

Amber REI Holdings Limited

Annual report and consolidated
financial statements

Registered number 07191982

31 December 2017

Parent Company / Group Accounts
providing audit exemption to
Amber Real Estate Investments
(Restaurants) Limited.

Co # 09987426

See note 25.

WED FRIDAY



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	28/09/2018	
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Contents

Group Strategic Report	1
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	5
Independent Auditor's Report To The Members Of Amber REI Holdings Limited	6
Consolidated Profit and Loss Account and Other Comprehensive Income	8
Consolidated Balance Sheet	9
Company Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Cash Flow Statement	13
Notes	14

Group Strategic Report

The Directors present their group strategic report for the period ended 31 December 2017.

Business review

The Group's principal activities are property investment, poultry feed milling and producing turkey for the retail sector.

The key financial performance indicators of the Group are turnover and operating profit before the release of negative goodwill and revaluation of properties. For the period ended 31 December 2017, Group turnover increased from £394m to £603m reflecting the full year impact of the acquisitions of Bernard Matthews Foods Limited and Grove Turkeys Limited in 2016 and associated increases in the milling operations turnover and additional property rents.

Operating profit before the release of negative goodwill and revaluation of properties decreased from £37.1m to £27.9m. Within the administrative expenses, an exceptional related party loan write-off has been made for £24.3m following the closure of the Food Utopia business. Offsetting this in part was the full year impact of the acquisition of Bernard Matthews Foods Limited and Grove Turkeys Limited. The property business also benefited from the £4m profit from the disposal of surplus assets across the estate.

After Bernard Matthews Foods Limited obtained clearance from the Competition and Markets Authority on 12 January 2017, various operations of the poultry business were sold to related parties:

- On 24 February 2017, the Company disposed of its poultry growing farms assets to Hook 2 Sisters Limited.
- On 24 February 2017, the Company disposed of its poultry breeding, hatching and rearing assets to P.D. Hook (Group) Limited.

The consideration received in respect of the above asset disposals was £31,915,000.

The directors ignore negative goodwill and property revaluations in their assessment of the Company's performance on the basis that these are non-cash accounting adjustments.

Properties have been revalued in the year in line with the Group accounting policy set out in note 1. Details are provided in note 12.

The Group maintains a positive outlook underpinned by continued growth in the poultry market. The Group's financial situation remains very strong with significant cash balances and a low level of debt relative to profit.

Principal risks and uncertainties

Strategic risks

The main strategic risks would come from the market situation, if the trend of increasing demand for poultry reversed and the subsequent demand for growing space and feed were reduced. This is considered as minimal as currently there is an overall insufficient supply of UK grown poultry to meet consumer demands.

The Group's strategy is to diversify its business in the long term.

However, there are also risks against which the company cannot fully protect itself such as a poultry disease outbreak or a food safety concerns such as campylobacter. The Group strategy is to proactively address such risks with its related party customers to mitigate the risks more effectively.

Group Strategic Report (continued)

Operational risks

The Group monitors the legislative changes and work with our tenants to ensure we have an annual plan in place to deal with any impact, this IPPC programme is active and is monitored on a monthly basis.

Quality in 2 Agriculture Limited is assured by accreditation to; United Feed Assurance Scheme HACCP systems, as well as adherence to many customer codes of practice.

To assure safety the Group will coordinate its structural risk and an engineering program with the requirements of the insurers. Under the terms of a coordinated programme, measures are taken in respect of preventative maintenance and technical procedures. In the event of a major facility loss, contingency plans are in place to minimise business disruption.

Health, safety and environmental risk are regularly reviewed and prioritised, with work streams established to minimise the risk to people, equipment and property. Immediate and future risks to the business include regulation changes, age and quality of parts of the portfolio and an on-going footprint review all of which can result in space becoming available. The majority of this risk is within livestock buildings.

Financial risks

The Group operates within a framework of weekly reporting which covers weekly performance measures for profitability, cash flow production. A set of monthly management accounts is also produced to manage the commercial drivers of the businesses within the Group in a controlled manner to minimise the financial and operational impacts and risks upon the Group.

The Group monitors cash flow as a part of its day to day control procedures. Regular considerations of the Group's cash flow projections enable management to ensure that the Group operates within the committed funding available to it.

The Group is funded by means of bank loans, which has covenants attached. Compliance with these covenants is monitored on a quarterly basis.

By order of the board



RJ Rafferty
Director

28 September 2018

Directors' Report

The Directors present their report and the financial statements for the period ended 31 December 2017. This report should be read in conjunction with the Group Strategic Report. Key information relating to the business noted in the Group Strategic Report has not been repeated in the Directors' Report.

Results and dividends

The profit for the period, after taxation, amounted to £30,320,000 (53 weeks ending 1 January 2017 - £40,857,000).

No dividends were paid in the period (53 weeks ending 1 January 2017: £13,000,000). The directors do not recommend the payment of a final dividend (53 weeks ending 1 January 2017: £nil).

Directors

The directors who held office during the year were as follows:

RS Boparan

RJ Rafferty

S Henderson

TJ Curle

RE Hully (resigned 10 November 2017)

AS Haveron (appointed on 1 Feb 2018)

Employees

The Group has continued to keep employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. It will continue to ensure that employees are encouraged to participate in the effective running of the Group.

The Group continues to adopt a policy of non - discrimination in the employment of disabled persons. Their training and career development are consistent with the Group's general policies and procedures relating to those activities. In addition, where an employee becomes disabled, every effort is made to ensure continuity of employment or to offer suitable employment with appropriate retraining if necessary.

Going concern

The financial statements have been prepared under the going concern concept which assumes the Group will have sufficient funds to continue to pay its debts as and when they fall due and thus continue to trade.

In reaching this decision the Directors have considered latest forecasts, covenant calculations and contractual agreements. These demonstrate that the Group has sufficient financing facilities available to continue to trade as a going concern.

Political contributions

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

Directors' Report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Group Strategic Report on page 1.

Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



RJ Rafferty
Director

28 September 2018

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have to realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMBER REI HOLDINGS LIMITED

Opinion

We have audited the financial statements of Amber REI Holdings Limited ("the company") for the year ended 31 December 2017 which comprise the Group and Parent Company Balance Sheets, the Group Profit and Loss Account, the Group and Parent Company's Statements of Other Comprehensive Income, the Group and Parent Company's Statements of Changes in Equity, the Group Cash Flow Statement and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Simon Purkess (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

28 September 2018

Consolidated Profit and Loss Account and Other Comprehensive Income
for the period ended 31 December 2017

	<i>Note</i>	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Turnover	2	603,327	393,527
Cost of sales		(472,063)	(300,985)
Gross profit		131,264	92,542
Administrative expenses	3	(118,214)	(55,393)
Movement in fair valuation of investment properties	11	(349)	1,044
Release of negative goodwill	9	14,187	9,949
Other income		14,833	-
Group operating profit		41,721	48,142
Income from fixed asset investments		807	741
Other interest receivable and similar income	6	76	246
Interest payable and similar expenses	7	(3,727)	(2,419)
Profit before taxation		38,877	46,710
Tax on profit	8	(8,557)	(5,853)
Profit for the financial year		30,320	40,857
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		156	757
Revaluation of fixed assets		14,005	-
Other comprehensive income for the year, net of income tax		14,161	757
Total comprehensive income for the year		44,481	41,614

All operations are continuing as at the reporting date.

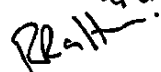
The notes on pages 14 to 40 form part of the Financial Statements.

Consolidated Balance Sheet

At 31 December 2017

	Note	31 December 2017		1 January 2017	
		£000	£000	£000	£000
Fixed assets					
Negative goodwill	9		(94,689)		(108,766)
Other intangibles	9		8,927		9,999
Tangible assets	10		80,125		118,721
Investment property	11		274,373		230,052
Derivative financial instruments			70		-
Investments	12		10,591		10,591
			<hr/>		<hr/>
			279,397		260,597
Current assets					
Derivative financial instrument		5			
Stocks	13	27,579		39,342	
Debtors	14	207,292		199,935	
Cash at bank and in hand	15	35,163		35,327	
		<hr/>		<hr/>	
		270,039		274,604	
Creditors: amounts falling due within one year	16	(121,483)		(153,421)	
		<hr/>		<hr/>	
Net current assets			148,556		121,183
			<hr/>		<hr/>
Total assets less current liabilities			427,953		381,780
Creditors: amounts falling due after more than one year	17	(115,947)		(115,093)	
Provisions for liabilities					
Deferred tax liability	20	(20,969)		(18,234)	
Other provisions	21	(638)		(2,535)	
		<hr/>		<hr/>	
			(21,607)		(20,769)
Net assets			<hr/>		<hr/>
			290,399		245,918
Capital and reserves					
Called up share capital	23		2		2
Share premium account			70,548		70,548
Revaluation reserve			14,005		-
Profit and loss account			205,844		175,368
			<hr/>		<hr/>
Shareholders' funds			290,399		245,918
			<hr/>		<hr/>

The notes on pages 14 to 41 form part of the Financial Statements. These financial statements were approved by the board of directors on 28 September 2018 and were signed on its behalf by:



RJ Rafferty

Director

Company registered number: 07191982

Company Balance Sheet
At 31 December 2017

	<i>Note</i>	31 December 2017	1 January 2017
		£000	£000
Fixed assets			
Tangible assets	10	8	7
Investment property	11	9,579	16,617
Investments	12	39,672	39,672
		<u>49,259</u>	<u>56,296</u>
Current assets			
Debtors	14	228,322	264,227
Cash at bank and in hand	15	10,078	8,596
		<u>238,400</u>	<u>272,823</u>
Creditors: amounts falling due within one year	16	(7,788)	(136,096)
Net current assets		<u>230,612</u>	<u>136,727</u>
Total assets less current liabilities		<u>279,871</u>	<u>193,023</u>
Creditors: amounts falling due after more than one year	17	(1,541)	(1,541)
Provisions for liabilities			
Deferred tax liability	20	(84)	9
Other provisions	21	(638)	(1,000)
		<u>(722)</u>	<u>(991)</u>
Net assets		<u>277,608</u>	<u>190,491</u>
Capital and reserves			
Called up share capital	23	2	2
Share premium account		70,548	70,548
Profit and loss account		207,058	119,941
Shareholders' funds		<u>277,608</u>	<u>190,491</u>

The notes on pages 14 to 40 form part of the Financial Statements. These financial statements were approved by the board of directors on 26 September 2018 and were signed on its behalf by:

RJ Rafferty
Director
Company registered number: 07191982

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit & loss account £000	Total equity £000
Balance at 28 December 2015	2	70,548	-	146,754	217,304
Profit or loss	-	-	-	40,857	40,857
Other comprehensive income	-	-	-	757	757
Total comprehensive income for the period	-	-	-	41,614	41,614
Dividends	-	-	-	(13,000)	(13,000)
Total contributions by and distributions to owners	-	-	-	(13,000)	(13,000)
Balance at 1 January 2017	2	70,548	-	175,368	245,918
Profit or loss	-	-	-	30,320	30,320
Other comprehensive income	-	-	14,005	156	14,161
Total comprehensive income for the period	-	-	14,005	30,476	44,481
Balance at 31 December 2017	2	70,548	14,005	205,844	290,399

Company Statement of Changes in Equity

	Called up share capital	Share premium account	Profit & loss account	Total equity
	£000	£000	£000	£000
Balance at 28 December 2015	2	70,548	120,961	191,511
Profit or loss	-	-	11,980	11,980
Total comprehensive income for the period	-	-	11,980	11,980
Dividends	-	-	(13,000)	(13,000)
Balance at 1 January 2017	2	70,548	119,941	190,491
Profit or loss	-	-	87,117	87,117
Total comprehensive income for the period	-	-	87,117	87,117
Balance at 31 December 2017	2	70,548	207,058	277,608

Consolidated Cash Flow Statement
for the period ended 31 December 2017

	<i>Note</i>	52 weeks ended 31 December 2017	53 weeks ended 1 January 2017
		£000	£000
Cash flows from operating activities			
Group operating profit		41,721	48,142
<i>Adjustments for:</i>			
Amortisation of intangible assets	<i>9</i>	(13,115)	(9,681)
Depreciation of tangible fixed assets	<i>10</i>	7,175	3,758
Foreign exchange (gains)/losses		(244)	367
Impairments	<i>11</i>	263	-
Change in value of investment property	<i>11</i>	349	(1,044)
Gain on sale of tangible fixed assets and investment properties	<i>3</i>	(16,013)	(1,053)
		<hr/> 20,136	<hr/> 40,489
Increase in trade and other debtors		(7,221)	(118,303)
Decrease/(increase) in stocks		11,764	4,108
Increase in trade and other creditors		(38,647)	55,067
Increase in provisions		(1,898)	1,606
		<hr/> (15,866)	<hr/> (17,033)
Tax paid		(10,109)	(6,419)
		<hr/> (25,975)	<hr/> (23,452)
Net cash from operating activities			
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		17,635	575
Proceeds from sale of investment properties		13,230	5,021
Interest received	<i>6</i>	76	246
Acquisition of a business		-	(63,045)
Addition/Acquisition of tangible fixed assets	<i>10</i>	(8,619)	(2,957)
Addition/Acquisition of investment property	<i>11</i>	(3,535)	(16,604)
Acquisition of preference shares	<i>12</i>	-	(8,082)
		<hr/> 18,787	<hr/> (84,846)
Net cash from investing activities			
Cash flows from financing activities			
Proceeds from new loan	<i>18</i>	11,620	110,741
Interest paid	<i>7</i>	(3,307)	(2,000)
Repayment of borrowings		(460)	(60,000)
Payment of finance lease liabilities	<i>16,17</i>	(1,058)	(923)
Dividends paid		-	(13,000)
		<hr/> 6,795	<hr/> 34,818
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		(393)	(73,480)
Cash and cash equivalents at 1 January 2017		28,844	102,324
Effect of exchange rate fluctuations on cash held		129	-
		<hr/> 28,580	<hr/> 28,844
Cash and cash equivalents at 31 December 2017	<i>15</i>		

Notes

(forming part of the financial statements)

1 Accounting policies

Amber REI Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07191982 and the registered address is 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham B3, 2BJ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 27 December 2015 have not been restated.
- Fair value or revaluation as deemed cost – The fair value/previous GAAP revaluation at transition date has been used as deemed cost for specific investment property.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at transition date 27 December 2015.
- Lease incentives – for leases commenced before 27 December 2015 the Group and Company continued to account for lease incentives on the basis that applied at the date of transition.

Notes (continued)

1 Accounting policies (continued)

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- no separate parent company Cash Flow Statement with related notes is included;
- key Management Personnel compensation has not been included a second time;
- certain disclosures required by FRS 102.26 Share Based Payments; and
- certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property and tangible fixed assets in accordance with the revaluation model; and derivatives are measured at fair value through profit and loss.

1.2 Going concern

After making appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In reaching this decision the directors have considered latest forecasts, covenant calculations and contractual agreements. These demonstrate that the Company has sufficient financing facilities available to continue to trade as a going concern.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit and loss.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 10 – 40 years
- plant and equipment 4 – 20 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Revaluation

Buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.7 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents and trademarks 5 – 25 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be the same period to its allocated cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combinations.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of Assets when there is an indication that goodwill or an intangible asset may be impaired.

1.8 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with Section 17 until a reliable measure of fair value becomes available.

Notes (continued)

1 Accounting policies (continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.10 Impairment

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

1.13 Turnover

Investment Properties

Turnover comprises rentals under operating lease income from the investment properties located in the United Kingdom. Income is credited to the profit and loss account on a straight-line basis over the period of the lease, even if the payments are not made on such a basis and is exclusive of value added tax.

Poultry feed milling

Turnover comprises revenue recognised by the group in respect of goods and services supplied exclusive of value added tax and trade discounts.

Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery.

Poultry rearing and breeding

Turnover is recognised as the date of despatch where the Company is contracted to undertake the transportation of goods to the consumer's place of business. Turnover represents deliveries at invoice value to external customers less returns, discounts and allowance.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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

Notes (continued)

1 Accounting policies (continued)

1.15 Taxation

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

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

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

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

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the entity's business model is to consume substantially all the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

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

Notes (continued)

2 Turnover

	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Rental income	50,503	36,636
Poultry feed milling and live poultry sales	319,482	249,723
Poultry related product sales	232,056	104,534
Asset disposals	1,286	2,634
	<hr/>	<hr/>
Total turnover	603,327	393,527
	<hr/>	<hr/>
	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
By geographical market:		
United Kingdom	575,035	385,169
Elsewhere	28,292	8,358
	<hr/>	<hr/>
	603,327	393,527
	<hr/>	<hr/>

3 Operating profit

The operating profit is stated after charging/(crediting):

	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Release of negative goodwill	(14,187)	(9,949)
Fair value adjustments for investment property	349	(1,044)
Net gain on disposal of tangible fixed assets	(16,013)	(440)
Depreciation of tangible fixed assets	7,175	3,758
Amortisation of intangible assets	1,072	268
Government grants	(2)	(2)
Auditor's Remuneration	150	168
	<hr/>	<hr/>

Audit fees attributable to the Company were £36,000 (53 weeks ending 1 January 2017 - £32,000).

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	31 December 2017	1 January 2017
Management, administrative and sales	196	359
Production and farm workers	566	2,295
	<hr/>	<hr/>
	762	2,654
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Wages and salaries	47,521	24,735
Social security costs	4,332	2,564
Redundancy costs	431	12
Expenses related to defined contributions plans	2,030	729
	<hr/>	<hr/>
	54,314	28,040
	<hr/>	<hr/>

5 Directors' remuneration

	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Directors' remuneration	1,810	1,167
Company contributions to money purchase pension plans	25	86
	<hr/>	<hr/>

During the period retirement benefits were accruing to 5 Directors (period ending 1 January 2018 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £718,000 (period ending 1 January 2018 - £865,000).

Notes (continued)

6 Other interest receivable and similar income

	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Interest receivable on financial assets	76	246
Total interest receivable and similar income	<u>76</u>	<u>246</u>

7 Interest payable and similar expenses

	52 weeks ending 31 December 2017 £000	53 weeks ending 1 January 2017 £000
Interest payable on financial liabilities	3,727	2,419
Total other interest payable and similar expenses	<u>3,727</u>	<u>2,419</u>

Notes (continued)

8 Taxation

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

	52 weeks ending 31 December 2017		53 weeks ending 1 January 2017	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period		8,905		7,644
Adjustments in respect of prior periods		(889)		(64)
Total current tax		8,016		7,580
<i>Deferred tax (see note 20)</i>				
Origination and reversal of timing differences	1,599		(722)	
Effect in change in tax rate on opening balance	-		(3)	
Adjustments in respect of prior periods	647		(1,001)	
Total deferred tax		2,246		(1,726)
Total tax		10,262		5,854

	52 weeks ending 31 December 2017			53 weeks ending 1 January 2017		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in profit and loss account	8,016	501	8,557	7,580	(1,726)	5,854
Recognised in other comprehensive income	-	1,705	1,705	-	-	-
Total tax	8,016	2,246	10,262	7,580	(1,726)	5,854

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	52 weeks ending 31 December 2017	53 weeks ending 1 January 2017
	£000	£000
Profit on ordinary activities before tax	38,877	46,710
Tax using the UK corporation tax rate of 19.25% (2016: 20.00%)	7,483	9,342
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6,086	593
Fixed asset timing differences	882	6
Adjustment to tax in respect of prior periods	(242)	(1,065)
Difference in overseas rate of tax	(85)	(72)
Non-taxable income	(3,111)	(2,650)
Effect in change in tax rate	(78)	85
Chargeable gains	(633)	-
Others adjustments and reliefs	(1,745)	(385)
Total tax expense included in profit or loss	8,557	5,854

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 25 October 2015. Further reduction to 18% (effective from 1 April 2020) was substantively enacted on 25 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

Notes (continued)

9 Intangible assets and goodwill

Group

	Negative goodwill £000	Patents and trademarks £000	Trade technology £000	Total £000
Cost				
Balance at 2 January 2017	(129,566)	6,136	4,131	(119,299)
Effect of movements in foreign exchange	(110)	-	-	(110)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	(129,676)	6,136	4,131	(119,409)
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation and impairment				
Balance at 2 January 2017	20,800	(61)	(207)	20,532
Amortisation for the year	14,187	(245)	(827)	13,115
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	34,987	(306)	(1,034)	33,647
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 2 January 2017	(108,766)	6,075	3,924	(98,767)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	(94,689)	5,830	3,097	(85,762)
	<hr/>	<hr/>	<hr/>	<hr/>

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in administrative expenses in the profit and loss account.

There are no intangible assets and goodwill in the Company.

Notes (continued)

10 Tangible fixed assets

<i>Group</i>	Land and buildings £000	Plant and Equipment £000	Total £000
Cost			
Balance at 2 January 2017	85,154	39,354	124,508
Additions	1,568	7,051	8,619
Revaluations	15,710	-	15,710
Transfers to investment properties	(50,054)	-	(50,054)
Disposals	(4,358)	(2,660)	(7,018)
Effect of movements in foreign exchange	285	266	551
Balance at 31 December 2017	48,305	44,011	92,316
Depreciation and impairment			
Balance at 2 January 2017	960	4,827	5,787
Depreciation charge for the year	1,616	5,559	7,175
Disposals	(329)	(484)	(813)
Effect of movements in foreign exchange	12	30	42
Balance at 31 December 2017	2,259	9,932	12,191
Net book value			
At 2 January 2017	84,194	34,527	118,721
At 31 December 2017	46,046	34,079	80,125

<i>Company</i>	Plant and Equipment £000
Cost	
Balance at 2 January 2017	23
Additions	5
Balance at 31 December 2017	28
Depreciation and impairment	
Balance at 2 January 2017	16
Depreciation charge for the year	4
Balance at 31 December 2017	20
Net book value	
At 2 January 2017	7
At 31 December 2017	8

Notes (continued)

11 Investment property

<i>Group</i>	31 December 2017	1 January 2017
	£000	£000
Balance at 2 January 2017	230,052	216,811
Additions	3,535	16,604
Transfers from fixed assets	50,054	-
Impairments	(263)	-
Net gain/(loss) from fair value adjustments	(349)	1,044
Disposals	(8,656)	(4,407)
	<hr/>	<hr/>
Balance at 31 December 2017	274,373	230,052
	<hr/>	<hr/>
<i>Company</i>	31 December 2017	1 January 2017
	£000	£000
Balance at 2 January 2017	16,617	216,811
Additions	166	283
Disposals	(6,990)	(2,859)
Transfers to group companies	-	(197,618)
Net gain/(loss) from fair value adjustments	(214)	-
	<hr/>	<hr/>
Balance at 31 December 2017	9,579	16,617
	<hr/>	<hr/>

£6,439,000 (1 January 2017: £34,817,000) (Company: £nil (1 January 2017: £nil)) of investment property fair value is based on a valuation by an external independent valuer having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

The remaining investment properties in the year applied external valuations from an independent valuer from a prior period.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the Turnover accounting policy.

Notes (continued)

12 Fixed asset investments

			Other investments other than loans £000
Group			
<i>Cost or valuation and net book value</i>			
At 2 January 2017 and 31 December 2017			10,591
			<hr/>
	Shares in group undertakings	Other investments other than loans	Total
Company	£000	£000	£000
<i>Cost or valuation and net book value</i>			
At 2 January 2017	29,090	10,582	39,672
Additions			
	<hr/>	<hr/>	<hr/>
At 31 December 2017	29,090	10,582	39,672
	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Fixed asset investments (continued)

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

<i>Subsidiary undertakings</i>	<i>Country of operation and incorporation</i>	<i>Class and percentage of shares held</i>	
		<i>Group</i>	<i>Company</i>
Amber Real Estate Investments (Agriculture) Limited	United Kingdom	100.00%	100.00%
Amber Real Estate Investments (Commercial) Limited	United Kingdom	100.00%	100.00%
Amber Real Estate Investments (Industrial) Limited	United Kingdom	100.00%	100.00%
Amber Real Estate Investments (Restaurants) Limited	United Kingdom	100.00%	100.00%
Amber Food Machinery Limited	United Kingdom	100.00%	100.00%
Bernard Matthews Limited	United Kingdom	100.00%	100.00%
Bernard Matthews Holdings Limited	United Kingdom	100.00%	100.00%
Bernard Matthews Green Energy Limited	United Kingdom	100.00%	100.00%
Grove Turkeys Limited	Ireland	100.00%	100.00%
Bernard Matthews B.V.	Netherlands	100.00%	-
SáGa Foods Zrt	Hungary	100.00%	-
Pannon Pulyka KFT	Hungary	100.00%	-
Sabaker KFT	Hungary	100.00%	-
Rabaho KFT	Hungary	60.00%	-

Other investments

On 4 August 2014, the Company purchased £2,500,000 £1 preference shares in Amber Residential Properties Limited for consideration of £2,500,000. These shares do not carry voting rights or the right to a dividend.

On 19 January 2016, Amber REI Holdings acquired 8,082,147 preference shares in Boparan Restaurants Holdings Limited (subsequently renamed Cinnamon Collection Limited on 7 March 2016). These shares do not carry a voting right but do carry a right to a dividend.

Notes (continued)

13 Stocks

Group

	31 December 2017 £000	1 January 2017 £000
Raw materials and consumables	11,348	11,504
Work in progress	2,172	16,002
Finished goods	12,536	10,772
Assets held for resale	1,523	1,064
	<u>27,579</u>	<u>39,342</u>

Company

The Company has no stock.

14 Debtors

	Group		Company	
	31 December 2017 £000	1 January 2017 £000	31 December 2017 £000	1 January 2017 £000
Trade debtors	63,134	115,014	580	300
Amounts owed by related parties	95,710	75,919	95,710	75,919
Amounts owed by group undertakings	-	-	128,417	186,418
Other debtors	774	946	-	-
Corporation tax	-	-	-	191
Prepayments and accrued income	47,674	8,056	3,615	1,399
	<u>207,292</u>	<u>199,935</u>	<u>228,322</u>	<u>264,227</u>

15 Cash and cash equivalents/bank overdrafts

	Group		Company	
	31 December 2017 £000	1 January 2017 £000	31 December 2017 £000	1 January 2017 £000
Cash at bank and in hand	35,163	35,327	10,078	8,596
Bank overdrafts	(6,583)	(6,483)	-	-
	<u>28,580</u>	<u>28,844</u>	<u>10,078</u>	<u>8,596</u>
Cash and cash equivalents per cash flow statements	<u>28,580</u>	<u>28,844</u>	<u>10,078</u>	<u>8,596</u>

Notes (continued)

16 Creditors: amounts falling due within one year

	Group		Company	
	31 December	1 January	31 December	1 January
	2017	2017	2017	2017
	£000	£000	£000	£000
Trade creditors	74,149	75,095	68	-
Obligations under finance leases (see note 20)	629	824	-	-
Amounts owed to related parties	-	33,000	-	33,000
Amounts owed to group undertakings	-	-	9,000	99,771
Other taxation and social security	290	1,310	(1,001)	845
Accruals and deferred income	29,381	32,610	1,896	2,373
Corporation tax	1,516	4,099	(2,175)	-
Bank loans and overdrafts (see note 18)	15,518	6,483	-	107
	<u>121,483</u>	<u>153,421</u>	<u>7,788</u>	<u>136,096</u>

17 Creditors: amounts falling after more than one year

	Group		Company	
	31 December	1 January	31 December	1 January
	2017	2017	2017	2017
	£000	£000	£000	£000
Bank loans and overdrafts (see note 18)	112,489	110,741	-	-
Obligations under finance leases (see note 19)	1,266	2,129	-	-
Accruals and deferred income	2,192	2,223	1,541	1,541
	<u>115,947</u>	<u>115,093</u>	<u>1,541</u>	<u>1,541</u>

Notes (continued)

21 Provisions

<i>Group</i>	Dilapidations £000	Price and quantity deductions £000	Customer audit claim £000	Total £000
Balance at 2 January 2017	1,000	1,248	287	2,535
Provisions used during the period	-	(1,248)	(287)	(1,535)
Provisions reversed during the period	(362)	-	-	(362)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	638	-	-	638
	<hr/>	<hr/>	<hr/>	<hr/>

<i>Company</i>	Dilapidations £000
Balance at 1 January 2017 and 31 December 2017	638
	<hr/>

Dilapidations

The provision represents an estimate of amounts payable in relation to dilapidations requirements on property leases. This is expected to be incurred in the next five years.

Customer audit claims

A provision is held for customer order discrepancies that are outside the scope of price or quantity variations. Differences between provisions and subsequent settlements are charged or credited to the profit and loss account.

Price and quantity deductions

A provision is held for the expected settlement figure for deliveries to customers where the customer has disputed either the price or the quantity of the order. Differences between provisions and subsequent settlements are charged or credited to the profit and loss account.

22 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current period was £2,030,000 (53 weeks to 1 January 2017: £729,000).

Notes (continued)

19 Other interest-bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

<i>Group</i>	Minimum lease payments 31 December 2017 £000	Minimum lease payments 1 January 2017 £000
Less than one year	629	1,006
Between one and five years	1,266	2,048
More than five years	-	-
	<u>1,895</u>	<u>3,054</u>

Company

The Company has no other interest bearing loans and borrowings.

20 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>Group</i>	Assets		Liabilities		Net	
	31 December 2017 £000	1 January 2017 £000	31 December 2017 £000	1 January 2017 £000	31 December 2017 £000	1 January 2017 £000
Accelerated capital allowances	-	461	(1,232)	(953)	(1,232)	(492)
Other timing differences	-	-	(12,502)	(9,732)	(12,502)	(9,732)
Business combinations	-	-	(7,235)	(8,010)	(7,235)	(8,010)
Net tax assets / (liabilities)	<u>-</u>	<u>461</u>	<u>(20,969)</u>	<u>(18,695)</u>	<u>(20,969)</u>	<u>(18,234)</u>

<i>Company</i>	Assets		Liabilities		Net	
	31 December 2017 £000	1 January 2017 £000	31 December 2017 £000	1 January 2017 £000	31 December 2017 £000	1 January 2017 £000
Accelerated capital allowances	-	9	(84)	-	(84)	9
Other timing differences	-	-	-	-	-	-
Net tax assets / (liabilities)	<u>-</u>	<u>9</u>	<u>(84)</u>	<u>-</u>	<u>(84)</u>	<u>9</u>

Notes (continued)

21 Provisions

<i>Group</i>	Dilapidations £000	Price and quantity deductions £000	Customer audit claim £000	Total £000
Balance at 2 January 2017	1,000	1,248	287	2,535
Provisions used during the period	-	(1,248)	(287)	(1,535)
Provisions reversed during the period	(362)	-	-	(362)
Balance at 31 December 2017	638	-	-	638

<i>Company</i>	Dilapidations £000
Balance at 1 January 2017 and 31 December 2017	638

Dilapidations

The provision represents an estimate of amounts payable in relation to dilapidations requirements on property leases. This is expected to be incurred in the next five years.

Customer audit claims

A provision is held for customer order discrepancies that are outside the scope of price or quantity variations. Differences between provisions and subsequent settlements are charged or credited to the profit and loss account.

Price and quantity deductions

A provision is held for the expected settlement figure for deliveries to customers where the customer has disputed either the price or the quantity of the order. Differences between provisions and subsequent settlements are charged or credited to the profit and loss account.

22 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current period was £2,030,000 (53 weeks to 1 January 2017: £729,000).

Notes (continued)

23 Capital and reserves

Share capital

	31 December 2017 £000	1 January 2017 £000
<i>Allotted, called up and fully paid</i> 2,002 ordinary shares of £1 each	2	2
	<hr/> 2 <hr/>	<hr/> 2 <hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other comprehensive income

52 weeks ended 31 December 2017

<i>Group</i>	Revaluation Reserve £000	Profit and loss account £000	Total other comprehensive income £000
<i>Other comprehensive income</i>			
Foreign exchange differences on translation of subsidiary undertakings	-	156	156
Revaluation of tangible fixed assets	14,005	-	14,005
	<hr/> 14,005 <hr/>	<hr/> 156 <hr/>	<hr/> 14,161 <hr/>
<i>Total other comprehensive income</i>	<hr/> 14,005 <hr/>	<hr/> 156 <hr/>	<hr/> 14,161 <hr/>

Company

The Company has had no other comprehensive income for both the 52 weeks ending December 2017 and the 53 weeks ending 1 January 2017.

Notes (continued)

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	31 December	1 January	31 December	1 January
	2017	2017	2017	2017
	£000	£000	£000	£000
Less than one year	112	112	1,620	1,356
Between one and five years	182	294	1,726	2,848
More than five years	-	-	1,226	1,226
	<u>294</u>	<u>406</u>	<u>4,572</u>	<u>5,430</u>

Leases as lessor

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		Company	
	31 December	1 January	31 December	1 January
	2017	2017	2017	2017
	£000	£000	£000	£000
Less than one year	47,389	35,911	1,420	1,329
Between one and five years	183,783	133,860	2,797	1,991
More than five years	91,235	47,673	792	-
	<u>322,407</u>	<u>217,444</u>	<u>5,009</u>	<u>3,320</u>

25 Contingent liabilities

Amber REI Holdings Limited has guaranteed the liabilities of the following subsidiaries in order for them to qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 31 December 2017.

Name of subsidiary	Company registration number
Amber Real Estate Investments (Industrial) Limited	09885767
Amber Food Machinery Limited	09885830
Amber Real Estate Investments (Restaurants) Limited	09987426

Notes (continued)

26 Related parties

Boparan Ventures Limited

Boparan Ventures Limited and Amber REI Holdings Limited are related by common Directors, RS Boparan and S Henderson, and by common ownership RS Boparan and BK Boparan.

During the 52 weeks to 31 December 2017, Amber REI Holdings Limited loaned £1,450,000 (53 weeks to 1 January 2017 - £8,718,000) to Boparan Ventures Limited to fund the Company's capital expenditure. This leaves a total balance of £20,233,000 at the current period end.

The loan is repayable on demand, is unsecured and bears no interest.

Amber Residential Properties Limited

Amber Residential Properties Limited and Amber REI Holdings Limited are related by common Directors, RS Boparan, RJ Rafferty and AS Haveron, and by common ownership, RS Boparan and BK Boparan.

During the 52 weeks to 31 December 2017, Amber REI Holdings Limited loaned £2,525,000 (53 weeks to 1 January 2017 - £5,155,000) to Amber Residential Properties Limited. There is an outstanding balance of £9,990,000 at the current period end (53 weeks to 1 January 2017 - £7,466,000).

The loan is repayable on demand, is unsecured and bears no interest.

Invest Co 1 Limited

Invest Co 1 Limited and Amber REI Holdings Limited are related by common directors, RS Boparan, S Henderson, TJ Curle, and by common ownership, RS Boparan and BK Boparan.

During the 52 weeks ending 31 December 2017, Amber REI Holdings Limited loaned £40,149,000 (53 weeks ending 1 January 2017 - £44,660,000) to Invest Co 1 Limited and its subsidiaries.

During the 52 weeks ending 31 December 2017, Invest Co 1 Limited and its subsidiaries were invoiced £4,575,000 (53 weeks ending 1 January 2017: 4,183,000) of rental income by Amber REI Holdings Limited and its subsidiaries. During the 52 weeks ending 31 December 2017, 2 Agriculture Limited invoiced Invest Co 1 Limited and its subsidiaries £36,290,000 (53 weeks ending 1 January 2017 - £48,262,000) for the supply of broiler chickens.

At the period end, there was an outstanding balance of £2,244,000 (53 weeks ending 1 January 2017 - £153,000) in respect of rentals, broiler chickens and various recharges and £64,398,000 (53 weeks ending 1 January 2017 - £46,604,000) in respect of amounts loaned. It has been assessed that the loan to one of Invest Co 1 Limited's subsidiaries at £24,355,000 is non-recoverable and therefore the amount has been written-off in the current period.

The loan is repayable on demand, is unsecured and bears no interest.

Notes (continued)

26 Related parties (continued)

Hook 2 Sisters Limited

Hook 2 Sisters is a joint venture 50% owned by 2 Sisters Food Group Limited, who are 100% owned by Boparan Holdings Limited. Boparan Holdings Limited and Amber REI Holdings Limited are related by a common director, RS Boparan and by common ownership, RS Boparan and BK Boparan.

During the 52 weeks to 31 December 2017, Hook 2 Sisters were invoiced £46,210,000 (53 weeks to 1 January 2017: £26,211,000) of rental income and recharges by Amber REI Holdings Limited and its subsidiaries. At the period end there was an outstanding balance of £299,000 (53 weeks to 1 January 2017: £1,026,000) in respect of various rents and recharges.

During the 52 weeks to 31 December 2017, 2 Agriculture Limited invoiced Hook 2 Sisters 191,189,000 (53 weeks to 1 January 2017: £135,965,000) for the supply of feed. At the period end there was an outstanding debtor balance of £37,752,000 (53 weeks to 1 January 2017: £27,339,000).

During the 52 weeks to 31 December 2017, Hook 2 Sisters invoiced 2 Agriculture Limited £37,088,000 (53 weeks to 1 January 2017: £44,461,000) for the supply of broiler chicken. At the period end there was an outstanding creditor balance of £1,867,000 (53 weeks to 1 January 2017: £3,514,000).

Boparan Holdco Limited

Boparan Holdco Limited and its subsidiaries are related to Amber REI Holdings Limited by a common Director, RS Boparan and by common ownership, RS Boparan and BK Boparan.

During the 52 weeks ending 31 December 2017, Boparan Holdco Limited's subsidiaries were invoiced £36,523,000 (53 weeks ending 1 January 2017: £17,803,000) of rental income, poultry product sales and recharges.

During 2016, Boparan Holdco Limited loaned Amber REI Holdings Limited a total amount of £18,000,000 to fund acquisitions made in the period. The loan has been repaid in full in the current period.

During the 52 weeks to 31 December 2017, Boparan Holdco Limited and its subsidiaries invoiced 2 Agriculture Limited £235,000 (52 weeks to 1 January 2017: £244,000) for the supply of waste removal services and sundry recharges.

At the period end, there was an outstanding debtor balance due of £5,193,000 (52 weeks to 1 January 2017: £2,134,000) and an outstanding creditor balance of £16,000 (52 weeks to 1 January 2017: £611,000).

P D Hook (Group) Limited

P D Hook (Group) Limited and Amber REI Holdings Limited are related by the joint venture arrangements of their respective Directors who are mutually Directors of the company Hook 2 Sisters.

During the 53 weeks to 1 January 2017, Amber REI Holdings received a loan of £15,000,000 from P D Hook (Group) Limited. This amount has been settled on the 24 February 2017 upon disposal of the Group's poultry breeding, hatching and rearing business and assets.

Loans to Directors

In the 53 weeks period ending 31 December 2017, a further loan of £615,000 was made to RS Boparan (53 weeks to 1 January 2017 - £482,000). This amount remained outstanding as at the period end.

Notes (continued)

27 Ultimate parent undertaking and controlling party

RS Boparan and BK Boparan are the ultimate controlling parties of the Group.

28 Subsequent events

On 8 June 2018, the sole trading property within the business has been disposed of for proceeds £17.8m.

29 Accounting estimates and judgements

Key sources of estimation uncertainty

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

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business Combinations

The Directors have applied a number of judgements in assessing the fair value of the trade and assets acquired in the year at the date of acquisition. Guidance has been taken for various asset classes from independent specialists engaged to valuing these assets.

Other assets are reviewed by the Directors for its value and relevance to the trade and asset deal.

Negative Goodwill

Negative goodwill is determined as the excess of the assets acquired above the acquisition costs and price. The negative goodwill is released to the profit and loss account in the period to which it is expected to realise the benefit of the acquisition. Therefore, there are inherent judgements placed in the Director's allocation of negative goodwill across the classes of acquired cash-generating units or group of cash-generating units.

Investment property valuation

In determining the valuation for property assets not externally valued by an independent valuation specialist, the company is required to apply judgements over the effects of the current rental yields coupled with market conditions and the quality of the specific property.

Benchmarks from other properties either within the local area in the portfolio of the group or similar assets on the market will also be reviewed in determining a reasonable fair value.