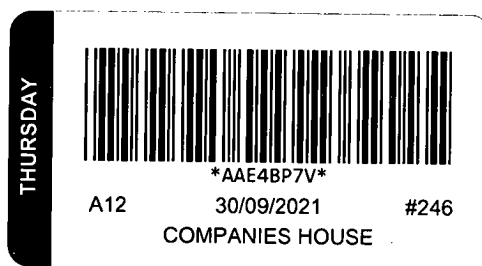


Registration number: 05661425

Bakkavor China Limited

Annual Report and Financial Statements

for the Period from 29 December 2019 to 26 December 2020



Bakkavor China Limited

Contents

Company Information	1
Directors' Report	2 to 3
Strategic Report	4 to 5
Independent Auditors' Report	6 to 8
Profit and Loss Account	9
Statement of Changes in Equity	10
Balance Sheet	11
Notes to the Financial Statements	12 to 22

Bakkavor China Limited

Company Information

Directors A Gudmundsson

B J Waldron

Company secretary A Tagoe-Bannerman

Registered office Fitzroy Place 5th Floor
8 Mortimer Street
London
W1T 3JJ

Bankers Hong Kong & Shanghai Banking Corporation Limited
No.1 Queen's Road Central
Hong Kong

Independent Auditors PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
United Kingdom
B3 3AX

Bakkavor China Limited

Directors' Report for the Period from 29 December 2019 to 26 December 2020

The Directors present their report and the audited financial statements for the 52 week period from 29 December 2019 to 26 December 2020 ('2020'). Comparatives are for the 52 week period from 30 December 2018 to 28 December 2019 ('2019').

Principal activities

The principal activity of Bakkavor China Limited (the 'Company') is that of a holding company which manages investment opportunities in China operating within the Bakkavor Group plc (the 'Group') and is a 100% owned subsidiary of Bakkavor Limited following its acquisition of the Company from Bakkavor Asia Limited on 12 December 2019. A fair review of the business, future developments, dividends and its financial risk management is shown in the Strategic Report.

Going concern

The Directors, in their detailed consideration of going concern, have reviewed the Company's future cash forecasts up to December 2022, which they believe are based on prudent market data and past experience. The Directors have also considered the Company's cash reserves and its access to the Group's financing arrangements and the level of available liquidity under those arrangements which were renewed on 18 March 2020 for a four-year period, with the majority of the arrangement further extended in March 2021 to March 2025. At the date of this report the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so. The Company also has a letter in place from the ultimate parent confirming that additional amounts will be advanced to the Company if needed, and intercompany creditor balances classified as repayable on demand will not be recalled by any fellow group company for at least twelve months from the date of signing of the financial statements unless alternative financing arrangements are available. Consequently, the Directors consider that the Company has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors of the Company

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Gudmundsson

E P Gates (resigned 26 December 2020)

E Gustafsson (resigned 29 May 2020)

The following director was appointed after the period end:

B J Waldron (appointed 27 December 2020)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the Directors which have been in force throughout the financial period and remain in force as at the date of this report.

Bakkavor China Limited

Directors' Report for the Period from 29 December 2019 to 26 December 2020 (continued)

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

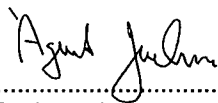
- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have 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 auditors are aware of that information.

Approved by the Board on 28 September 2021 and signed on its behalf by:



.....
A Gudmundsson
Director

Bakkavor China Limited

Strategic Report for the Period from 29 December 2019 to 26 December 2020

The Directors present their strategic report for the period from 29 December 2019 to 26 December 2020.

Section 172 (1) of the Companies Act 2006 ('the Act') Statement

The Company's key stakeholder is its immediate parent, Bakkavor Limited. The Company's Directors believe that individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act in the decisions taken during the year ended 26 December 2020.

During the year, the Company issued and allotted a share to its sole shareholder, Bakkavor Limited, in consideration for an equity investment at a premium and the Company subscribed for ordinary shares in Bakkavor Hong Kong Limited, a company in which the Company is the sole shareholder. The allotment and subscription were carried out as part of, and in order to facilitate a series of inter-group transactions. In reaching their decision to enter into the inter-group transactions, the Directors considered the right to promote the success of the Company for the benefit of its members as a whole and, in doing so, had regard to the specific requirements of s172 of the Act.

For further information on the Group's engagement with its key stakeholders, please see pages 20 to 25 of the Bakkavor Group plc 2020 Annual Report and Accounts.

Fair review of the business and future developments

As shown in the Company's Profit and loss account, the profit for the period, after taxation, amounted to £134,000 (2019: £451,000). The Directors do not recommend the payment of a final dividend (2019: £nil).

The Balance sheet shows shareholders' funds amounting to £68,730,000 (2019: £63,610,000).

During the period ended 26 December 2020, the Company issued one ordinary £1 share to Bakkavor Limited for £4,986,473 which was used to increase the Company's investment in Bakkavor Hong Kong Limited (2019: one ordinary £1 share to Bakkavor Limited for £9,569,022 increasing the Company's investment in Bakkavor Hong Kong Limited).

The Directors are satisfied with the results and achievements of the Company and they do not expect any significant change to the nature of the Company's activities in future years.

The Directors considers the factors discussed in the fair review of the business to be the Company's key performance indicators. The key performance indicators of the Group are available on pages 38 to 41 of the Bakkavor Group plc Annual Report 2020.

Bakkavor China Limited

Strategic Report for the Period from 29 December 2019 to 26 December 2020 (continued)

Principal risks and uncertainties

The Company continually reviews its internal control and risk management processes and is fully aligned with the policies and objectives set by the Board of Directors of Bakkavor Group plc. For this reason the Company's exposure to risks and uncertainties in strategic, operational and financial areas is limited. These risks are set out below:

Financial risk management

Investment risk

The performance of the operating investments within the Company's investments is subject to distinct operational and market risks which may impact the investment value.

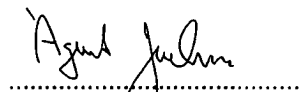
Foreign currency risk

The Company's foreign currency risk arises on cash balances and trade and other payables in US Dollars. The Company does not directly enter into any forward foreign exchange contracts. The Bakkavor Group actively manages the Group's currency risk, operating within the strict framework of Group Board approved policies and procedures.

Credit risk

Credit risk refers to the risk of financial loss to the Company, if a counterparty, defaults on its contractual obligations of the loans and receivables at amortised cost held in the Balance sheet. The Company's credit risk is attributable to balances with trade and other debtors and is not considered to be significant.

Approved by the Board on 28 September 2021 and signed on its behalf by:



.....
A Gudmundsson
Director

Independent auditors' report to the members of Bakkavor China Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bakkavor China Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 26 December 2020 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 26 December 2020; the Profit and Loss Account and Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

Independent auditors' report to the members of Bakkavor China Limited (continued)

Reporting on other information (continued)

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 26 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;

Independent auditors' report to the members of Bakkavor China Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Consideration of any changes to the control environment as a result of COVID-19;
- Assessment of matters reported on the whistleblowing helpline, and the results of management's investigation of such matters;
- Review of minutes of those charged with governance;
- Review of internal audit reports;
- Review of key correspondence with regulatory authorities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability of Investments; and
- Examining journal entries and where relevant testing those that are unusual or exhibit fraud criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

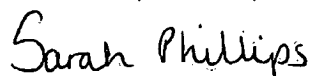
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sarah Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 September 2021

Bakkavor China Limited

Profit and Loss Account for the Period from 29 December 2019 to 26 December 2020

	Note	2020 £ 000	2019 £ 000
Other interest receivable and similar income	6	142	235
Other losses	4	<u>(8)</u>	<u>(28)</u>
Profit before tax		134	207
Tax on profit	7	<u>-</u>	<u>244</u>
Profit for the period		<u>134</u>	<u>451</u>

The above results were derived from continuing operations.

The Company has no comprehensive income other than the profit above and therefore no separate statement of comprehensive income is presented.

Bakkavor China Limited

Statement of Changes in Equity for the Period from 29 December 2019 to 26 December 2020

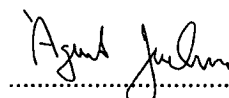
	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 30 December 2018	4	71,393	(17,807)	53,590
Profit for the period	-	-	451	451
New share capital subscribed	-	9,569	-	9,569
At 28 December 2019	<u>4</u>	<u>80,962</u>	<u>(17,356)</u>	<u>63,610</u>

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 29 December 2019	4	80,962	(17,356)	63,610
Profit for the period	-	-	134	134
New share capital subscribed	-	4,986	-	4,986
At 26 December 2020	<u>4</u>	<u>85,948</u>	<u>(17,222)</u>	<u>68,730</u>

Bakkavor China Limited**(Registration number: 05661425)****Balance Sheet as at 26 December 2020**

	Note	26 December 2020 £ 000	28 December 2019 £ 000
Fixed assets			
Investments in subsidiaries	8	62,069	57,083
Investments in associate	8	<u>6,110</u>	<u>6,110</u>
		<u>68,179</u>	<u>63,193</u>
Current assets			
Debtors	9	-	4
Cash at bank and in hand		<u>623</u>	<u>489</u>
		623	493
Creditors: Amounts falling due within one year	10	<u>(72)</u>	<u>(76)</u>
Net current assets		<u>551</u>	<u>417</u>
Total assets less current liabilities		<u>68,730</u>	<u>63,610</u>
Net assets		<u>68,730</u>	<u>63,610</u>
Capital and reserves			
Called up share capital	11	4	4
Share premium	11	85,948	80,962
Profit and loss account	11	<u>(17,222)</u>	<u>(17,356)</u>
Total shareholders' funds		<u>68,730</u>	<u>63,610</u>

Approved by the Board and authorised for issue on 28 September 2021 and signed on its behalf by:


.....

A Gudmundsson

Director

The notes on pages 12 to 22 form an integral part of these financial statements.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's registered office address can be found on page 1.

The principal activity of the Company is that of a holding company which manages investment opportunities in China.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework (FRS 101)' and the Companies Act as applicable to companies using FRS 101. As permitted under section 390 (3) of the Companies Act 2006, the Company has taken the option to end its financial period on the Saturday nearest to 31 December, as this is not more than 7 days after or before the end of the period dated 31 December. Where the fiscal year 2020 is quoted in these financial statements this relates to the 52 week period ended 26 December 2020. The fiscal year 2019 relates to the 52 week period ended 28 December 2019.

The Financial Statements have been prepared on the historical cost basis and are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the Financial Statements, the results and financial position are expressed in Pounds Sterling, which is the functional currency of the Company.

Summary of disclosure exemptions

As permitted by Financial Reporting Standard 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group Financial Statements of Bakkavor Group plc. The group Financial Statements of Bakkavor Group plc are available to the public and can be obtained as set out in the controlling party note.

Going concern

The Directors' have reviewed the historical trading performance of the Company and the Group's forecasts through to December 2022, to assess the level of finance required by the Company. The going concern basis has been adopted in preparing these financial statements, refer to the Directors' Report for the Directors' consideration of going concern.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

2 Accounting policies (continued)

Exemption from preparing group financial statements

The Financial Statements contain information about Bakkavor China Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements as it and its subsidiary undertakings are included by full consolidation in the consolidated Financial Statements of its ultimate parent Bakkavor Group plc, a company incorporated in the United Kingdom.

Changes in accounting policy

New standards, interpretations and amendments effective

In the current period, the Company has adopted the following Standards and Interpretations.

Amendments with no material impact on the Company's financial statements:

Amendments to IAS 1 and IAS 8 Definition of material

Amendments to IFRS 3 Definition of a business, Reference to the Conceptual Framework

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

Amendments to IFRS 16 COVID-19 Related Rent Concessions

Dividend income policy

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that an amount attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Where the Company transfers tax losses to another member of the group, the entity obtains an amount of compensation from the respective group member ('group relief payments') and vice versa. Such payments are treated as if they were income taxes to the extent that the intragroup payment is for an amount of tax that would otherwise have been paid by the paying company. If the compensation amount differs, the difference is treated as a distribution or a capital contribution as applicable.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiaries are included at cost less provision for impairment where necessary. An impairment loss is recognised in the profit and loss account when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows.

If in a subsequent period, the amount of impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit and loss account.

Subsidiaries and associate

A subsidiary is an entity over which the Company has control. Control exists when the Company has the power directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

Associate

An investment in an associate is an entity over which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares are classified as equity.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but it is disclosed in the notes to the financial statements. When an outflow becomes probable, it is recognised as a provision.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Financial assets held by the Company are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Financial liabilities held by the Company are classified as other financial liabilities. The classification is according to the substance of the contractual arrangements entered into.

Recognition and measurement

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Impairment

Financial assets are assessed for indicators of impairment and expected credit loss at each Balance sheet date and are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

3 Critical accounting judgements and key sources of estimation uncertainty

The following were areas of particular significance to the Company's financial statements and include the application of judgement, which is fundamental to the compilation of the financial statements.

Investments - key source of estimation uncertainty

The Company evaluated whether there were any potential impairment or impairment reversal indicators present at 26 December 2020 and concluded that is not the case.

The recoverable amounts of the investments are determined based on the higher of net realisable value and value in use calculations, which require the use of estimates. The key estimates that can impact the value in use calculations are changes to the growth rates applied to derive a five-year forecast, or a movement in the discount rate applied to the future cash flows. These are key estimates as they are subjective in nature and a significant assumption is required and any changes to assumptions may lead to impairment charges being recognised.

At 26 December 2020, investments in subsidiaries have a carrying value of £62,069,000 (2019: £57,083,000).

There are no areas in which the application of critical accounting judgements has been considered necessary in the compilation of these financial statements.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

4 Other losses

The analysis of the Company's other losses for the period is as follows:

	2020 £ 000	2019 £ 000
Foreign currency losses	(8)	(20)
Waiver of amounts due from related parties	-	(8)
	<u>(8)</u>	<u>(28)</u>

5 Directors, Employees and auditors' remuneration

The Directors have received no emoluments for their services to the Company in either financial period presented and were paid through Bakkavor Foods Limited. The Directors are considered to be the key management personnel of the Company.

The Company had no employees for the period ended 26 December 2020 (2019: nil).

Fees of £5,000 (2019: £5,000) payable to the Company's auditors in respect of the statutory audit of the Company's financial statements for the period ended 26 December 2020 have been borne by Bakkavor Foods Limited.

No non-audit fees were charged to the Company for the period ended 26 December 2020 (2019: £nil).

6 Other interest receivable and similar income

	2020 £ 000	2019 £ 000
Dividend income from associates	<u>142</u>	<u>235</u>

7 Tax on profit

Tax credited in the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
Corporation tax - Prior year	-	(240)
Group loss relief - Current year	-	(4)
Total tax credit	<u>-</u>	<u>(244)</u>

Corporation tax is calculated at 19% (2019: 19%) of the estimated profit for the period. The tax for the period is reconciled to the profit and loss account as follows:

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

7 Tax on profit (continued)

	2020 £ 000	2019 £ 000
Profit before tax	134	207
Corporation tax at standard rate	25	39
Decrease in current tax from adjustment for prior periods	-	(240)
Effect of expenses not deductible in determining taxable profit	-	2
Effect of income exempt from taxation	(27)	(45)
Group relief surrendered	2	-
Total tax credit	-	(244)

The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of the Company have been calculated at 19% as this rate has been substantively enacted at the Balance Sheet date.

8 Investments in subsidiaries and associates

Subsidiaries	£ 000
Cost	
At 30 December 2018	63,767
Additions	9,569
At 28 December 2019	73,336
At 29 December 2019	73,336
Additions	4,986
At 26 December 2020	78,322
Impairment	
At 30 December 2018	16,253
At 28 December 2019	16,253
At 29 December 2019	16,253
At 26 December 2020	16,253
Carrying amount	
At 26 December 2020	62,069
At 28 December 2019	57,083

On 21 November 2020 the Company invested £4,986,473 into Bakkavor Hong Kong Limited.

On 19 December 2019 the Company invested £9,569,022 into Bakkavor Hong Kong Limited.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

8 Investments in subsidiaries and associates (continued)

Details of the subsidiaries as at 26 December 2020 were as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Bakkavor Hong Kong Limited*	Preparation and marketing of fresh prepared foods	Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan. Hong Kong	100%	100%
Bakkavor China Holdings Limited	Production and manufacture of salad products	Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan. Hong Kong	100%	100%
Wuhan Bakkavor Agricultural Product Processing Company Ltd	Production and manufacture of salad products	Room 706, 7th floor, No1 Entrepreneurship service center, Hanshi No1 road, Honggang village, Wuhan yangluo economic development zone China	100%	100%
Jiangsu Creative Agriculture Produce Development Company Limited	Production and manufacture of salad products	Agricultural Development Area, Changle Town, Haimen City, Jiangsu Province. China	100%	100%
Shaanxi Bakkavor Agriculture Processing Company Ltd	Production and manufacture of salad products	No.424, Building 4, Chongwen tower scenic area (phase 1), Jinghe new town, Xixian new district, Shaanxi province, China	100%	100%
Wuhan Bakkavor Food Company Limited	Production and manufacture of salad products	Mujiaping ZhangDuHu Farm, Xinzhou District, Wuhan. China	100%	100%
Shanghai Creative Food Company Limited	Production and manufacture of salad products	No. 279 Jiaqian Road, Nanxiang Developing Area, Jiading District, Shanghai. China	100%	100%

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

8 Investments in subsidiaries and associates (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Beijing Bakkavor Food Company Limited	Production and manufacture of salad products	South Xitai Road, Da Sun Gezhuang Town, Shunyi District, Beijing China	100%	100%
Guangzhou Bakkavor Food Company Limited	Production and manufacture of salad products	No. 55 Banyutang Road, High Tech Development Area, Guangzhou. China	100%	100%
Bakkavor (Shanghai) Management Company Limited	Holding company	Room 01, 3A Floor, Number 16 Lane 1977, Jinshajiang Road, Putuo District, Shanghai. China	100%	100%
Shaanxi Bakkavor Food Company Limited	Production and manufacture of salad products	Qinghua Keji Garden, Middle of Shiji Road, Xianyang City, Shanxi Province. China	100%	100%
Fujian Bakkavor Food Company Limited	Production and manufacture of salad products	Jiulong Industry Park of Hua An Economic Development Zone. China	100%	100%
Bakkavor (Taicang) Baking Company Limited	Production and manufacture of bakery products	29 Qingdao East Road, Taicang. China	100%	100%
Chengdu Bakkavor Food Company Limited	Production and manufacture of salad products	520 Rongtai road, Chengdu Cross-Straits Science & Technology Industry Development Park, Wenjiang district, Chengdu. China	100%	100%

* indicates direct investment of Bakkavor China Limited.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

8 Investments in subsidiaries and associates (continued)

Associates		£ 000
Cost		
At 29 December 2019		6,110
At 26 December 2020		6,110
Carrying amount		
At 28 December 2019 and 26 December 2020		6,110

Details of the associates as at 26 December 2020 were as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	2020	2019
La Rose Noire Limited *	Production of bakery and pastry products.	2/F Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong	45%	45%	
Pâtisserie et Chocolat Limited *	Production of bakery and pastry products	2/F Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong	45%	45%	

* indicates direct associate of Bakkavor China Limited.

9 Debtors

	2020 £ 000	2019 £ 000
Amounts due from related parties	-	4
Total current trade and other debtors	-	4

Amounts due from related parties are unsecured, are non-interest bearing and are repayable on demand.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

10 Creditors: Amounts falling due within one year

	2020 £ 000	2019 £ 000
Amounts due to related parties	72	76

Amounts due to related parties are unsecured, are non-interest bearing and are repayable on demand.

11 Called up share capital and reserves

Allotted, called up and fully paid shares

	26 December 2020		28 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	4,112	4,112	4,111	4,111

2020

During the period ended 26 December 2020, the Company issued one ordinary £1 share to Bakkavor Limited for £4,986,473 which was used to increase the Company's investment in both Bakkavor China Holdings Limited and Bakkavor Hong Kong Limited. This created share premium of £4,986,472.

2019

During the period ended 28 December 2019, the Company issued one ordinary £1 share to Bakkavor Limited for £9,569,022 which was used to increase the Company's investment in both Bakkavor China Holdings Limited and Bakkavor Hong Kong Limited. This created share premium of £9,569,021.

Share premium account

The share premium account represents amounts received by the Company over and above the nominal value of shares issued.

Profit and loss account

The profit and loss account represents the accumulated distributable reserves of the Company.

12 Contingent liabilities

As at the 26 December 2020, there were no legal claims or potential claims against the Company (2019: £nil) and therefore no provision is considered necessary in the financial statements.

The Company, along with certain other group companies, is a guarantor of the Group's debt facilities. The total amount of Group facilities that this relates to is £512.5 million (2019: £492.5 million).

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2019 to 26 December 2020 (continued)

13 Related party transactions

FRS 101: 8(k) exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

As a member of the Group, the Company is a qualifying entity and has taken this exemption. There were no related party transactions with outside the scope of this exemption during the period (2019: no transactions).

14 Non adjusting events after the financial period

There are no significant events after the balance sheet date to report.

15 Parent and ultimate parent undertaking

The Company's immediate parent was Bakkavor Asia Limited until 12 December 2019 when the Company was acquired by Bakkavor Limited.

The ultimate parent and ultimate controlling party is Bakkavor Group plc, a company registered in the United Kingdom.

The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is Bakkavor Group plc. These financial statements are available upon request from Bakkavor Group plc's registered office, Fitzroy Place, 5th Floor, 8 Mortimer Street, London, W1T 3JJ, United Kingdom.