

Registration number: 07501697

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Annual Report and Financial Statements

for the Period from 31 December 2017 to 29 December 2018



Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

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Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Company Information

Director A Gudmundsson

E P Gates

Company secretary S Witham

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

Bankers Barclays Bank PLC
Multinational Corporates
One Churchill Place
London
E14 5HP

Auditors Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Directors' Report for the Period from 31 December 2017 to 29 December 2018

The Directors present their report and the audited financial statements for the period from 31 December 2017 to 29 December 2018. Comparatives are for the 52 week period from 1 January 2017 to 30 December 2017 ('2017').

The Company re-registered as a private limited company on 11 January 2019 and changed its name from Bakkavor Finance (2) plc to Bakkavor Finance (2) Limited.

Principal activity

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

The principal activity of the Company is that of a holding company that operates within the Bakkavor Group plc group (the 'Group') and is a 100% owned subsidiary of Bakkavor Finance (1) Limited.

Going concern

The Directors, in their detailed consideration of going concern, have reviewed the Group and Company's future cash forecasts up to April 2020, which they believe are based on prudent market data and past experience. The Directors have considered the Company's access to the Group's financing arrangements to be able to fund the Group's operations as required. At the date of this report the Company has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so.

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.

Directors of the company

The Directors, who held office during the period, were as follows:

A Gudmundsson

E P Gates (appointed 28 March 2018)

R Berlin (resigned 28 March 2018)

L Gudmundsson (resigned 28 March 2018)

T Krasnow (resigned 28 March 2018)

Directors' liabilities

The Company has made qualifying third party indemnity provisions for the benefit of the Director which remain in force at the date of this report. The Company's financial risk management has been disclosed in the Strategic Report on page 5.

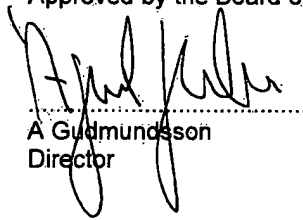
Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

**Directors' Report for the Period from 31 December 2017 to 29 December 2018
(continued)**

Disclosure of information to the auditor

Each Director has taken 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 29 April 2019 and signed on its behalf by:



.....
A Guðmundsson
Director

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Statement of Directors' Responsibilities

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 Accounting Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Strategic Report for the Period from 31 December 2017 to 29 December 2018

The Directors present their strategic report for the period from 31 December 2017 to 29 December 2018.

Fair review of the business

As shown in the Company's Profit and loss account, the profit, after taxation, for the 52 weeks ended 29 December 2018 amounted to £36,058,000 (loss, after taxation, for the 52 weeks ended 30 December 2017: £43,887,000). During the period, the Company received a dividend of £50,000,000 and no dividends were paid (2017: no dividends were received or paid).

The balance sheet shows net assets amounting to £326,170,000 (2017: £290,112,000).

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. For this reason, the Company's exposure to risks and uncertainties in strategic, operational and financial areas is limited. The Company has formally identified the following key risks:

Brexit disruption

It is possible that the way in which Brexit is delivered will result in disruption at the UK ports leading to increasing costs and availability problems, especially with short life raw materials, which ultimately might impact the sales volumes of the Company's subsidiary holdings.

To mitigate the risk, the Group has recently obtained AEO status which should help the Group streamline and simplify its import processes.

Longer-life packaging and raw material stocks will be increased by subsidiaries as necessary.

Financial risk management

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 amounts receivable from other group companies and is considered fully recoverable.

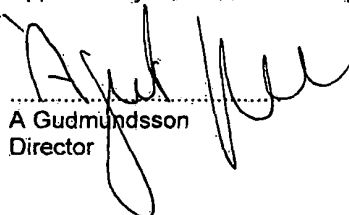
Liquidity risk

Liquidity risk refers to the risk that the Company may not be able to fund the day to day running of the business. Liquidity risk is reviewed by the Board of Directors on a monthly basis. The Company manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Investment risk

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

Approved by the Board on 29 April 2019 and signed on its behalf by:



A Gudmundsson
Director

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Independent Auditor's Report to the Members of Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Opinion

In our opinion the financial statements of Bakkavor Finance (2) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 29 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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 Financial Reporting Council's (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.

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Independent Auditor's Report to the Members of Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc) (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 Statement of Directors' Responsibilities (set out on page 4), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Independent Auditor's Report to the Members of Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc) (continued)

Report on other legal and regulatory requirements

Opinion on other matter 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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.

Matters on which we are required to report by exception

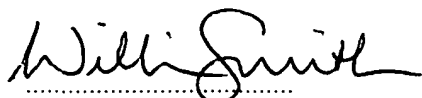
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



William Smith MA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

1 New Street Square
London
EC4A 3HQ

29 April 2019

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Profit and Loss Account for the Period from 31 December 2017 to 29 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover		-	-
Administrative expenses		<u>(56)</u>	<u>(1,100)</u>
Operating loss		(56)	(1,100)
Dividends received from group undertakings		50,000	-
Other interest receivable and similar income	6	27	6
Interest payable and similar charges	7	(17,179)	(35,236)
Other (losses) / gains	4	<u>(4)</u>	<u>(17,268)</u>
Profit/(loss) before tax		32,788	(53,598)
Tax on profit/(loss)	8	<u>3,270</u>	<u>9,711</u>
Profit/(loss) for the period		<u><u>36,058</u></u>	<u><u>(43,887)</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains and losses other than the result above and therefore no separate statement of comprehensive income is presented.

The notes on pages 12 to 27 form an integral part of these financial statements.

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Statement of Changes in Equity for the Period from 31 December 2017 to 29 December 2018

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2017	55	315,199	18,745	333,999
Loss for the period	-	-	(43,887)	(43,887)
At 30 December 2017	<u>55</u>	<u>315,199</u>	<u>(25,142)</u>	<u>290,112</u>

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 31 December 2017	55	315,199	(25,142)	290,112
Profit for the period	-	-	36,058	36,058
At 29 December 2018	<u>55</u>	<u>315,199</u>	<u>10,916</u>	<u>326,170</u>

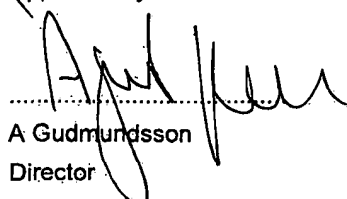
Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

(Registration number: 07501697)

Balance Sheet as at 29 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	9	929,438	929,438
Current assets			
Debtors	10	8,186	11,512
Cash at bank and in hand	11	-	45
		8,186	11,557
Creditors: Amounts falling due within one year	12	<u>(302,948)</u>	<u>(368,776)</u>
Net current liabilities		<u>(294,762)</u>	<u>(357,219)</u>
Total assets less current liabilities		634,676	572,219
Creditors: Amounts falling due after more than one year	13	<u>(308,506)</u>	<u>(282,107)</u>
Net assets		<u>326,170</u>	<u>290,112</u>
Capital and reserves			
Called up share capital	14	55	55
Share premium reserve		315,199	315,199
Profit and loss account		<u>10,916</u>	<u>(25,142)</u>
Shareholders' funds		<u>326,170</u>	<u>290,112</u>

Approved by the Board on 29 April 2019 and signed on its behalf by:


A Gudmundsson
Director

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018

1 General information

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

The principal activity of the Company is that of a holding company that operates within the Bakkavor Group plc group (the 'Group') and is a 100% owned subsidiary of Bakkavor Finance (1) Limited.

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 years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework (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.

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 parent and ultimate parent undertaking note.

Going concern

The Director has reviewed the historical trading performance of the Group and the Company and the forecasts through to April 2020, 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 Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc) 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 Bakkavor Group plc, a company incorporated in the United Kingdom.

Finance income and costs policy

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

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.

Finance costs are recognised on an effective interest basis for debt instruments other than those financial liabilities designated as at FVTPL. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating finance costs over the relevant period.

The effective finance rate is the rate that exactly discounts estimated future cash payments over the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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 tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

2 Accounting policies (continued)

Payments for intragroup transfer of tax losses

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'). Such payments are treated as if they were corporate taxes to the extent that the intragroup payment is for an amount of that would otherwise have been paid by the paying company. If the compensation amount differs, the difference is treated as distribution or capital contribution (as applicable).

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 discounted at the effective interest rate computed at initial recognition.

Subsidiaries

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.

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. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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 Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (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 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

There are not considered to be any areas where critical accounting judgements have been applied in the compilation of these financial statements.

The following are areas of particular significance to the Company's financial statements and include the application of judgement, which is fundamental to the completion of the financial statements:

Investment in subsidiaries - key source of estimation uncertainty

The Company evaluated whether there are any potential impairment indicators present at 29 December 2018 and concluded that is not the case, this is disclosed further in note 9.

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.

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

4 Other gains and (losses)

The analysis of the company's other gains and (losses) for the period is as follows:

	2018	2017
	£ 000	£ 000
Foreign exchange losses	(4)	(8)
Change in fair value of call option	-	(17,260)
	<u>(4)</u>	<u>(17,268)</u>

Other gains and (losses) for 2017 includes a loss of £17,260,000 for the reversal of the mark-to-market asset held at 31 December 2016 in respect of the call option for the 2020 Senior Secured Notes, following the redemption of those Notes in March 2017.

5 Directors, Employees and auditor 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.

6 Other interest receivable and similar income

	2018	2017
	£ 000	£ 000
Interest income on bank deposits	<u>27</u>	<u>6</u>

7 Interest payable and similar charges

	2018	2017
	£ 000	£ 000
Interest on borrowings	10,801	18,015
Amortisation of refinancing costs	1,400	4,865
Call premium on redemption of Senior Secured Notes	-	9,860
Other finance costs	<u>4,978</u>	<u>2,496</u>
	<u>17,179</u>	<u>35,236</u>

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

8 Taxation

Tax credited in the profit and loss account

	2018	2017
	£ 000	£ 000
Current taxation		
Corporation tax - Prior year	-	562
Group loss relief - Current year	(3,270)	(6,994)
Deferred tax - Current year	-	(3,279)
	<u>(3,270)</u>	<u>(9,711)</u>

Corporation tax is calculated at 19% (2017: 19.25%) of the estimated result for the period. The tax for the period is reconciled to the profit and loss account as follows:

	2018	2017
	£ 000	£ 000
Profit/(loss) before tax	<u>32,788</u>	<u>(53,598)</u>
Corporation tax at standard rate	6,230	(10,318)
Decrease in current tax from adjustment for prior periods	-	562
Decrease from effect of revenues exempt from taxation	(9,500)	-
Deferred tax expense relating to changes in tax rates or laws	-	45
Total tax credit	<u>(3,270)</u>	<u>(9,711)</u>

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017. In accordance with the Finance Act 2016, the UK corporation tax rate will reduce to 17% in 2020.

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

8 Taxation (continued)

Deferred tax

Deferred tax movement during the prior period:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 30 December 2017 £ 000
Other items	<u>(3,279)</u>	<u>3,279</u>	<u>-</u>

Deferred tax movement during the period:

	At 31 December 2017 £ 000	At 29 December 2018 £ 000
Other items	<u>-</u>	<u>-</u>

9 Investments

Subsidiaries	£ 000
Cost or valuation	
At 30 December 2017 and 29 December 2018	<u>929,438</u>
Carrying amount	
At 30 December 2017 and 29 December 2018	<u>929,438</u>

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Details of the subsidiaries as at 29 December 2018 were as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Bakkavor Finance (3) Limited*	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor (London) Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Acquisitions (2008) Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Estates Limited	Property management	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor USA Inc.	Holding company	18201 Central Avenue, Carson, California, 90746. USA	100%	100%
Bakkavor USA Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Foods USA Inc.	Manufacture of custom and private label savoury and bakery products	18201 Central Avenue, Carson, California, 90746. USA	100%	100%
Bakkavor Foods Holdings LLC.	Holding company	18201 Central Avenue, Carson, California, 90746. USA	100%	100%
Bakkavor Invest Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Bakkavor (Acquisitions) Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Finance Limited	Customer invoicing and financing of receivables	West Marsh Road, Spalding, Lincolnshire, England, PE11 2BB. United Kingdom	100%	100%
Bakkavor Asia Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor China Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Creative Food Group 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%
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%
Creative Agriculture 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%
Bakkavor China Holdings Limited	Holding company	Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan. Hong Kong	100%	100%

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Wuhan Bakkavor Food Company Limited	Production and manufacture of salad products	Mujiaying ZhangDuHu Farm, Xinzhou District, Wuhan. 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 Food Company Limited	Production and manufacture of salad products	Qinghua Keji Garden, Middle of Shiji Road, Xianyang City, Shanxi Province. 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%
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 Creative 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%
Nantong Creative Agriculture Produce Development Company Limited	Production and manufacture of salad products	No. 18 Group, Lingshu Village, Dong Zaogang Town, Haimen City, Jiangsu Province. China	100%	100%

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
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.	Taicang City, No 29 Qingdao East Road. China	100%	100%
Chengdu Bakkavor Foods Company Limited	Production and manufacture of salad products.	Rong Tai Road, Cross-Striats Science & Technology Industry Development Park, Wenjiang District, Chengdu. China	100%	100%
Bakkavor Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Dormant Holdings Limited	Holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Geest Corporation Inc.	Dormant holding company	251 Little Falls Drive, Wilmington, Delaware, 19808. USA	100%	100%
Bakkavor Overseas Holdings Limited	Non-trading	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
BV Foodservice Limited	Non-trading	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Bakkavor Foods Limited	Preparation and marketing of fresh prepared foods	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Pension Trustees Limited	Pension Trustee holding company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor European Marketing BV	Holding company	Prins Bernhardplein 200, 1097 JB Amsterdam. Netherlands	100%	100%
NV Bakkavor Belgium BV	Non-trading	Lammerdries-Zuid 16F, 2250 Olen. Belgium	100%	100%
Bakkavor Fresh Cook Limited	Non-trading	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
English Village Salads Limited	Non-trading	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Australia Pty Limited	Holding company	Henry Davis York, 44 Martin Place, Sydney, NSW 2000. Australia	100%	100%
BV Restaurant Group Limited	Production and distribution of fresh prepared foods	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Iberica S.L.U	Distribution	Calle Cartagena 57, 1º D Torre Pacheco, Murcia CP 30700. Spain	100%	100%

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Bakkavor Central Finance Limited	Customer invoicing and financing of receivables	West Marsh Road, Spalding, Lincolnshire, England, PE11 2BB. United Kingdom	100%	100%
Notsallow 256 Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Kent Salads Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Laurens Patisseries Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Hitchen Foods Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Bakkavor Brothers Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Cucina Sano Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Butterdean Products Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Exotic Farm Prepared Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

9 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2018	2017
Exotic Farm Produce Limited	Dormant non-trading company	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	100%
Haydens Bakery Limited	Production and manufacture of dessert products	Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ. United Kingdom	100%	0%

* indicates direct investment of Bakkavor Finance (2) Limited

10 Debtors: Amounts falling due within one year

	2018	2017
	£ 000	£ 000
Debtors from related parties	8,186	11,503
Prepayments	-	9
Total current trade and other debtors	<u>8,186</u>	<u>11,512</u>

Amounts due from related parties are unsecured, interest free and are repayable on demand.

11 Cash and cash equivalents

	2018	2017
	£ 000	£ 000
Cash at bank	<u>-</u>	<u>45</u>

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

12 Creditors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Accruals	1,207	1,277
Amounts due to related parties	294,464	365,837
Interest payable	1,319	1,415
Bank overdrafts	5,958	247
	<u>302,948</u>	<u>368,776</u>

Amounts due to related parties are unsecured, have interest charged of 3.4% - 5.35% per annum and are repayable on demand.

13 Creditors: Amounts falling due after more than one year

	2018 £ 000	2017 £ 000
Non-current loans and borrowings		
Term loan	243,506	242,107
Other borrowings	65,000	40,000
	<u>308,506</u>	<u>282,107</u>

14 Share capital

Allotted, called up and fully paid shares

	29 December 2018		30 December 2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>

15 Contingent liabilities

As at the 29 December 2018, there were no legal claims or potential claims against the Company (2017: £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 debt facilities that this relates to is £447.5 million (2017: £447.5 million).

Bakkavor Finance (2) Limited (formerly Bakkavor Finance (2) plc)

Notes to the Financial Statements for the Period from 31 December 2017 to 29 December 2018 (continued)

16 Non adjusting events after the financial period

There have been no significant events after the financial period to report.

17 Parent and ultimate parent undertaking

The Company's immediate parent is Bakkavor Finance (1) Limited.

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

The only parent entity producing publicly available consolidated financial statements is Bakkavor Group plc. These financial statements are available upon request from 5th Floor, Fitzroy Place, 8 Mortimer Street, London, W1T 3JJ, United Kingdom.