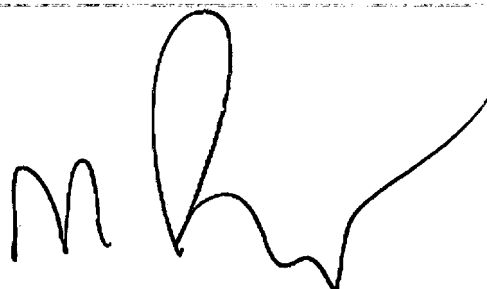
In the case of the persons who are directors of the company at the date when this report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board by:



Mark Fairweather
Director

Date: 29 June 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITWORTHS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its loss for the 61 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Whitworths Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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

Other information

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

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

We have nothing to report in respect of these matters.

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 for the financial statements is located on the Financial Reporting Council's website at: 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.

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



Matthew Hall FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

29 June 2018

WHITWORTHS LIMITED

PROFIT AND LOSS ACCOUNT 61 weeks ended 30 December 2017

| | | | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|--------------------------------|------|---------|---|--|
| | Note | £'000 | | |
| TURNOVER | 3 | | 167,145 | 219,965 |
| Cost of sales | | | (153,528) | (199,205) |
| GROSS PROFIT | | | 13,617 | 20,760 |
| Distribution and selling costs | | | (5,911) | (6,914) |
| Administrative expenses | | (9,118) | | (11,267) |
| Exceptional costs | 5 | (2,065) | | (52,487) |
| | | | (11,183) | (63,754) |
| OPERATING LOSS | 5 | | (3,477) | (49,908) |
| Finance costs (net) | 6 | | 1,733 | 7,189 |
| LOSS BEFORE TAXATION | | | (1,744) | (42,719) |
| Tax on loss | 7 | | 200 | 472 |
| LOSS AFTER TAXATION | | | (1,544) | (42,247) |

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME 61 weeks ended 30 December 2017

| | | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|---|------|---|--|
| | Note | | |
| Loss for the financial year | | (1,544) | (42,247) |
| Cash flow hedge: | | | |
| (Losses)/gains recognised on derivative financial instruments | 15 | (3,665) | 2,477 |
| Deferred tax recognised on derivative financial instruments | | - | (10) |
| Total comprehensive income | | (5,209) | (39,780) |

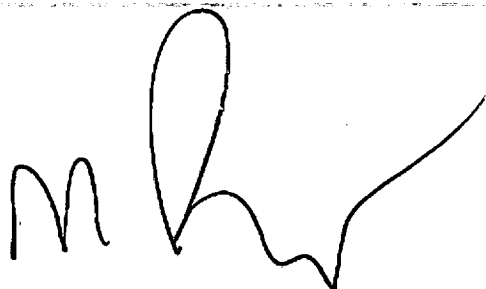
WHITWORTHS LIMITED

BALANCE SHEET At 30 December 2017

| | Note | 30 December 2017 £'000 | 29 October 2016 £'000 |
|--|------|---------------------------------|--------------------------------|
| FIXED ASSETS | | | |
| Goodwill | 8 | - | - |
| Tangible assets | 9 | 7,907 | 9,907 |
| | | <u>7,907</u> | <u>9,907</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 17,891 | 20,111 |
| Debtors | 11 | 13,261 | 33,744 |
| Cash at bank and in hand | | 4,225 | 1,699 |
| | | <u>35,377</u> | <u>55,554</u> |
| CREDITORS: amounts falling due within one year | 12 | <u>(32,374)</u> | <u>(51,822)</u> |
| NET CURRENT ASSETS | | <u>3,003</u> | <u>3,732</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>10,910</u> | <u>13,639</u> |
| CREDITORS: amounts falling due after more than one year | 13 | <u>(2,504)</u> | <u>(24)</u> |
| NET ASSETS | | <u>8,406</u> | <u>13,615</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 17 | - | - |
| Profit and loss account | 17 | 9,753 | 11,297 |
| Hedging reserve | 17 | (1,347) | 2,318 |
| SHAREHOLDER'S FUNDS | | <u>8,406</u> | <u>13,615</u> |

The financial statements of Whitworths Limited, company registration number 05269846, were approved by the Board of Directors on

Signed on behalf of the Board of Directors by:



Mark Fairweather
Director

Date: 29 June 2018

WHITWORTHS LIMITED

STATEMENT OF CHANGES IN EQUITY At 30 December 2017

| | Called up share capital £'000 | Profit and loss account £'000 | Hedging reserve £'000 | Total £'000 |
|--|--|--|--------------------------------------|------------------------|
| At 3 May 2015 | - | 53,544 | (149) | 53,395 |
| Loss for the financial period | - | (42,247) | - | (42,247) |
| Other comprehensive income for the period | - | - | 2,467 | 2,467 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 October 2016 | - | 11,297 | 2,318 | 13,615 |
| Loss for the financial period | - | (1,544) | - | (1,544) |
| Other comprehensive expense for the period | - | - | (3,665) | (3,665) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 December 2017 | - | 9,753 | (1,347) | 8,406 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 61 weeks ended 30 December 2017

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

General information and basis of accounting

Whitworths Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The directors have chosen to amend the accounting date to 31 December and therefore this annual report and audited financial statements are for an extended period of 61 weeks. The business chose to amend the accounting date to be in line with the new parent company Anatolia Tarim Urunleri Sanayi ve Dis Ticaret Anonim Sirketi following the acquisition on 12 May 2017. The comparative figures are consistent with that previously reported for the 78 weeks ended 29 October 2016 and are therefore not time comparable.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Whitworths Investments Limited, which may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

Following the acquisition on 12 May 2017 the Company has secured funding facilities on an Asset Backed Lending basis from Leumi ABL Limited, which include financial covenants. Therefore the directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook. The Company has sufficient financial resources and forecast profitability going forward.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost less accumulated depreciation.

Depreciation is provided at rates appropriate to the write off of fixed assets over their expected useful lives. Annual rates of depreciation most widely used are:

| | |
|-----------------------|----------------|
| Plant and machinery | 5% to 20% |
| Fixtures and fittings | 10% to 33 1/3% |

NOTES TO THE FINANCIAL STATEMENTS (continued)
61 weeks ended 30 December 2017

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover is recognised at the point of despatch.

Employee benefits

The company operates a defined contribution pension scheme for the benefit of employees. The costs of company contributions are charged to the profit and loss account in the period in which they occur.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at the closing rate. Trading items denominated in foreign currencies are translated at the exchange rate ruling on the date the transactions occurred. Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks; and
- Exchange differences on gains or losses on non-monetary items which are recognised in other comprehensive income

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term

Exceptional costs

Costs incurred out of the ordinary course of business and one-off in nature.

Goodwill

On the acquisition of a business fair values are attributable to the company's share of net assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition. The goodwill is amortised over its estimated useful life up to a maximum of 20 years with a full year's charge in the year of acquisition. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill. The profit or loss on disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)
61 weeks ended 30 December 2017

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified 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 Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(iv) Hedge accounting

The Company designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Company determines and documents causes for hedge ineffectiveness.

Note 15 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
61 weeks ended 30 December 2017

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving and defective stocks. Cost comprises direct expenses and such overheads as are appropriate to the location and condition of the stock and work in progress. Net realisable value is based on estimated selling price less further costs to be incurred on completion and disposal.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)
61 weeks ended 30 December 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Management do not consider there to be any areas of critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

Stock provision

Based on the ageing of the stock the Directors apply a set of criteria, based on experience, to estimate the level of provision required to determine the net realisable value of stock, on a line by line basis.

Rebates

The customer rebate agreements vary in periods of time, which in some cases are non-coterminous with the company's financial year, requiring judgement over the level of future sales. At the balance sheet date the Directors make judgements on the amount of rebate that will become payable to the company under these agreements based upon prices, volumes and product mix.

Forecast compliance of financial covenants

Associated with the Asset Backed Lending facilities with Leumi ABL Limited are financial covenants. The directors review the forecasted financial performance of the Company against the financial covenants to ensure continued compliance.

The directors have applied judgement in calculating the forecasted financial performance of the Company, based on historical results, as well as internal and external factors.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

3. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover is recognised at the point of despatch.

Turnover by geographical destination is as follows:

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|----------------|--|---|
| United Kingdom | 165,166 | 215,942 |
| Rest of Europe | 1,802 | 4,023 |
| Rest of World | 177 | - |
| | <u>167,145</u> | <u>219,965</u> |

An analysis of the Company's revenue is as follows:

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|----------------|--|---|
| Sale of goods | <u>167,145</u> | <u>219,965</u> |
| Total Turnover | <u>167,145</u> | <u>219,965</u> |

The directors consider that the company operates in one business segment being food production.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration borne, and recharged, on behalf of Whitworths Investment Limited:

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|--------------------------------|---|--|
| Directors' remuneration | | |
| Emoluments | 863 | 1,115 |
| Pensions | - | 18 |
| | <u>863</u> | <u>1,133</u> |

The emoluments, excluding pension contributions, of the highest paid director were £465,000 (78 weeks ended 29 October 2016: £424,000). Pension contributions of the highest paid director amounted to £nil (78 weeks ended 29 October 2016: £nil) and had accrued entitlements of £nil (78 weeks ended 29 October 2016: £nil) under the scheme at the end of the year.

| | 61 weeks ended 30 December 2017 No | 78 weeks ended 29 October 2016 No |
|---|--|---|
| The number of directors who were members of a money purchase scheme was | - | - |

| | No. | No. |
|---|---------------|---------------|
| Monthly average number of persons employed including directors | | |
| Production | 283 | 305 |
| Sales and administration | 61 | 60 |
| | <u>344</u> | <u>365</u> |
| | £'000 | £'000 |
| Staff costs during the period including directors | | |
| Wages and salaries | 12,581 | 14,951 |
| Social security costs | 1,337 | 1,531 |
| Pension costs | 294 | 324 |
| | <u>14,212</u> | <u>16,806</u> |

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to the profit and loss account of £294,000 (78 weeks ended 29 October 2016: £324,000) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 30 December 2017, contributions of £35,000 (29 October 2016: £40,000) were due in respect of the current reporting period had not been paid over to the schemes.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

5. OPERATING LOSS

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|---|---|--|
| Operating loss is stated after charging/(crediting) the following items: | | |
| Operating lease rentals: | | |
| Plant and machinery | 691 | 856 |
| Other | 820 | - |
| Depreciation of tangible fixed assets (note 9) | 2,563 | 2,813 |
| Amortisation of intangible assets | - | 284 |
| Impairment of intangible assets | - | 920 |
| Exceptional costs - restructuring | 2,065 | 45,473 |
| Exceptional costs - new ERP system | - | 4,875 |
| Other exceptional costs | - | 2,139 |
| Cost of stock recognised as an expense | 130,906 | 166,926 |
| Foreign exchange gain | (282) | (34) |
| Loss on disposal of fixed assets | 13 | 22 |
| Auditor's remuneration | | |
| - fees payable to the company's auditor for the audit of the company's financial statements | 63 | 124 |
| Non-audit services | | |
| - tax compliance services | 20 | 53 |
| - other services | 535 | 61 |

In addition to the costs shown above the company has borne the cost of the fees payable for the audit of other group companies. Total costs borne on behalf of fellow group companies is £9,000 (78 weeks ended 29 October 2016: £5,000).

The exceptional costs in the 61 weeks ended 30 December 2017 have been incurred from various strategic and business advisory fees which subsequently resulted in the decision by the previous shareholders to sell the Whitworths' operating companies to Anatolia Tarim Urunleri Sanayi ve Dis Ticaret Anonim Sirketi on 12 May 2017.

The exceptional costs in the prior period largely comprise an impairment provision in respect of unrecoverable intercompany loan balances from the previous holding companies of £44.6m. The balance of exceptional costs comprised restructuring costs following the appointment of the new Chief Executive Officer in the period (£1.2m), costs to rectify issues which arose following implementation of a new ERP system (£4.9m) and other exceptional trading costs, resulting from a supply of out of specification product from a supplier, where the Company was unsuccessful in recovery of costs.

6. FINANCE COSTS (NET)

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|---------------------------------------|---|--|
| Overdraft interest payable | (444) | (200) |
| Intercompany loan interest receivable | 2,177 | 7,389 |
| | <u>1,733</u> | <u>7,189</u> |

All intercompany loan agreements bear interest at 10% per annum.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

7. TAX ON LOSS

Analysis of tax (credit)/charge on profit

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|--|---|--|
| Current tax | | |
| Group relief paid for | - | - |
| Total current tax credit for the period | - | - |
| Deferred tax | | |
| United Kingdom deferred tax - timing differences, origination and reversal | (310) | (555) |
| Adjustment in respect of prior years | 51 | 43 |
| Effect of decrease in tax rate on opening liability | 59 | 40 |
| Total deferred tax credit for the period | (200) | (472) |
| Total tax credit on loss | (200) | (472) |

Factors affecting tax charge for the current period

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19.35% (78 weeks ended 29 October 2016: 20%).

The differences are explained below:

| | 61 weeks ended 30 December 2017 £'000 | 78 weeks ended 29 October 2016 £'000 |
|---|---|--|
| Loss before tax | (1,744) | (42,719) |
| Tax at 19.35% (78 weeks ended 29 October 2016: 20%) thereon | (337) | (8,544) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 363 | 9,323 |
| Effects of group relief | (366) | (761) |
| Tax rate changes | 59 | 40 |
| Adjustment in respect of prior years | 81 | (530) |
| Total tax credit for the period | (200) | (472) |

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

8. GOODWILL

| | Goodwill on acquisition £'000 |
|---|-------------------------------------|
| Cost | |
| At 30 October 2016 and 30 December 2017 | 6,269 |
| Amortisation | |
| At 30 October 2016 and 30 December 2017 | (6,269) |
| Net book value | |
| At 30 October 2016 and 30 December 2017 | - |

9. TANGIBLE FIXED ASSETS

| | Plant and machinery £'000 | Fixtures and fittings £'000 | Total £'000 |
|---------------------------------|---------------------------------|-----------------------------------|----------------|
| Cost | | | |
| At 30 October 2016 | 19,328 | 4,314 | 23,642 |
| Additions | 469 | 107 | 576 |
| Disposals | (292) | - | (292) |
| At 30 December 2017 | 19,505 | 4,421 | 23,926 |
| Accumulated depreciation | | | |
| At 30 October 2016 | (12,617) | (1,118) | (13,735) |
| Charge for the period | (2,053) | (510) | (2,563) |
| Disposals | 279 | - | 279 |
| At 30 December 2017 | (14,391) | (1,628) | (16,019) |
| Net book value | | | |
| At 30 December 2017 | 5,114 | 2,793 | 7,907 |
| At 29 October 2016 | 6,711 | 3,196 | 9,907 |

Included within cost and net book value of total tangible fixed assets at 30 December 2017 were assets in the course of construction amounting to £627,000 (29 October 2016: £1,671,000) which have not been depreciated.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

10. STOCKS

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|-------------------------------------|---------------------------------|--------------------------------|
| Raw materials and consumables | 8,078 | 10,757 |
| Work in progress | 446 | 1,030 |
| Finished goods and goods for resale | 9,367 | 8,324 |
| | <u>17,891</u> | <u>20,111</u> |

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|--|---------------------------------|--------------------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 10,470 | 12,497 |
| Amounts owed by group undertakings | - | 16,084 |
| Prepayments and accrued income | 1,145 | 900 |
| Other debtors | 1,156 | 1,573 |
| Derivative financial assets (see note 15) | 34 | 2,415 |
| | <u>12,805</u> | <u>33,469</u> |
| Amounts falling due after more than one year: | | |
| Derivative financial assets (see note 15) | - | 19 |
| Deferred tax asset (see note 16) | 456 | 256 |
| | <u>13,261</u> | <u>33,744</u> |

12. CREDITORS: amounts falling due within one year

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|--|---------------------------------|--------------------------------|
| Bank loan (see note 14) | 360 | - |
| Invoice financing (secured on trade debtors) (see note 14) | 1,136 | - |
| Trade creditors | 17,545 | 19,375 |
| Amounts owed to group undertakings | 5,018 | 23,576 |
| Other creditors including taxation and social security | 460 | 445 |
| Accruals and deferred income | 6,461 | 8,307 |
| Derivative financial instruments (see note 15) | 1,394 | 119 |
| | <u>32,374</u> | <u>51,822</u> |

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

13. CREDITORS: amounts falling due after more than one year

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|--|---------------------------------|--------------------------------|
| Bank loan (see note 14) | 2,490 | - |
| Derivative financial instruments (see note 15) | 14 | 24 |
| | <u>2,504</u> | <u>24</u> |

14. BORROWINGS

Analysis of loan repayments:

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|---|---------------------------------|--------------------------------|
| Amounts falling due within one year or on demand: | | |
| Invoice financing | 1,136 | - |
| Bank loan | 360 | - |
| | <u>1,496</u> | <u>-</u> |
| Amounts falling due between one and two years: | | |
| Bank loan | 360 | - |
| | <u>360</u> | <u>-</u> |
| Amounts falling due between two and five years: | | |
| Bank loan | 2,130 | - |
| | <u>2,130</u> | <u>-</u> |

The bank loan and overdrafts are secured by a fixed and floating charge over the assets of the company. The bank loans bear interest of 2.5%.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

15 DERIVATIVE FINANCIAL INSTRUMENTS

| | Current | | Non-current | |
|---|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 30 December 2017 £'000 | 29 October 2016 £'000 | 30 December 2017 £'000 | 29 October 2016 £'000 |
| Derivatives that are designated and effective as hedging instruments carried at fair value | | | | |
| Assets | | | | |
| Forward foreign currency contracts | 34 | 2,415 | - | 19 |
| Liabilities | | | | |
| Forward foreign currency contracts | (1,394) | (119) | (14) | (24) |

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The following table details the forward foreign currency contracts outstanding as at the period-end:

| Outstanding contracts | Average contractual exchange rate | | Notional value | | Fair value | |
|-----------------------|--------------------------------------|-------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | 30 December 2017 rate | 29 October 2016 rate | 30 December 2017 £'000 | 29 October 2016 £'000 | 30 December 2017 £'000 | 29 October 2016 £'000 |
| Buy EUR | | | | | | |
| Less than 3 months | 1.13 | 1.22 | 4,357 | 3,181 | 14 | 293 |
| 3 to 6 months | 1.12 | 1.20 | 988 | 800 | (7) | 61 |
| 6 to 9 months | 1.12 | 1.24 | 897 | 671 | (6) | 78 |
| 9 to 12 months | 1.12 | 1.25 | 812 | 165 | (6) | 20 |
| Over 12 months | 1.12 | - | 251 | - | (3) | - |
| | | | | | (8) | 452 |
| Buy USD | | | | | | |
| Less than 3 months | 1.28 | 1.34 | 16,847 | 12,426 | (841) | 1,244 |
| 3 to 6 months | 1.31 | 1.28 | 11,035 | 8,503 | (374) | 409 |
| 6 to 9 months | 1.30 | 1.27 | 2,580 | 3,774 | (93) | 146 |
| 9 to 12 months | 1.31 | 1.24 | 1,660 | 2,408 | (46) | 45 |
| Over 12 months | 1.31 | 1.22 | 438 | 1,788 | (12) | (5) |
| | | | | | (1,366) | 1,839 |
| | | | | | (1,374) | 2,291 |

The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

Losses of £3,665,000 (78 weeks ended 29 October 2016: gains of £2,477,000) were recognised in other comprehensive income for the period.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

16 DEFERRED TAX ASSET

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|---|---------------------------------|--------------------------------|
| Deferred taxation asset | (456) | (256) |
| | £'000 | £'000 |
| Movement in deferred tax asset in the period | | |
| Deferred tax (asset)/liability at beginning of period | (256) | 206 |
| Adjustment in respect of prior years | 51 | 43 |
| Deferred tax credit to profit and loss account (note 7) | (251) | (515) |
| Deferred tax charge in other comprehensive income | - | 10 |
| Deferred tax asset at end of period | (456) | (256) |
| | £'000 | £'000 |
| Analysis of deferred tax balance | | |
| Fixed asset timing differences | (452) | (226) |
| Short term timing differences | (4) | (30) |
| Deferred tax asset at the end of the period | (456) | (256) |

17 CALLED-UP SHARE CAPITAL AND RESERVES

| | 30 December 2017 £ | 29 October 2016 £ |
|---|-----------------------------|----------------------------|
| Allotted, called-up and fully paid | | |
| 1 ordinary share of £1 | 1 | 1 |

The Company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 61 weeks ended 30 December 2017

18 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Whitworths Investments Limited and has therefore taken advantage of the exemption allowed by Section 33 "Related Party Disclosures", whereby the company is exempt from disclosure of related party transactions or balances with fellow members of the Whitworths Investments Limited group.

During the period the company purchased goods to the value of £12,818,000 (78 weeks ended 29 October 2016: £13,356,000) from Anatolia Tarım Ürünleri Sanayi ve Dış Ticaret A.Ş. ("Anatolia"), the ultimate holding company from 12 May 2017. The balance due to Anatolia at 30 December 2017 was £2,152,000 (29 October 2016: £2,360,000) with a further £1,463,000 accrued for purchases not yet invoiced.

19 COMMITMENTS

Capital commitments contracted but not provided for at 30 December 2017 amounted to £50,000 (29 October 2016: £nil).

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

| | 30 December 2017 £'000 | 29 October 2016 £'000 |
|----------------------------|---------------------------------|--------------------------------|
| Within one year | 1,199 | 466 |
| Between two and five years | 3,306 | 814 |
| After five years | 2,691 | - |
| | <u>7,196</u> | <u>1,280</u> |

During the period the company entered into a 10 year lease with Whitworths Investments Limited, the immediate holding company, for the Irthlingborough site at an annual rental of £702,000. The cost for the 61 weeks ended 30 December 2017 amounted to £819,000.

20 CONTINGENT LIABILITIES

The company has a general counter indemnity with its bankers, relating to taxation liabilities, entered into in the normal course of business. At 30 December 2017, the company had a guarantee bond indemnity in favour of HM Revenue and Customs of £nil (29 October 2016: £300,000).

WHITWORTHS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

61 weeks ended 30 December 2017

21 IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Whitworths Investments Limited, a company registered in England. The smallest and largest group in which the Company's results are consolidated is that of its immediate parent entity Whitworths Investments Limited. The financial statements of Whitworths Investments Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate controlling party is Mr. Osman Oz, a director of the Company who, along with members of his close family, control the Company as a result of controlling, directly or indirectly, 95 per cent of the issued share capital of the Company.

The ultimate holding company is Anatolia Tarim Urunleri Sanayi ve Dis Tucaret A.S. ("Anatolia") a company which is registered in Turkey.