

Parent AFS For
Golden Quality Meat (Yorkshire)
Limited - 07712771

Registered number
SC223817

Golden Foods Siam Europe Limited
Report and Consolidated Financial Statements
31 December 2017

Smithfield Accountants LLP
Chartered Accountants and Registered Auditors
117 Charterhouse Street
London EC1M 6AA

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Golden Foods Siam Europe Limited
Report and consolidated accounts
Contents

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	4
Strategic report	5
Independent auditor's report	7
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Parent statement of financial position	11
Consolidated statement of changes in equity	12
Parent statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	15

**Golden Foods Siam Europe Limited
Company Information**

Directors

D Hamada (appointed 15.11.2017)
S Cheng (appointed 15.11.2017)
R Coelho (resigned 30.08.2017)
C Norton (resigned 15.11.2017)
J Perottoni (resigned 15.11.2017)
M Wigman (resigned 15.11.2017)
D Rudeck (resigned 15.11.2017)

Secretary

Clyde Secretaries Ltd

Auditors

BDO LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Registered office

50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Company registered number

SC223817

Golden Foods Slam Europe Limited**Registered number:** SC223817**Group Directors' Report**

The directors present their report and consolidated financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company in the year under review was that of wholesale food distribution. In February 2017, changed part way through, only selling to fellow group companies and its operation is dependent on the support of its shareholder. As a consequence of this change in operations, the company is now acting as an agent as opposed to a principal and no longer stores any stock or has any employees.

Results and review of business

The profit for the year, after taxation, amounted to £113,000 (2016 - £5,515,000). The directors recommend that a dividend of £7,964,000 be paid (2016 - £nil).

The review of business and risk management is given in the group strategic report.

Directors

The following persons served as directors during the year.

D Hamada (appointed 15.11.2017)
S Cheng (appointed 15.11.2017)
R Coelho (resigned 30.08.2017)
C Norton (resigned 15.11.2017)
J Perottoni (resigned 15.11.2017)
M Wigman (resigned 15.11.2017)
D Rudeck (resigned 15.11.2017)

The following directors resigned before the accounts were signed:

R Coelho (resigned 30.08.2017)
C Norton (resigned 15.11.2017)
J Perottoni (resigned 15.11.2017)
M Wigman (resigned 15.11.2017)
D Rudeck (resigned 15.11.2017)

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Golden Foods Siam Europe Limited

Registered number: SC223817

Group Directors' Report

This report was approved by the board on 24 September 2018 and signed on its behalf.


D Hamada
Director

Golden Foods Siam Europe Limited

Group Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom 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 group and company and of the profit or loss of the group and company for that period.

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and its group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and its group'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 its group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Golden Foods Siam Europe Limited Strategic Report

The directors present their Strategic Report and the audited financial statements for the year ended 31 December 2017.

Review of the business

The Consolidated Statement of Comprehensive Income on page 9 shows a profit after tax for the financial period of £113,000 (2016 - £5,515,000 profit).

The company and its group have restructured the way in which they operate during the year. The profit in the subgroup reflects its new method of operation. The restructuring of operations has been successful.

Currently, the group's operations are dependent on the support of its shareholder.

Principal risks and uncertainties

The directors feel that there are no significant risks to the business above the normal trading risks. Uncertain factors are to the volatile exchange rates, world grain markets, for corn and soybeans could have a direct impact on the feeding costs for the livestock industry and consequently boost the in-nature chicken products costs, the main raw materials of our industry.

Regulatory risk:

The group operates in the meat wholesale sector and is therefore subject to Hygiene Regulations.

Following the EU Commission's decision to ban imports from certain of BRF's plants in Brazil, Golden Foods Siam Europe Ltd has had to turn to alternative suppliers to fulfil orders from its EU-based clients. While the Commission's decision does not concern Golden Foods Siam Europe Ltd directly, the impossibility of sourcing from the affected Brazil plants has reduced the volume of EU sales.

Financial risk management:

The company is part of a group, which operates a centralised treasury function, with responsibility for managing liquidity, interest, foreign currency and credit risks associated with group activities.

Key performance indicators

The group utilises a number of quantitative and qualitative indicators to monitor and improve the group's performance.

The group closely monitors customer pricing on a product by product basis to ensure adequate margins are maintained.

The operations of the prior year are only comparable to the operations in the first month the current year, as the group only performed trading with companies under common control. The figures below therefore only reflect operations for this period:

Gross profit margin has reduced from 27.4% to 14.3%.

Trade creditor days has reduced from 5 days to 4 days.

Trade debtor days has increased from 47 days to 48 days.

Return on capital employed has reduced from 0.324 to 0.036.

Golden Foods Siam Europe Limited Strategic Report

Key performance indicators

From the second month to the year end the figures are:

Gross profit margin is 3.4%.

Trade creditor days is 1 day.

Trade debtor days is 1 day.

Return on capital employed is 0.002.

The lower rates of return and shorter payment and collection periods reflect the groups new operations of only trading with companies under common control.

This report was approved by the board on 24 September 2018 and signed on its behalf.



D Hamada
Director

Golden Foods Siam Europe Limited
Independent auditor's report
to the member of Golden Foods Siam Europe Limited

Opinion

We have audited the financial statements of Golden Foods Siam Europe Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Parent Statement of Financial Position, Consolidated and Parent Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Golden Foods Siam Europe Limited
Independent auditor's report
to the member of Golden Foods Siam Europe Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report

Use of our report

This report is made solely to the company and its group'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 and its group'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 and its group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Davies (Senior Statutory Auditor)
for and on behalf of BDO LLP
25 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Golden Foods Siam Europe Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 £ 000	Restated 2016 £ 000
Turnover	3	6,478	71,127
Cost of sales		(5,015)	(54,824)
Gross profit		<u>1,463</u>	<u>16,303</u>
Distribution costs		(444)	(5,876)
Administrative expenses		(871)	(3,624)
Operating profit	4	<u>148</u>	<u>6,803</u>
Interest receivable		2	81
Profit on ordinary activities before taxation		<u>150</u>	<u>6,884</u>
Tax on profit on ordinary activities	7	(37)	(1,369)
Profit for the financial year		<u>113</u>	<u>5,515</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>113</u>	<u>5,515</u>
<u>Total comprehensive income attributable to:</u>			
Global Foods Siam Europe Ltd		113	5,515
Non-Controlling Interests	16	-	-
		<u>113</u>	<u>5,515</u>

Golden Foods Slam Europe Limited
Consolidated Statement of Financial Position
as at 31 December 2017

Registered number
SC223817

	Notes	2017 £ 000	Restated 2016 £ 000
Fixed assets			
Tangible assets	8	-	21
Current assets			
Stocks	10	-	16,169
Debtors	11	19,736	9,813
Cash at bank and in hand		3,704	8,408
		<u>23,440</u>	<u>34,390</u>
Creditors: amounts falling due within one year	12	(3,031)	(6,151)
Net current assets		<u>20,409</u>	<u>28,239</u>
Total assets less current liabilities		<u>20,409</u>	<u>28,260</u>
Net assets		<u>20,409</u>	<u>28,260</u>
Capital and reserves			
Called up share capital	14	9,112	9,112
Profit and loss account	15	11,297	19,148
Non-controlling Interest	16	-	-
Total equity		<u>20,409</u>	<u>28,260</u>


D Hamada
Director

Approved by the board on 24 September 2018

The profit for the year for the parent company was £109,000 (2016 - £5,515,000).

Golden Foods Siam Europe Limited
Parent Statement of Financial Position
as at 31 December 2017

	Notes	2017 £ 000	Restated 2016 £ 000
Fixed assets			
Tangible assets	8	-	21
Investments	9	-	-
		<u>-</u>	<u>21</u>
Current assets			
Stocks	10	-	16,169
Debtors	11	18,098	9,813
Cash at bank and in hand		3,251	8,408
		<u>21,349</u>	<u>34,390</u>
Creditors: amounts falling due within one year	12	(944)	(6,151)
Net current assets		<u>20,405</u>	<u>28,239</u>
Total assets less current liabilities		<u>20,405</u>	<u>28,260</u>
Net assets		<u>20,405</u>	<u>28,260</u>
Capital and reserves			
Called up share capital	14	9,112	9,112
Profit and loss account	15	11,293	19,148
Total equity		<u>20,405</u>	<u>28,260</u>


D Hamed
Director

Approved by the board on 24 September 2018

The profit for the year for the parent company was £109,000 (2016 - £5,515,000).

Golden Foods Siam Europe Limited
Consolidated Statement of Changes In Equity
for the year ended 31 December 2017

	Share capital	Restated Profit and loss account	Total
	£ 000	£ 000	£ 000
Restated			
At 1 January 2016	9,112	13,633	22,745
Profit for the financial year		5,515	5,515
Total comprehensive income for the financial year	-	5,515	5,515
Dividends		-	-
At 31 December 2016	<u>9,112</u>	<u>19,148</u>	<u>28,260</u>
 At 1 January 2017	 9,112	 19,148	 28,260
Profit for the financial year		113	113
Total comprehensive income for the financial year	-	113	113
Dividends		(7,964)	(7,964)
At 31 December 2017	<u>9,112</u>	<u>11,297</u>	<u>20,409</u>

Golden Foods Siam Europe Limited
Parent Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital	Restated Profit and loss account	Total
	£ 000	£ 000	£ 000
Restated			
At 1 January 2016	9,112	13,633	22,745
Total comprehensive income for the financial year	-	5,515	5,515
Dividends		-	-
At 31 December 2016	<u>9,112</u>	<u>19,148</u>	<u>28,260</u>
 At 1 January 2017	 9,112	 19,148	 28,260
Total comprehensive income for the financial year	-	109	109
Dividends		(7,964)	(7,964)
At 31 December 2017	<u>9,112</u>	<u>11,293</u>	<u>20,405</u>

Golden Foods Siam Europe Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 £ 000	Restated 2016 £ 000
Operating activities			
Profit for the financial year		113	5,515
Adjustments for:			
Interest receivable		(2)	(81)
Tax on profit on ordinary activities		37	1,369
Depreciation		8	14
Decrease/(Increase) in stocks		16,169	(3,275)
Increase in debtors		(9,932)	(456)
Decrease in creditors		(3,149)	(694)
		<u>3,244</u>	<u>2,392</u>
Interest received		2	81
Corporation tax paid		1	(1,093)
Cash generated by operating activities		<u>3,247</u>	<u>1,380</u>
Investing activities			
Payments to acquire tangible fixed assets		(9)	(16)
Proceeds from sale of tangible fixed assets		22	-
Cash generated by/(used in) investing activities		<u>13</u>	<u>(16)</u>
Financing activities			
Equity dividends paid		(7,964)	-
Payments to redeem shares		-	-
Cash used in financing activities		<u>(7,964)</u>	<u>-</u>
Net cash (used)/generated			
Cash generated by operating activities		3,247	1,380
Cash generated by/(used in) investing activities		13	(16)
Cash used in financing activities		(7,964)	-
Net cash (used)/generated		<u>(4,704)</u>	<u>1,364</u>
Cash and cash equivalents at 1 January		<u>8,408</u>	<u>7,044</u>
Cash and cash equivalents at 31 December		<u>3,704</u>	<u>8,408</u>
Cash and cash equivalents comprise:			
Cash at bank		3,704	8,408
Bank overdrafts	12	-	-
		<u>3,704</u>	<u>8,408</u>

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiaries.

(i) Subsidiaries

A subsidiary undertaking is an entity over which the Group has the Power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods, from the rendering of services and from agent commissions. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover from agent commissions is recognised when the group entities become legally entitled to receive the commission by reference to the stage in completion of the service. The amount of revenue recognised is limited to the amount of commission receivable, and exclude any amounts received on behalf of the principal.

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	10% to 25% straight line
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Investments

Investments in subsidiaries are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2 Critical accounting estimates and judgements

In preparing these financial statements, the directors have had to make the following judgements:

Stock costing

The company applies a quota model to best estimate the costs associated with importing stock and determines how these costs are released to the Statement of Income and Retained Earnings when the stock is sold. It assumes that the associated costs accrue in proportion to the quantity of stock.

Rebate agreements

The company applies customer trading agreements to provide for rebates. There is an element of judgement where those agreements are not coterminous with the year end, and management use experience and forecasting to assess whether certain targets will be achieved.

3 Analysis of turnover

	2017	2016
	£ 000	£ 000
<u>Group:</u>		
By geographical market:		
UK	1,317	35,377
Europe	5,161	35,750
	<u>6,478</u>	<u>71,127</u>

The group's turnover is made up of £626,000 of revenue acting as an agent, and £5,852,000 of revenue acting as a principal.

4 Operating profit

	2017	2016
	£ 000	£ 000
This is stated after charging:		
<u>Group:</u>		
Depreciation of owned fixed assets	8	14
Exchange gain/(loss)	(114)	(502)
Operating lease rentals - plant and machinery	21	62
Auditors' remuneration for audit services	15	19
Auditors' remuneration for other services	-	13
Contributions to defined benefit contribution plans	26	46
Cost of stock recognised as an expense during the year	<u>-</u>	<u>52</u>

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

5 Directors' emoluments

The remuneration of the directors is not borne by Golden Foods Siam Europe Ltd or any of its subsidiaries. Instead, the directors are remunerated directly by other group companies. It has not been practical to allocate their remuneration between their services as executives of this company and of other companies controlled by BRF S.A. See note 22 for further details regarding the ultimate holding company.

6 Staff costs

	2017	2016
	£ 000	£ 000
<u>Group and parent company:</u>		
Wages and salaries	605	1,027
Social security costs	23	114
Other pension costs	26	46
	<u>654</u>	<u>1,187</u>

Average number of employees during the year

	Number	Number
Management, administration, sales and distribution	<u>7</u>	<u>19</u>

7 Taxation

	2017	Restated
	£ 000	2016
		£ 000
<u>Group:</u>		
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	28	1,370
Adjustments in respect of previous periods	-	-
	<u>28</u>	<u>1,370</u>
Deferred tax:		
Origination and reversal of timing differences	9	(1)
Effect of increased tax rate on opening liability	-	-
	<u>9</u>	<u>(1)</u>
	<u>37</u>	<u>1,369</u>
Tax on profit on ordinary activities		

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2017 £ 000	Restated 2016 £ 000
Current tax:		
Profit on ordinary activities before tax	150	6,884
Standard rate of corporation tax in the UK	19% and 20%	20%
	£ 000	£ 000
Profit on ordinary activities multiplied by the standard rate of corporation tax	29	1,377
Effects of:		
Expenses not deductible for tax purposes	2	(7)
Capital allowances for period in excess of depreciation	(3)	-
Utilisation of tax losses	-	-
Adjustments to tax charge in respect of previous periods	-	-
Current tax charge for period	28	1,370
Deferred tax:		
Origination and reversal of timing differences	9	(1)
Effect of increased tax rate on opening liability	-	-
Deferred tax charge/(credit) for period	9	(1)
Total tax charge for the period	37	1,369

8 Tangible fixed assets

<u>Group and parent company:</u>	Plant and machinery At cost £ 000	Total £ 000
Cost or valuation		
At 1 January 2017	131	131
Additions	9	9
Disposals	(140)	(140)
At 31 December 2017	-	-
Depreciation		
At 1 January 2017	110	110
Charge for the year	8	8
On disposals	(118)	(118)
At 31 December 2017	-	-
Carrying amount		
At 31 December 2017	-	-
At 31 December 2016	21	21

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

9 Investments in subsidiary undertakings

Company	Class and percentage of shares held	Revenue £	Profit (loss) for the year £	Capital and reserves £
Golden Quality Poultry (UK) Limited	100% Ordinary	279,915	130	127
Golden Quality Chicken (UK) Limited	100% Ordinary	318,061	137	132
Golden Quality Imports (UK) Limited	100% Ordinary	313,405	146	144
Golden Quality Chicken (Ireland) Limited	100% Ordinary	287,537	139	136
Golden Quality Trading (UK) Limited	100% Ordinary	422,431	194	191
Golden Quality Exports (UK) Limited	100% Ordinary	218,713	123	120
Golden Quality Trading (Ireland) Limited	100% Ordinary	256,709	147	147
Golden Quality Products (Ireland) Limited	100% Ordinary	307,290	149	150
Golden Quality Cuisine (Ireland) Limited	100% Ordinary	298,192	163	164
Golden Quality Cuisine (Norfolk) Limited	100% Ordinary	260,587	125	126
Golden Quality Cuisine (Yorkshire) Limited	100% Ordinary	250,070	146	147
Golden Quality Dining (UK) Limited	100% Ordinary	615,151	159	160
Golden Quality Dining (England) Limited	100% Ordinary	295,854	134	135
Golden Quality Dining (Ireland) Limited	100% Ordinary	292,419	148	149
Golden Quality Dining (Norfolk) Limited	100% Ordinary	285,197	142	143
Golden Quality Dining (Yorkshire) Limited	100% Ordinary	236,523	120	121
Golden Quality Meat (UK) Limited	100% Ordinary	236,523	120	117
Golden Quality Meat (England) Limited	100% Ordinary	301,092	133	134
Golden Quality Meat (Ireland) Limited	100% Ordinary	208,975	123	124
Golden Quality Meat (Norfolk) Limited	100% Ordinary	653,199	164	165
Golden Quality Meat (Yorkshire) Limited	100% Ordinary	299,174	130	131
Golden Quality Foods Retail (UK) Limited	100% Ordinary	226,259	132	133

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

Golden Quality Foods Retail (England) Limited	100% Ordinary	204,368	126	127
Golden Quality Foods Retail (Ireland) Limited	100% Ordinary	462,104	163	164
Golden Quality Foods Retail (Norfolk) Limited	100% Ordinary	141	8	9
Golden Quality Foods Retail (Yorkshire) Limited	100% Ordinary	140	9	10
Golden Quality Foods Industry (UK) Limited	100% Ordinary	140	9	10
Golden Quality Foods Industry (England) Limited	100% Ordinary	140	9	10
Golden Quality Foods Industry (Ireland) Limited	100% Ordinary	140	9	10
Golden Quality Foods Industry (Norfolk) Limited	100% Ordinary	140	9	10
Golden Quality Foods Industry (Yorkshire) Limited	100% Ordinary	30,858	13	14
Golden Quality Foods (UK) Limited	100% Ordinary	309,060	153	147

All of the above companies are registered in England and Wales.

The results of all of these companies are included in this consolidation.

The registered office and principal place of business of all subsidiaries is:

130 Eureka Park
Upper Pemberton
Kennington
Boughton Aluph
Kent TN25 4AZ

10 Stocks

	2017	2016
	£ 000	£ 000
<u>Group:</u>		
Finished goods and goods for resale	-	16,169
<u>Parent company:</u>		
Finished goods and goods for resale	-	16,169

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

11 Debtors	2017	2016
	£ 000	£ 000
<u>Group:</u>		
Trade debtors	25	9,204
Amounts owed by group undertakings	19,674	19
Deferred tax asset (see note 13)	-	9
Other debtors	37	581
	<u>19,736</u>	<u>9,813</u>
 <u>Parent company:</u>		
Trade debtors	25	9,204
Amounts owed by group undertakings	18,037	19
Deferred tax asset (see note 13)	-	9
Other debtors	36	581
	<u>18,098</u>	<u>9,813</u>

The amounts owed by group undertakings are interest free and fall due to be paid in less than one year. These amounts are not discounted as the effect of discounting is immaterial to the accounts.

12 Creditors: amounts falling due within one year	2017	Restated 2016
	£ 000	£ 000
<u>Group:</u>		
Trade creditors	90	694
Amounts owed to group undertakings	2,138	3,385
Corporation tax	740	711
Other taxes and social security costs	-	82
Other creditors	63	1,279
	<u>3,031</u>	<u>6,151</u>
 <u>Parent company:</u>		
Trade creditors	18	694
Amounts owed to group undertakings	124	3,385
Corporation tax	739	711
Other taxes and social security costs	-	82
Other creditors	63	1,279
	<u>944</u>	<u>6,151</u>

The amounts owed to group undertakings are interest free and fall due to be paid in less than one year. These amounts are not discounted as the effect of discounting is immaterial to the accounts.

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

13 Deferred taxation	2017 £ 000	2016 £ 000
<u>Group:</u>		
Accelerated capital allowances	-	(9)
	-	(9)
	2017 £ 000	2016 £ 000
At 1 January	(9)	(8)
Charged/(credited) to the profit and loss account	9	(1)
At 31 December	-	(9)

14 Share capital	Nominal value	2017 Number	2017 £ 000	2016 £ 000
Allotted, called up and fully paid:				
Ordinary shares	£1 each	9,111,876	9,112	9,112

Called up share capital represents the nominal value of the shares issued.

15 Profit and loss account	2017 £ 000	Restated 2016 £ 000
<u>Group:</u>		
At 1 January	19,148	13,633
Profit for the financial year	113	5,515
Dividends	(7,964)	-
At 31 December	11,297	19,148
<u>Parent company:</u>		
At 1 January	19,148	13,633
Profit for the financial year	109	5,515
Dividends	(7,964)	-
At 31 December	11,293	19,148

The profit and loss account represents the cumulative gains and losses recognised in the Profit and Loss Account and Retained Earnings.

16 Non-controlling interest

100% of the ordinary share capital is owned by BRF GmbH. There is therefore no non-controlling interest.

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

17 Dividends	2017	2016
	£ 000	£ 000
<u>Parent company:</u>		
Dividends on ordinary shares (note 15)	7,964	-
	<u>7,964</u>	<u>-</u>

18 Defined contribution pension plans

The company operates a defined contribution pension plan. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £37,463 (2016 - £80,000). Contributions amounting to £8,148 (2016 - £10,000) were payable to the fund at the year end, included in accruals.

19 Other financial commitments

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

<u>Group:</u>	Land and buildings 2017 £ 000	Land and buildings 2016 £ 000	Other 2017 £ 000	Other 2016 £ 000
Falling due:				
within one year	-	48	-	6
within two to five years	-	-	-	5
in over five years	-	-	-	-
	<u>-</u>	<u>48</u>	<u>-</u>	<u>11</u>
 <u>Parent company:</u>	 Land and buildings 2017 £ 000	 Land and buildings 2016 £ 000	 Other 2017 £ 000	 Other 2016 £ 000
Falling due:				
within one year	-	48	-	6
within two to five years	-	-	-	5
in over five years	-	-	-	-
	<u>-</u>	<u>48</u>	<u>-</u>	<u>11</u>

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

20 Guarantees of subsidiary undertakings (contingent liabilities)

The results of the 100% subsidiaries of Golden Foods Siam Europe Ltd have been consolidated in these accounts.

The subsidiaries have claimed exemption from audit under section 479A of the Companies Act 2006.

Golden Foods Siam Europe Ltd has given guarantees for its subsidiaries in accordance with the provisions of the Act.

The subsidiaries are listed below:

Company name	Company number
Golden Quality Poultry (UK) Limited	7082091
Golden Quality Chicken (UK) Limited	7082084
Golden Quality Imports (UK) Limited	7258287
Golden Quality Chicken (Ireland) Limited	7083002
Golden Quality Trading (UK) Limited	7258138
Golden Quality Exports (UK) Limited	7258117
Golden Quality Trading (Ireland) Limited	7258755
Golden Quality Products (Ireland) Limited	7258597
Golden Quality Cuisine (Ireland) Limited	7401752
Golden Quality Cuisine (Norfolk) Limited	7400157
Golden Quality Cuisine (Yorkshire) Limited	7400153
Golden Quality Dining (UK) Limited	7712257
Golden Quality Dining (England) Limited	7712581
Golden Quality Dining (Ireland) Limited	7712574
Golden Quality Dining (Norfolk) Limited	7712602
Golden Quality Dining (Yorkshire) Limited	7712547
Golden Quality Meat (UK) Limited	7712614
Golden Quality Meat (England) Limited	7712671
Golden Quality Meat (Ireland) Limited	7712754
Golden Quality Meat (Norfolk) Limited	7712765
Golden Quality Meat (Yorkshire) Limited	7712771
Golden Quality Foods Retail (UK) Limited	7968907
Golden Quality Foods Retail (England) Limited	7968863
Golden Quality Foods Retail (Ireland) Limited	7968864
Golden Quality Foods Retail (Norfolk) Limited	7968865
Golden Quality Foods Retail (Yorkshire) Limited	7968862
Golden Quality Foods Industry (UK) Limited	7968845
Golden Quality Foods Industry (England) Limited	7968829
Golden Quality Foods Industry (Ireland) Limited	7968833
Golden Quality Foods Industry (Norfolk) Limited	7968839
Golden Quality Foods Industry (Yorkshire) Limited	7968809
Golden Quality Foods (UK) Limited	7082070

All of the above companies are registered in England and Wales.

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

The majority of the liabilities of these companies are to companies under common control, so the ultimate controlling party would not enforce these against these companies. There are small liabilities to various authorities, which are too detailed to practicably report here. The companies are however easily capable of settling these out of their own trading profits. It is therefore very unlikely that the guarantee poses any significant risk to the guaranteeing company.

21 Related party transactions

The group is exempt from disclosing transactions with fellow group companies under Section 33-1A of FRS102 as it is a wholly owned group.

22 Controlling party

100% of the share capital is owned by BRF GmbH, a company registered in Austria. Copies of the accounts can be obtained from www.brf-global.com/europe.

The company is ultimately controlled by BRF S.A., a company registered in Brazil. Copies of the accounts can be found at www.brf-br.com.

23 Presentation currency

The financial statements are presented in Sterling rounded to the nearest £1,000.

24 Legal form of entity and country of incorporation

Golden Foods Siam Europe Limited is a private company limited by shares and incorporated in Scotland.

25 Principal place of business

The address of the company's registered office is:

50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

The address of the company's principal place of business is:

130 Eureka Park
Upper Pemberton
Kennington
Boughton Aluph
Kent TN25 4AZ

Golden Foods Siam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

26 Post balance sheet date events

The Brazilian authorities are investigating Brazil's meat processing industry in the so called "Weak Flesh Operation", which became public on March 17, 2017. The investigation involves a number of companies in the industry in Brazil, including BRF SA.

BRF SA's Statutory Audit Committee has initiated an investigation with respect to the allegations involving employees and has involved outside counsel. On March 5, 2018, BRF SA was involved in another investigation, so called "Trapaça Operation". The main allegations at this stage involve alleged misconduct relating to quality violations, improper use of feed components, and falsification of tests at certain manufacturing plants and accredited labs.

On May 16, 2018, European Union countries decided to remove 12 of BRF S.A.'s Brazil-based industrial facilities from the list that permits imports of animal-origin products. It also affects BRF Global GmbH operations because Brazil is one of the main sources of poultry.

On June 29, 2018, the Board of Directors of BRF S.A. approved the financial and operational restructuring plan of the BRF group, with the objective to improve its share capital structure by reducing its debt leverage, which also comprises the strengthening of its controlling and quality processes.

The decision was taken to focus its transactions in Brazil, Asia and Muslim markets, in this last case assisted by exclusive plants, which includes Banvit's assets, in Turkey.

Part of the plan includes the sale of (i) operational units in Europe, Thailand and Argentina, which does not affect exports to those markets; (ii) real estate and non-operational assets; and (iii) minority interests in companies. Another initiative is the implementation of a receivables securitization transaction.

The forecast is to raise approximately R\$5,000,000,000 with the measures above.

The reinforcement to the cash position will also arise from a better management of the storage of raw materials (frozen products) and final products. In this sense, the factory restructuring plan will continue, with the main goal to adjust the productive structure to market demands and the production lines, collective paid leaves and a reduction of around 5% of the factory headcount in Brazil.

The efforts to optimize the costs and pursue profitability expansion also includes simplification of the organizational structure with the reduction of the number of vice-presidencies from 14 to 10, divided in three main areas. Three vice-presidencies, with focus on markets: Brasil, Halal and International. In the operational front, there will also be three vice-presidencies: Operations, Sales and Operations Planning (S&OP), and Quality; and four corporate vice-presidencies: Finance and Investor Relations, Strategic Planning and Management, Human Resources and Shared Services, and Institutional and Compliance.

The Plan approved by the Board of Directors does not include the issuance of new shares.

The company may present losses related to contingencies, adjustments to net realizable value of inventories and recoverability of certain assets, all of which are not possible to be estimated at this moment, and therefore no provision has been recorded.

Golden Foods Slam Europe Limited
Notes to the Consolidated Accounts
for the year ended 31 December 2017

27 Prior year adjustment

In the prior year, there were the following errors:

Profit and loss: Cost of sales	Understated by £3,171,000
Creditors: Amounts due to group undertakings	Understated by £3,171,000
Profit and loss: Current year tax charge	Overstated by £643,000
Creditors: Corporation tax	Overstated by £643,000

These adjustments have been made and the comparative balances have been restated throughout the financial statements, including all notes, to show the correct figures as if they had been correct all along.