

Company Registration No. 10036286 (England and Wales)

BERNARD MATTHEWS FOODS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
3 JANUARY 2021

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BERNARD MATTHEWS FOODS LIMITED

COMPANY INFORMATION

Directors	T J Curle O M Shearer
Company number	10036286
Registered office	2nd Floor Colmore Court 9 Colmore Row Birmingham B3 2BJ
Auditor	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham B4 6AT

BERNARD MATTHEWS FOODS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 3 JANUARY 2021

The directors present their Strategic Report for the year ended 3 January 2021. The prior year was 52 weeks ending 29 December 2019.

Throughout the financial statements, reference to the year ended 3 January 2021 represents 53 weeks of trading for the company.

Review of the business and future developments

This year's results have improved, primarily down to a stronger Christmas season as well as strengthening both operational and technical management, but performance was held back due to the challenges presented by the Covid-19 pandemic.

Further efficiencies and cost base improvements have been identified after the reporting date, which together with the restructuring of the Fresh and Frozen segments of the business and the successful initial relaunch of the branded Turkey Twizzlers leaves the business in a stronger position.

The key financial performance indicators of the entity are turnover and operating profit before the release of negative goodwill. For the year ended 3 January 2021, turnover was £265,140,000 (2019: £253,526,000) and operating loss before the release of negative goodwill was £13,296,000 (2019: £39,824,000). The directors ignore negative goodwill in their assessment of the company's performance on the basis that it is a non-cash accounting adjustment.

The company has made large investments to both reshape and strengthen the business to create further opportunities and to return the business to profitability. The company is dependent upon continued support being available from its parent company, Amber REI Holdings Limited until it returns to profitability. The directors of the parent company have confirmed that they will provide sufficient funds to allow the company to meet its liabilities as they fall due and confirms that it does not seek repayment of the loan at this time.

In 2021, the company continues its poultry processing operations and remains a going concern.

Covid-19

As a business we are continuing to take steps to safeguard the health and wellbeing of our employees in line with government guidelines, and to ensure that production and distribution of product to our customers can continue uninterrupted.

The ongoing situation is monitored daily by senior management. Where possible, staff that can work from home do so, however as a food manufacturer the majority of our staff need to attend site, therefore we have implemented social distancing and enhanced hygiene measures.

The directors assess that the risk to the business is minimal given that the bulk of sales is to the grocery market, which is a considered a key service and continues to operate throughout the pandemic. We liaise closely with suppliers of ingredients, goods, and services to ensure business operations are continuous.

BERNARD MATTHEWS FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 3 JANUARY 2021

Principal risks and uncertainties

Strategic risks

The main strategic risks would arise from market conditions, if the trend of increasing demand for poultry reversed and the subsequent demand for poultry related products was reduced. The risk is considered as minimal as currently there is an overall insufficient supply of UK grown poultry to meet consumer demands.

Operational risks

The company faces risks common to operators of poultry farms and processing sites such as loss of facility, health, safety and environmental risks.

The company monitors any legislative changes and works to ensure an annual plan is in place to deal with any impact, this programme is active and is monitored monthly.

Health, safety and environmental risks 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 regulatory changes, avian influenza and public health scares.

Movements in feed costs related to the availability of key ingredients, competition from cheaper overseas poultry producers, managing the production of birds to match anticipated but uncertain demand, the potential effects of widespread poultry disease and the need to maintain and enhance the company brands remain key operational challenges.

Financial risks

The company operates within a framework of weekly reporting which covers weekly performance measures. A set of monthly management accounts is also produced and reviewed by the Board.

The company monitors cash flow as part of its day to day control procedures.

S172 Statement

The directors confirm that during the year under review, it has acted fairly between members of the Company to promote the long term success of the Company for the benefit of all shareholders, whilst having regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 in the decisions taken during the year ended 3 January 2021, further detail of which is set out below.

BERNARD MATTHEWS FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 3 JANUARY 2021

Why we engage	How we engage	What matters most to our stakeholders	How we respond	COVID – 19 specific considerations
Our people				
We wish to continue to be a responsible employer, both in terms of continuing to ensure the health, safety and wellbeing of our people, but also ensuring we maintain a responsible approach to the pay and benefits our people receive.	We get to know our team members and give them the opportunity to have a voice, have meetings and an opportunity for feedback. There are training and development programmes, internal communications and a regular appraisal and review process.	Employee safety and wellbeing, diversity and inclusion, career and personal development, fair pay, clarity of direction, mutual respect and enjoyment at work.	Communication newsletters and/or noticeboards, information videos for our colleagues, regular appraisals and feedback.	There are social distancing measures, with training, support and advice on working safely. PPE is provided and there are regular COVID-19 briefings.
Our customers				
Our purpose is to deliver high quality products to all of our customers, who are at the heart of everything we do.	We work closely with our customers to let them know our product range, capabilities, NPDP, and that we can meet their requirements to maintain continuity of supply. All of our initiatives focus on clear communication.	Our customers want products supplied at the right price, level of service and on time delivery, with consistency of supply and technical compliance. It is important that we hold full accreditations to all certified bodies.	We are always there for our customers, with an efficient order process, regular contact and communication from the commercial team.	We have prioritised customer safety throughout the COVID-19 pandemic. We follow government guidelines in all processes.
Our suppliers				
We let suppliers know both our requirements and the standards expected, so that they meet our expectations. Without supplier partnerships we cannot guarantee high quality products to sell to our customers.	Our purchasing teams work directly with supplier sales contacts, supply timely purchase orders, and provide regular forecasts on requirements. There is constant, ongoing communication with suppliers.	Healthy sustainable supply relationship, credit worthiness, financial stability to meet our commitments and adherence to both anti-bribery and anti-modern slavery laws.	We work closely to provide feedback on delivery performance and quality of product/service. Suppliers are benchmarked and there is a regular tendering process.	We communicate fully any variation in supply, including any peaks or reduced demand. We ensure suppliers have appropriate PPE on site and are able to deliver products safely.

BERNARD MATTHEWS FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 3 JANUARY 2021

Why we engage	How we engage	What matters most to our stakeholders	How we respond	COVID – 19 specific considerations
Trade bodies				
It is particularly important to our customers that we achieve and maintain the required standards in order to obtain the necessary accreditations that our customers require.	We retain active membership of all necessary trade bodies. There are regular meetings, audits & inspections, site visits and contact with the accrediting bodies.	Maintain relationship with all regulatory bodies and demonstrate food safety and compliance to all trade bodies.	Maintain standards required by all food authority bodies. The senior leadership team sit on steering meetings and actively engage in all initiatives.	We demonstrate that we follow government guidelines in all processes and maintain a safe working environment. We also follow best proactive initiatives.
Our communities and the environment				
We take our responsibilities to the local community seriously. We acknowledge the responsibility we have to protect the environment and to minimise the environmental impact of our activities.	Our businesses have regular meetings with local neighbourhood groups as well as engage in local charity initiatives.	That we are a responsible employer that respects our neighbours, local community and the wider environment.	We have regular meetings with local neighbourhood groups and maintain relationships with local council officers.	Act responsibly by following government guidelines in all activities and maintain a safe working environment.

On behalf of the board

Owen Shearer

O M Shearer
Director

Date: 25/2/2022

BERNARD MATTHEWS FOODS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 3 JANUARY 2021

The directors present their report and the financial statements for the 53 week year ended 3 January 2021. The 2019 comparative presents a 52 week year ended 29 December 2019. This report should be read in conjunction with the strategic report. The review of the business and future developments is noted in the strategic report and has not been repeated in the directors' report.

Principal activities

The principal activity of the company is that of the processing of poultry livestock.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R J Rafferty	(Resigned 17 September 2021)
T J Curle	
R Maxfield	(Resigned 31 July 2020)
O M Shearer	(Appointed 14 August 2020)

Results and dividends

The loss for the year, after taxation, amounted to £3,952,000 (2019: £28,956,000).

No dividends were paid in the year (29 December 2019: £nil). The directors do not recommend the payment of a final dividend (29 December 2019: £nil).

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

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

Directors' insurance and indemnities

The company has maintained throughout the year directors' and officers' liability insurance for the benefit of the company, the directors and its officers. The company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Auditor

The auditor, Grant Thornton UK LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon reporting

From April 2019, Streamlined Energy and Carbon Reporting (SECR) came into effect and is a new mandatory energy and carbon reporting scheme for larger companies within the United Kingdom. Bernard Matthews Foods Limited meets the definition of a 'large' company and therefore should apply the new guidelines. However, at 3 January 2021 the company has taken the exemption from disclosure as a result of being a subsidiary undertaking whereby the energy and carbon reporting information is included within the consolidated report of its parent undertaking Amber REI Holdings Limited.

BERNARD MATTHEWS FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 3 JANUARY 2021

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and principal risks and uncertainties.

Statement of disclosure 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Owen Shearer

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O M Shearer
Director

Date: 25/2/2022
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BERNARD MATTHEWS FOODS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 3 JANUARY 2021

The directors are responsible for preparing the Strategic Report and 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERNARD MATTHEWS FOODS LIMITED

Opinion

We have audited the financial statements of Bernard Matthews Foods Limited (the 'company') for the year ended 3 January 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 company's affairs as at 3 January 2021 and of its loss 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 for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERNARD MATTHEWS FOODS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

Responsibilities of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERNARD MATTHEWS FOODS LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the company operates.
- We understood how the company is complying with relevant legal and regulatory frameworks by making enquiries of management.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the company financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Our audit procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business and enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the Report and Financial Statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the company including:
 - the provisions of the applicable legislation
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - the applicable statutory provisions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERNARD MATTHEWS FOODS LIMITED (CONTINUED)

- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the applicable statutory provisions
- The company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the company's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Matthew Buckingham (Senior Statutory Auditor)
For and on behalf of Grant Thornton UK LLP, Statutory Auditor
Chartered Accountants
The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT
25/2/2022.....

BERNARD MATTHEWS FOODS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 3 JANUARY 2021**

		3 January 2021 £000	29 December 2019 £000
	Notes		
Turnover	3	265,140	253,526
Cost of sales		(201,935)	(209,875)
Gross profit		63,205	43,651
Distribution costs		(16,672)	(15,768)
Administrative expenses		(62,911)	(67,707)
Other operating income	6	3,082	-
Release of negative goodwill	10	7,288	3,559
Operating loss	6	(6,008)	(36,265)
Interest receivable and similar income	7	8	19
Interest payable and similar expenses	8	(86)	(422)
Loss before taxation		(6,086)	(36,668)
Tax on loss	9	2,134	7,712
Loss for the financial year		(3,952)	(28,956)

BERNARD MATTHEWS FOODS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 3 JANUARY 2021**

		3 January 2021		29 December 2019	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	10		674		898
Negative goodwill	10		(16,008)		(23,296)
Net goodwill			(15,334)		(22,398)
Other intangible assets	10		5,712		6,783
Total intangible assets			(9,622)		(15,615)
Tangible assets	11		40,666		40,690
Investments	12		5,820		5,820
			36,864		30,895
Current assets					
Stocks	14	13,482		23,157	
Debtors	15	46,283		112,978	
Cash at bank and in hand		586		9,149	
		60,351		145,284	
Creditors: amounts falling due within one year	16	(130,620)		(206,343)	
Net current liabilities			(70,269)		(61,059)
Total assets less current liabilities			(33,405)		(30,164)
Provisions for liabilities	18		(3,703)		(2,992)
Net liabilities			(37,108)		(33,156)
Capital and reserves					
Called up share capital	21		-		-
Profit and loss reserves			(37,108)		(33,156)
Total equity			(37,108)		(33,156)

The financial statements were approved by the board of directors and authorised for issue on 25/2/2022
and are signed on its behalf by:

Owen Shearer

O M Shearer
Director

BERNARD MATTHEWS FOODS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 3 JANUARY 2021**

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
Balance at 30 December 2018	-	(4,200)	(4,200)
Year ended 29 December 2019:			
Loss and total comprehensive loss for the year	-	(28,956)	(28,956)
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Balance at 29 December 2019	-	(33,156)	(33,156)
Year ended 3 January 2021:			
Loss and total comprehensive loss for the year	-	(3,952)	(3,952)
	<hr/>	<hr/>	<hr/>
Balance at 3 January 2021	-	(37,108)	(37,108)
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BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 JANUARY 2021

1 Accounting policies

Company information

Bernard Matthews Foods Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 2nd Floor Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and as a wholly owned subsidiary of Amber REI Holdings Limited the company is exempt from the requirement to disclose transactions with other wholly owned members of the group headed by Amber REI Holdings Limited as 100% of voting rights are controlled within the group.

The financial statements of the company are consolidated in the financial statements of Amber REI Holdings Limited. These consolidated financial statements are available from its registered office, 2nd Floor Colmore Court, 9 Colmore Row, Birmingham, United Kingdom, B3 2BJ.

Consolidated financial statements

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. These financial statements present the financial position and financial performance of the company as a single entity.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

1 Accounting policies (Continued)

Going concern

Notwithstanding net current liabilities of £70,269,000 as at 3 January 2021 (2019: £61,059,000), a loss for the year then ended of £3,952,000 (2019: £28,956,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Amber REI Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Amber REI Holdings Limited providing additional financial support during that period. Amber REI Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. Turnover is recognised at the date of despatch where the company is contracted to undertake the transportation of goods to the customer's place of business. The fair value of consideration takes into account returns, discounts and rebates. Turnover is represented exclusive of value added tax.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between 5 and up to a maximum of 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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 year 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 year expected to benefit.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Trade technology	between 5 and 25 years straight line basis
Patents and trademarks	between 5 and 25 years straight line basis

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	between 3 and 10 years straight line basis
---------------------	--

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Assets under construction are not depreciated.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average 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 included an appropriate share of overheads based on normal operating capacity.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different years from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the year in which it arises.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Business Combinations

The directors have applied a number of judgements in assessing the fair value of the trade and assets acquired in previous business combinations. Guidance has been taken for various asset classes from independent specialists engaged to value these assets.

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 accounts in the year to which it is expected to realise the benefit of the acquisition. Therefore, there is inherent judgement placed in the directors' allocation of negative goodwill across the classes of acquired cash-generating units.

Revenue recognition: Agent versus Principal

When undertaking live bird sales, the terms of the arrangements in place are reviewed in concluding whether the risk and rewards of the transaction is taken on by the group. A series of tests and indicators are scrutinised so that the judgement can be made as to whether the live bird sales are being conducted with the group acting as an agent or a principal. It is concluded that the group is acting as a principal in this regard.

3 Turnover and other revenue

	3 January 2021 £000	29 December 2019 £000
Turnover analysed by class of business		
Poultry and poultry related product sales	265,140	253,526
	<u>265,140</u>	<u>253,526</u>
	3 January 2021 £000	29 December 2019 £000
Turnover analysed by geographical market		
United Kingdom	261,813	248,300
European Union (excluding UK)	3,293	5,024
Rest of World	34	202
	<u>265,140</u>	<u>253,526</u>

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	3 January 2021 Number	29 December 2019 Number
Production staff	1,696	1,601
Administrative staff	274	232
Total	<u>1,970</u>	<u>1,833</u>

	3 January 2021 £000	29 December 2019 £000
Wages and salaries	48,338	43,513
Social security costs	4,151	3,747
Pension costs	1,272	1,137
	<u>53,761</u>	<u>48,397</u>
Redundancy payments made or committed	<u>673</u>	<u>197</u>

5 Directors' remuneration

	3 January 2021 £000	29 December 2019 £000
Remuneration for qualifying services	332	398
Company pension contributions to defined contribution schemes	13	9
	<u>345</u>	<u>407</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (29 December 2019: 2).

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

5 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	3 January 2021 £000	29 December 2019 £000
Remuneration for qualifying services	180	249

6 Operating loss

	3 January 2021 £000	29 December 2019 £000
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	28	575
Other government grants	(2,486)	-
Coronavirus Job Retention Scheme (CJRS) income	(596)	-
Fees payable to the company's auditor for the audit of the company's financial statements	71	156
Fees payable to the company's auditor for all other non-audit services	-	119
Depreciation of owned tangible fixed assets	4,549	2,918
Depreciation of tangible fixed assets held under finance leases	819	191
Amortisation of intangible assets	(5,993)	(2,263)
Operating lease charges	6,221	6,002

Included within creditors is a government grant of £nil (29 December 2019: £2,441,000). The grant was conditional upon completion of a capital project which was completed in the year. £2,486,000 (29 December 2019: £nil) has been recognised as income.

Both the government grant and CJRS income are presented in other operating income.

7 Interest receivable and similar income

	3 January 2021 £000	29 December 2019 £000
Interest income		
Interest on bank deposits	8	19

BERNARD MATTHEWS FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 3 JANUARY 2021****8 Interest payable and similar expenses**

	3 January 2021 £000	29 December 2019 £000
Interest on bank overdrafts and loans	13	362
Interest on finance leases and hire purchase contracts	73	60
	<u>86</u>	<u>422</u>

9 Taxation

	3 January 2021 £000	29 December 2019 £000
Current tax		
Adjustments in respect of prior periods	(76)	(119)
Group tax relief	(2,787)	(7,845)
Total current tax	<u>(2,863)</u>	<u>(7,964)</u>
Deferred tax		
Origination and reversal of timing differences	396	204
Changes in tax rates	343	-
Adjustment in respect of prior periods	(10)	48
Total deferred tax	<u>729</u>	<u>252</u>
Total tax credit	<u>(2,134)</u>	<u>(7,712)</u>

In the Spring Budget 2021, the Government announced that the corporation tax rate would remain at 19% until 2023. Following which, the rate of corporation tax will increase to 25% for profits over £250,000. This new law was substantively enacted on May 2021.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

9 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	3 January 2021 £000	29 December 2019 £000
Loss before taxation	(6,086)	(36,668)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (29 December 2019: 19.00%)	(1,156)	(6,967)
Tax effect of expenses that are not deductible in determining taxable profit	5	113
Tax effect of income not taxable in determining taxable profit	(1,320)	(698)
Adjustments in respect of prior years	(86)	(71)
Effect of change in tax rate	343	(24)
Fixed asset differences	80	167
Other adjustments	-	(232)
Taxation credit for the year	(2,134)	(7,712)

10 Intangible fixed assets

	Goodwill £000	Negative goodwill £000	Trade technology £000	Patents and trademarks £000	Total £000
Cost					
At 30 December 2019 and 3 January 2021	1,122	(36,562)	4,131	6,136	(25,173)
Amortisation and impairment					
At 30 December 2019	224	(13,266)	2,688	796	(9,558)
Amortisation charged for the year	224	(7,288)	826	245	(5,993)
At 3 January 2021	448	(20,554)	3,514	1,041	(15,551)
Carrying amount					
At 3 January 2021	674	(16,008)	617	5,095	(9,622)
At 29 December 2019	898	(23,296)	1,443	5,340	(15,615)

The amortisation is recognised in the administrative expenses line in the profit and loss account.

Negative goodwill arising on the acquisition of the trade and assets of Bernard Matthews Holdings Limited in 2016 was in excess of fair value of the non-monetary assets acquired. The resulting negative goodwill was recognised in the company's balance sheet at 20 September 2016. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale. Negative goodwill in excess of this amount will be released to the profit and loss account in the year expected to be benefited.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

11 Tangible fixed assets

	Plant and equipment £000
Cost	
At 30 December 2019	48,539
Additions	5,344
At 3 January 2021	53,883
Depreciation and impairment	
At 30 December 2019	7,849
Depreciation charged in the year	5,368
At 3 January 2021	13,217
Carrying amount	
At 3 January 2021	40,666
At 29 December 2019	40,690

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	3 January 2021 £000	29 December 2019 £000
Plant and equipment	-	1,290

12 Fixed asset investments

	Notes	3 January 2021 £000	29 December 2019 £000
Investments in subsidiaries	13	5,820	5,820

Movements in fixed asset investments

	Shares in group undertakings £000
Cost or valuation	
At 30 December 2019 & 3 January 2021	5,820
Carrying amount	
At 3 January 2021	5,820
At 29 December 2019	5,820

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

13 Subsidiaries

Details of the company's subsidiaries at 3 January 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Bernard Matthews B.V.	1	Intermediary holding company	Ordinary	100.00	-
Pannon Pulyka Kft	2	Rearing of poultry	Ordinary	1.00	99.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Naritaweg 165, 1043 BW Amsterdam, Netherlands
- 2 Hungary, 9600 Sárvár, Soproni street 15

On 13 January 2020, SaGa Foods Zrt, an indirect subsidiary of the company, was sold for a consideration of £6,955,292.

14 Stocks

	3 January 2021 £000	29 December 2019 £000
Raw materials and consumables	6,260	3,828
Work in progress	1,802	2,569
Finished goods and goods for resale	5,420	16,760
	<u>13,482</u>	<u>23,157</u>

15 Debtors

	3 January 2021 £000	29 December 2019 £000
Amounts falling due within one year:		
Trade debtors	23,465	44,943
Amounts owed by group undertakings	17,230	62,072
Other debtors	1,950	2,632
Prepayments and accrued income	3,638	3,331
	<u>46,283</u>	<u>112,978</u>

Amounts owed by group undertakings are repayable on demand. No interest is charged on the balance.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

16 Creditors: amounts falling due within one year

		3 January 2021 £000	29 December 2019 £000
	Notes		
Obligations under finance leases	17	-	594
Trade creditors		27,350	36,252
Amounts owed to group undertakings		75,066	135,837
Taxation and social security		3,402	1,346
Government grants		-	2,441
Other creditors		976	1,026
Accruals and deferred income		23,826	28,847
		<u>130,620</u>	<u>206,343</u>

Amounts owed to group undertakings are payable on demand. No interest is charged on the balance.

The government grant was conditional upon completion of a capital project which has been completed during the year.

17 Finance lease obligations

	3 January 2021 £000	29 December 2019 £000
Future minimum lease payments due under finance leases:		
Less than one year	-	594

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1-3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance leases are secured against the assets according to the terms of the hire purchase agreements to which they relate.

18 Provisions for liabilities

		3 January 2021 £000	29 December 2019 £000
	Notes		
Customer audit claims		50	68
Deferred tax liabilities	19	3,653	2,924
		<u>3,703</u>	<u>2,992</u>

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

18 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Customer audit claims £000
At 30 December 2019	68
Additional provisions in the year	99
Utilisation of provision	(117)
	<u>50</u>
At 3 January 2021	<u>50</u>

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

19 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 3 January 2021 £000	Liabilities 29 December 2019 £000
Balances:		
Accelerated capital allowances	3,063	1,392
Arising on business combinations	660	1,417
Short term timing differences	(70)	115
	<u>3,653</u>	<u>2,924</u>
		3 January 2021 £000
Movements in the year:		
Liability at 30 December 2019		2,924
Charge to profit or loss		729
		<u>3,653</u>
Liability at 3 January 2021		<u>3,653</u>

The accelerated capital allowances deferred tax liability set out above is expected to reverse in line with depreciation.

Deferred tax arising on business combinations is expected to reverse within 5 - 10 years.

Short term timing differences are expected to reverse within 1 year.

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

20 Retirement benefit schemes

	3 January 2021 £000	29 December 2019 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,272	1,137

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £370,514 (29 December 2019: £357,171) were payable to the fund at the year end and are included within creditors.

21 Share capital

	3 January 2021 Number	29 December 2019 Number	3 January 2021 £	29 December 2019 £
Ordinary share capital Issued and fully paid				
Ordinary share of £1 each	1	1	1	1

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

22 Reserves

Profit and loss reserves

Profit and loss reserves comprise of cumulative profit and loss net of distributions to owners.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	3 January 2021 £000	29 December 2019 £000
Within one year	2,350	2,489
Between one and five years	1,098	2,564
	3,448	5,053

BERNARD MATTHEWS FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 3 JANUARY 2021

24 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Invoiced to		Invoiced from	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Companies in which a shareholder and director has control	6,851	4,960	37,568	33,489
Companies in which a shareholder and director has joint control	2,630	395	97,955	92,289
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	3 January 2021 £000	29 December 2019 £000
Amounts due to related parties		
Companies in which a shareholder and director has control	2,078	2,307
Companies in which a shareholder and director has joint control	10,502	24,109
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	3 January 2021 £000	29 December 2019 £000
Amounts due from related parties		
Companies in which a shareholder and director has control	1,824	421
Companies in which a shareholder and director has joint control	382	871
	<u> </u>	<u> </u>

25 Ultimate controlling party

From 3 January 2022, the ultimate parent undertaking is Boparan Private Investments Limited, prior to this date and from the beginning of the reporting period the ultimate parent undertaking was Amber REI Holdings Limited. The ultimate controlling parties are R S Boparan and B K Boparan.

The smallest and largest group within which the company is consolidated is headed by Amber REI Holdings Limited. The consolidated accounts are available from its registered office, 2nd Floor Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.