

**LAMEX FOODS EUROPE (NI) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

**LAMEX FOODS EUROPE (NI) LIMITED**

**COMPANY INFORMATION**

|                            |   |
|----------------------------|---|
| <b>Directors</b>           | D Dalzell<br>PO Wallace<br>JRD Parsons<br>M Grason (appointed 2 February 2018)  |
| <b>Company secretary</b>   | WM Thompson   |
| <b>Registered number</b>   | NI062000  |
| <b>Registered office</b>   | River House<br>Castle Lane<br>Coleraine<br>Londonderry<br>BT51 3DP  |
| <b>Independent auditor</b> | James Cowper Kreston<br>Chartered Accountants and Statutory Auditor<br>Mill House<br>Overbridge Square<br>Hambridge Lane<br>Newbury<br>RG14 5UX |

LAMEX FOODS EUROPE (NI) LIMITED

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## LAMEX FOODS EUROPE (NI) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

#### Business review

The directors of Lamex Foods Europe (NI) Limited present the annual accounts for the financial year ended 31.3.2018. The company increased its turnover in the year (from £153m to £189m) and improved margins resulting in an increase in gross profit from £4,922k in 2017 to £9,381k in 2018. The Directors consider gross profit to be a key performance indicator.

Whilst the turmoil in the poultry industry in Thailand has presented difficult trading conditions in 2018, there is unfortunately no expectation of these issues easing in 2019. However, the company is actively managing new supply sources to diversify its offerings to key customers and remove some of these risks and costs. There remains continued uncertainty about the Brexit risks to the business, which in the short term added a significant fair value expense to the results.

The company believes that because of its long-standing relationships with suppliers and customers, and maintenance of reliable, accurate logistics and administration, it remains well placed to continue to safeguard and grow its profits. The directors invest, too, in technical resource and have BRC accreditation which is part of its risk mitigation as well as giving added assurance to customers and suppliers.

For the financial year 2018-2019, the Directors anticipate that the company will show continued growth of turnover as new lines are developed but expect its profit margin to return to slightly lower levels.

**LAMEX FOODS EUROPE (NI) LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

**Principal risks and uncertainties**

**Business risk**

The company has always actively managed its risks and this has enabled it to deliver continued growth in terms of products, geography and profitability. The keyword of the company is "balance" and this is evident within the geographic areas it operates, the currencies it trades in, and the products sold.

**Technical risk**

There is always a risk that suppliers fail the ever increasing technical requirements enforced by customers. The company manages this risk through the employment of highly dedicated, qualified and experienced teams of technical personnel, who ensure that all requirements are complied with prior to shipment.

**Disease risk**

Historically, the outbreaks of disease have occurred in zones around the world, and once discovered the governing bodies contain the disease and limit the spread by placing travel embargos on the respective products. In principle, when one market is affected, buyers and consumers turn to an alternative source of the same protein and business continues.

Problems that affect free import and export (such as diseases) are usually known to the traders at Lamex Foods Ireland Limited long before they are made public. Intelligence comes from a variety of sources, primarily from the Traders being in constant contact with the suppliers and buyers of produce around the world, and it is this expertise that is partly responsible for damage limitation.

**Currency risk**

Traders minimise the currency risk by matching the buying and selling of foreign currency. Where there is a currency exposure on a certain deal, using the projected receipt dates, the traders secure the exchange value using forward contracts.

**LAMEX FOODS EUROPE (NI) LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

**Trade barriers**

The marketplace for food is often affected by quota systems, such as licensing and tariffs. The company is actively involved in lobbying and industry representation to minimise the risk. Again, experience and knowledge is the key to managing this risk.

**Financial risk management objectives and policies**

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programs through bank borrowings. The management objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day objectives as they fall due whilst maximising returns on surplus funds.
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdraft with the expected future cash flows expected to arise from the group's trading activities.

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

.....  
**D Dalzell**

Director

Date: 13 November 2018

## LAMEX FOODS EUROPE (NI) LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

#### **Directors**

The Directors who served during the year were:

D Dalzell  
PO Wallace  
JRD Parsons  
M Grason (appointed 2 February 2018)

#### **Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,753 thousand (2017 - £1,742 thousand).

Dividends of £645 thousand were paid during the year.

#### **Future developments**

Details of future developments can be found in the strategic report.

**LAMEX FOODS EUROPE (NI) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

**Post balance sheet events**

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

**Auditor**

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....  
**D Dalzell**  
Director

Date: 13 November 2018

## LAMEX FOODS EUROPE (NI) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAMEX FOODS EUROPE (NI) LIMITED

#### Opinion

We have audited the financial statements of Lamex Foods Europe (NI) Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAMEX FOODS EUROPE (NI) LIMITED (CONTINUED)**

We have nothing to report in this regard.

**Opinion 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.

**Matters on which we are required to report by exception**

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.

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**

As explained more fully in the Directors' responsibilities statement on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**LAMEX FOODS EUROPE (NI) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAMEX FOODS EUROPE (NI) LIMITED (CONTINUED)**

**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.

Robert Holland Bsc FCA (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

Mill House  
Overbridge Square  
Hambridge Lane  
Newbury  
RG14 5UX

13 November 2018

LAMEX FOODS EUROPE (NI) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018

|                                      | Note | 2018<br>£000 | 2017<br>£000 |
|--------------------------------------|------|--------------|--------------|
| Turnover                             | 4    | 188,699      | 153,374      |
| Cost of sales                        |      | (179,318)    | (148,452)    |
| <b>Gross profit</b>                  |      | <b>9,381</b> | 4,922        |
| Distribution costs                   |      | (3,843)      | (2,019)      |
| Administrative expenses              |      | (1,690)      | (696)        |
| Fair value movements                 |      | (415)        | -            |
| <b>Operating profit</b>              | 5    | <b>3,433</b> | 2,207        |
| Interest payable and expenses        |      | (16)         | (14)         |
| <b>Profit before tax</b>             |      | <b>3,417</b> | 2,193        |
| Tax on profit                        | 9    | (664)        | (451)        |
| <b>Profit for the financial year</b> |      | <b>2,753</b> | 1,742        |

There was no other comprehensive income for 2018 (2017:£000NIL).

The notes on pages 12 to 25 form part of these financial statements.

**LAMEX FOODS EUROPE (NI) LIMITED**  
**REGISTERED NUMBER: NI062000**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

|  | <b>Note</b> |                     | <b>2018</b><br><b>£000</b> | <b>2017</b><br><b>£000</b> |
|--|-------------|---------------------|----------------------------|----------------------------|
| Tangible assets                                | 10          |                     | <b>105</b>                 | 65                         |
| <b>Current assets</b>                          |             |                     |                            |                            |
| Stocks   | 11          | <b>998</b>          | 2,863                      |                            |
| Debtors: amounts falling due within one year   | 12          | <b>36,209</b>       | 28,892                     |                            |
| Cash at bank and in hand                       | 13          | <b>1</b>            | -                          |                            |
|  |             | <hr/> <b>37,208</b> | <hr/> 31,755               |                            |
| Creditors: amounts falling due within one year | 14          | <b>(26,218)</b>     | (22,833)                   |                            |
| <b>Net current assets</b>                      |             |                     | <hr/> <b>10,990</b>        | 8,922                      |
| <b>Total assets less current liabilities</b>   |             |                     | <hr/> <b>11,095</b>        | 8,987                      |
| <b>Net assets</b>                              |             |                     | <hr/> <b>11,095</b>        | 8,987                      |
| <b>Capital and reserves</b>                    |             |                     |                            |                            |
| Profit and loss account                        | 17          |                     | <hr/> <b>11,095</b>        | 8,987                      |
|  |             |                     | <hr/> <b>11,095</b>        | 8,987                      |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....  
**D Dalzell**  
 Director

Date: 13 November 2018

The notes on pages 12 to 25 form part of these financial statements.

LAMEX FOODS EUROPE (NI) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018

|                           | Profit and loss<br>account<br>£000 | Total equity<br>£000 |
|---------------------------|------------------------------------|----------------------|
| At 1 April 2017           | 8,987                              | 8,987                |
| Profit for the year       | 2,753                              | 2,753                |
| Dividends: Equity capital | (645)                              | (645)                |
| <b>At 31 March 2018</b>   | <b>11,095</b>                      | <b>11,095</b>        |

The notes on pages 12 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

|                         | Profit and loss<br>account<br>£000 | Total equity<br>£000 |
|-------------------------|------------------------------------|----------------------|
| At 1 April 2016         | 7,245                              | 7,245                |
| Profit for the year     | 1,742                              | 1,742                |
| <b>At 31 March 2017</b> | <b>8,987</b>                       | <b>8,987</b>         |

The notes on pages 12 to 25 form part of these financial statements.

## LAMEX FOODS EUROPE (NI) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 1. General information

Lamex Foods Europe (NI) Limited is a private company limited by share capital and incorporated in Northern Ireland. The address of the registered office and principal place of business is River House, Castle Lane, Coleraine, Londonderry, BT51 3DP. The principal activity of the business is that of international food trading.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Lamex Food Group Limited as at 31 March 2018 and these financial statements may be obtained from the registered office.

## LAMEX FOODS EUROPE (NI) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 2. Accounting policies (continued)

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually upon shipment or in line with the terms agreed with individual customers and when the amount of income and costs can be measured reliably.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

|                     |   |     |
|---------------------|---|-----|
| Motor vehicles      | - | 25% |
| Fixtures & fittings | - | 15% |
| Office equipment    | - | 15% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

## LAMEX FOODS EUROPE (NI) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 2. Accounting policies (continued)

##### 2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Goods for resale represents stock held in cold-store, port or travelling for which there is no imminent sale to a customer. Goods in transit are products travelling to a known customer but where title has not yet passed due to the non fulfillment of sales terms. Inbound goods in transit are products where title has passed to the company but has not yet been received by a cold-store.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Cash and cash equivalents

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

##### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.9 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the forward contract rate applicable to the individual contract.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

During the period the company reviewed its accounting policy in respect of foreign exchange differences arising on foreign exchange forward contracts. Previously the fair value of these contracts were recognised in other group companies because, in the view of management, it was not practicable to split the fair value of the contracts between different group companies. During the year due to improvements in reporting of the fair values management were able to split this fair value between companies. Following this change it was also decided that the unrealised gains and losses that related to the debtors and creditors to which these forward contracts related should also be reported in this entity. A retrospective review of prior years indicated that the amounts were not material to prior years and therefore no prior year adjustment was made to apply this accounting policy to retrospectively in this entity.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## LAMEX FOODS EUROPE (NI) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 2. Accounting policies (continued)

##### 2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.14 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.15 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

##### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## LAMEX FOODS EUROPE (NI) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### Revenue recognition

The key judgment made by management in respect of revenue is the point at which that revenue should be recognised. Management consider the underlying contract terms and conclude upon the most appropriate point of the cycle at which to recognise revenue based upon these terms and in particular where the risks and rewards of ownership transfer.

##### Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

##### Operating lease commitments

The company has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

##### Profit recognition on open contracts at year end

When a contract has been delivered to the customer at the year end but not yet closed management make an estimate of the future costs that will be incurred on those contracts on a contract by contract basis. These costs are estimated with reference to the expected profit that will be made on those contracts. Traders estimate profits based upon their experience of the products and customers to which the contract relates. Where management estimate that any contract is going to be in a loss making position that loss is recognised in full as soon as it becomes probable.

##### Stock provisions

Management review stock at periodic intervals and consider the requirement for a provision to ensure stock is held at the lower of cost and net realisable value. Management estimate these provisions based upon their experience of the net realisable value of different products and of market conditions that are prevailing at the point of review, which, for the purposes of these financial statements, is the balance sheet date.

#### 4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

The directors consider that it would be commercially prejudicial to disclose the analysis of turnover by geographical location and profit before tax of the different classes of business.

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

5. **Operating profit**

The operating profit is stated after charging:

|                                       | 2018<br>£000 | 2017<br>£000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 29           | 34           |
| Exchange differences                  | 208          | 17           |
| Defined contribution pension cost     | 16           | -            |

6. **Auditor's remuneration**

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 6            | 4            |
| Other services relating to taxation  | 1            | 2            |

7. **Employees**

Staff costs, including Directors' remuneration, were as follows:

|                                     | 2018<br>£000 | 2017<br>£000 |
|-------------------------------------|--------------|--------------|
| Wages and salaries                  | 4,126        | 1,824        |
| Social security costs               | 436          | 175          |
| Cost of defined contribution scheme | 16           | 16           |
|                                     | <u>4,578</u> | <u>2,015</u> |

The average monthly number of employees, including the Directors, during the year was as follows:

|                   | 2018<br>No. | 2017<br>No. |
|-------------------|-------------|-------------|
| Trading and sales | 1           | 1           |
| Distribution      | 2           | 2           |
| Administrative    | 4           | 4           |
|                   | <u>7</u>    | <u>7</u>    |

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

8. Directors' remuneration

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Directors' emoluments   | 1,957        | 1,146        |
| Company contributions to defined contribution pension schemes | 6            | 10           |
|   | <u>1,963</u> | <u>1,156</u> |

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,190 thousand (2017 - £1,146 thousand).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £6 thousand (2017 - £10 thousand).

9. Taxation

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| <b>Corporation tax</b>                           |              |              |
| Current tax on profits for the year              | <u>670</u>   | <u>458</u>   |
| Origination and reversal of timing differences   | (6)          | (7)          |
| <b>Total deferred tax</b>                        | <u>(6)</u>   | <u>(7)</u>   |
| <b>Taxation on profit on ordinary activities</b> | <u>664</u>   | <u>451</u>   |

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

|  | <b>2018</b><br><b>£000</b> | 2017<br>£000 |
|--|----------------------------|--------------|
| Profit on ordinary activities before tax   | <u>3,417</u>               | <u>2,193</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%) | <b>478</b>                 | 439          |
| <b>Effects of:</b>   |                            |              |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | <b>186</b>                 | 14           |
| Adjustments to tax charge in respect of prior periods  | -                          | 4            |
| Short term timing difference leading to an increase (decrease) in taxation                                 | -                          | (6)          |
| <b>Total tax charge for the year</b>   | <u><b>664</b></u>          | <u>451</u>   |

Factors that may affect future tax charges

Legislation has been passed to reduce the rate of UK corporation tax to 17% from 1 April 2020. However, these rates were substantially enacted at the balance sheet date and are reflected in the measurement of deferred tax in these financial statements. The future impact of the changes on the deferred tax liability is not considered material.

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

10. Tangible fixed assets

|                                     | Motor vehicles<br>£000 | Fixtures &<br>fittings<br>£000 | Office<br>equipment<br>£000 | Total<br>£000     |
|-------------------------------------|------------------------|--------------------------------|-----------------------------|-------------------|
| <b>Cost or valuation</b>            |                        |                                |                             |                   |
| At 1 April 2017                     | 68                     | 12                             | 29                          | 109               |
| Additions                           | 108                    | -                              | 9                           | 117               |
| Disposals                           | (68)                   | -                              | -                           | (68)              |
| At 31 March 2018                    | <u>108</u>             | <u>12</u>                      | <u>38</u>                   | <u>158</u>        |
| <b>Depreciation</b>                 |                        |                                |                             |                   |
| At 1 April 2017                     | 21                     | 10                             | 13                          | 44                |
| Charge for the year on owned assets | 21                     | -                              | 8                           | 29                |
| Disposals                           | (21)                   | -                              | -                           | (21)              |
| At 31 March 2018                    | <u>21</u>              | <u>10</u>                      | <u>21</u>                   | <u>52</u>         |
| <b>Net book value</b>               |                        |                                |                             |                   |
| At 31 March 2018                    | <u><u>87</u></u>       | <u><u>2</u></u>                | <u><u>17</u></u>            | <u><u>106</u></u> |

11. Stocks

|                                     | 2018<br>£000 | 2017<br>£000 |
|-------------------------------------|--------------|--------------|
| Goods in transit                    | 752          | 2,698        |
| Finished goods and goods for resale | 246          | 165          |
|                                     | <u>998</u>   | <u>2,863</u> |

Stocks recognised as an expense in the period were £181,810 thousand (2017: £148,331 thousand).

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

12. Debtors

|                                    | 2018<br>£000  | 2017<br>£000  |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 16,325        | 14,014        |
| Amounts owed by group undertakings | 19,703        | 14,682        |
| Other debtors                      | 7             | 9             |
| Prepayments and accrued income     | 157           | 177           |
| Deferred taxation                  | 17            | 11            |
|                                    | <u>36,209</u> | <u>28,893</u> |

13. Cash and cash equivalents

|                          | 2018<br>£000 | 2017<br>£000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | 1            | -            |
| Less: bank overdrafts    | (28)         | (29)         |
|                          | <u>(27)</u>  | <u>(29)</u>  |

14. Creditors: Amounts falling due within one year

|   | 2018<br>£000  | 2017<br>£000  |
|---|---------------|---------------|
| Bank overdrafts   | 28            | 29            |
| Bank loans  | 10,606        | 8,642         |
| Trade creditors   | 12,744        | 12,381        |
| Corporation tax   | 555           | 606           |
| Obligations under finance lease and hire purchase contracts | 57            | 24            |
| Other creditors   | 3             | -             |
| Accruals and deferred income                                | 1,810         | 1,151         |
| Financial instruments                                       | 415           | -             |
|   | <u>26,218</u> | <u>22,833</u> |

An invoice discounting facility is included above of £10,606 thousand (2017: £8,642 thousand). Interest is paid at 2.25% above the Bank of England base rate.

The above facilities are secured by way of a fixed and floating charge over the company's assets. The facilities are also secured by way of a fixed and floating charge over the assets of Lamex Foods Europe Limited and Lamex Agrifoods Limited.

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

15. Deferred taxation

|                           | 2018<br>£000 |
|---------------------------|--------------|
| At beginning of year      | 11           |
| Charged to profit or loss | 6            |
|                           | <hr/>        |
| <b>At end of year</b>     | <b>17</b>    |
|                           | <hr/> <hr/>  |

The deferred tax asset is made up as follows:

|                                | 2018<br>£000 | 2017<br>£000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | 17           | 11           |
|                                | <hr/>        | <hr/>        |
|                                | <b>17</b>    | <b>11</b>    |
|                                | <hr/> <hr/>  | <hr/> <hr/>  |

16. Share capital

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| <b>Allotted, called up and fully paid</b>  |              |              |
| 2 (2017 - 2) Ordinary shares of £1.00 each | <hr/> <hr/>  | <hr/> <hr/>  |

17. Reserves

**Profit & loss account**

The profit and loss account represents cumulative profits available for distribution.

18. Share based payments

Employees of the company participate in the Lamex Food Group Limited Share Option Plan 2007. All share options are issued over shares in the parent company, Lamex Food Group Limited, and vest on occurrence of an exit event. Further details of share options can be found in the parent company consolidated financial statements.

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £16 thousand (2017: £16 thousand). No contributions were payable to the fund at the balance sheet date (2017: £Nil).

LAMEX FOODS EUROPE (NI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

20. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Not later than 1 year                        | 35           | 32           |
| Later than 1 year and not later than 5 years | -            | 32           |
|  | <u>35</u>    | <u>64</u>    |

21. Related party transactions

The company is exempt from disclosing related party transactions with other 100% owned members of the group headed by Lamex Food Group Limited by virtue of FRS102 section 33.5.

The company made purchases from Syrros Limited, a company which is controlled by a director, totaling £102 thousand (2017: £240 thousand). At both year ends, there were no amounts outstanding.

At the year end the company was owed £682 thousand from FB Racing Limited, a company which is controlled by a director.

22. Controlling party

The ultimate parent company at the balance sheet date was Lamex Food Group Limited.

The parent of both the smallest and the largest group for which group accounts including Lamex Foods Europe (NI) Limited are drawn up is Lamex Food Group Limited. Copies of these accounts may be obtained from the registered office.