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**FLAMINGO HOLDINGS LIMITED**

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**UNAUDITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022**

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## FLAMINGO HOLDINGS LIMITED

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### COMPANY INFORMATION

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**Directors**

M J Hudson (resigned 1 March 2021)  
O Streatfeild (resigned 31 January 2021)  
A D Stickland (appointed 1 March 2021, resigned 30 September 2021)  
W J Showalter (appointed 1 March 2021)  
P M Mason (appointed 18 March 2021)  
D Z James (appointed 1 October 2021)

**Registered number**

04084638

**Registered office**

Flamingo House  
Cockerell Close  
Stevenage  
Hertfordshire  
SG1 2NB

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**FLAMINGO HOLDINGS LIMITED**

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## **FLAMINGO HOLDINGS LIMITED**

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### **STRATEGIC REPORT FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022**

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#### **Introduction**

The directors submit their report and financial statements for the 52 week period ended 1 January 2022.

#### **Principal activity**

The principal activity of the company is that of a holding company.

#### **Business review**

As a holding company, the company did not generate any turnover in the period ended 1 January 2022.

The directors intend that the company will remain an intermediate holding company within the group for the foreseeable future.

#### **Principal risks and uncertainties**

In the year the Company undertook a review of the carrying value of the investment in its subsidiaries. As a holding company, the main risks arise from the performance of the Company's investments.

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## FLAMINGO HOLDINGS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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#### Going concern

In preparing these financial statements, the directors have assessed the ability of the Group and parent company to continue to operate for a period of not less than 12 months from the date of signature of these financial statements.

The Group's 2022 budget, approved by the Flamingo Group International Limited ("FGIL") board, demonstrates management's expectation that FGIL will continue to grow profitably, generate surplus liquidity and remain solvent throughout the three year (2022-2024) budget period. Through the first 3 months of the period ("Q1"), the group traded behind budget in terms of sales, EBITDA and cash generation but still ahead of prior year in terms of EBITDA. The Group's Q1 reforecast confirms an expectation that the period will finish ahead of prior year across all three metrics albeit adverse to plan. The businesses actual and forecast results show significant headroom compared to our lending covenants (the long-term loan matures in February 2025 and the short term loan matures in February 2024). The Group finished the period at 2.75 x leverage (versus the lending covenant of 5.95x) and current projections are that 2022 will finish at 2.5x. As part of the prior period's Going Concern assessment the board modelled current trading to determine if the Group's liquidity was at risk or the Group's debt covenants could foreseeably be in danger of breach. During this evaluation, the board concluded that the level of foreseeable risk did not put the Group's liquidity position in jeopardy. On the basis that the financial performance and position of the Group has improved since that time, and the fact that the Board do not assess that liquidity or operating risks have increased, the Board feel that the conclusions from last period's risk assessment remain valid.

It is also worth noting that the board actively monitors the trading results and profitability of all business units and actively works to divest any entity that does achieve the board's expected performance levels or meet its strategic expectations (note three divestitures executed in 2021).

Finally, the board does not believe that there are any contingent liabilities that could adversely impact the company's ability to function as a going concern.

#### Statement on Inflation

As a result of general increases in consumer demand, macro supply chain pressures, and most recently the war in the Ukraine, the Group has experienced substantial inflationary pressures on input costs including freight, energy, UK wages, fertilizer and packaging. While the Group takes all possible steps to mitigate inflationary impacts, including scaling its procurement activity and produce re-engineering, it is not able to fully compensate for these pressures.

The Group has successfully passed on historic price increases related to this unmitigated inflation and has current plans in place to make further price increases as additional inflationary pressures impact its input costs.

The Company is a non-trading subsidiary of the Group, headed up by the ultimate parent company and has net assets as at 1 January 2022 which relate to amounts owed by group undertakings.

Based on the results of the Groups going concern set out above and the directors review of the Company's position, the directors believe that preparing the financial statements on a going concern basis is appropriate.

This report was approved by the board on 18/07/2022

and signed on its behalf.

  
P M Mason

**P M Mason**  
Director

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**FLAMINGO HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022**

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The directors present their report and the financial statements for the 52 week period ended 1 January 2022.

**Results and dividends**

The Company did not trade during the 52 week period and therefore made neither a profit nor a loss.

The directors did not recommend payment of a dividend in respect of the current financial year (2020: £Nil).

**Directors**

The directors who served during the period were:

M J Hudson (resigned 1 March 2021)  
O Streatfeild (resigned 31 January 2021)  
A D Stickland (appointed 1 March 2021, resigned 30 September 2021)  
W J Showalter (appointed 1 March 2021)  
P M Mason (appointed 18 March 2021)  
D Z James (appointed 1 October 2021)

**Future developments**

The company will continue to operate as a holding company for a group of companies.

**Qualifying third party indemnity provisions**

During the period and up to the date of this report, the company maintained liability insurance and third-party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company.

This report was approved by the board on 18/07/2022 and signed on its behalf.



**P M Mason**  
Director

**FLAMINGO HOLDINGS LIMITED**  
**REGISTERED NUMBER:04084638**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 1 JANUARY 2022**

	Note	1 January 2022 £000	2 January 2021 £000
<b>Fixed assets</b>			
Investments	5	1,850	1,850
		<u>1,850</u>	<u>1,850</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	14,283	14,283
		<u>14,283</u>	<u>14,283</u>
<b>Total assets less current liabilities</b>		<u>16,133</u>	<u>16,133</u>
<b>Net assets</b>		<u><u>16,133</u></u>	<u><u>16,133</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	2,617	2,617
Capital contribution reserve	9	522	522
Other reserves	9	83,473	83,473
Profit and loss account	9	(70,479)	(70,479)
<b>Total equity</b>		<u><u>16,133</u></u>	<u><u>16,133</u></u>

The members have not required the company to obtain an audit for the 52 week period in question in accordance with section 476 of Companies Act 2006.

The company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board 18/07/2022 and were signed on its behalf on

  
 18/07/2022 10:19:11 AM

**P M Mason**  
 Director

The notes on pages 6 to 13 form part of these financial statements.

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**FLAMINGO HOLDINGS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022**

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	<b>Called up share capital £000</b>	<b>Capital contribution reserve £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 29 December 2019</b>	<b>2,617</b>	<b>522</b>	<b>83,473</b>	<b>(70,479)</b>	<b>16,133</b>
<b>At 2 January 2021</b>	<b>2,617</b>	<b>522</b>	<b>83,473</b>	<b>(70,479)</b>	<b>16,133</b>
<b>At 1 January 2022</b>	<b>2,617</b>	<b>522</b>	<b>83,473</b>	<b>(70,479)</b>	<b>16,133</b>

The notes on pages 6 to 13 form part of these financial statements.



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## FLAMINGO HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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#### 1. General information

Flamingo Holdings Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Flamingo House, Cockerell Close, Stevenage, SG1 2NB.

#### 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£000).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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## FLAMINGO HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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## 2. Accounting policies (continued)

### 2.3 Going concern

In preparing these financial statements, the directors have assessed the ability of the Group and parent company to continue to operate for a period of not less than 12 months from the date of signature of these financial statements.

The Group's 2022 budget, approved by the Flamingo Group International Limited ("FGIL") board, demonstrates management's expectation that FGIL will continue to grow profitably, generate surplus liquidity and remain solvent throughout the three year (2022-2024) budget period. Through the first 3 months of the period ("Q1"), the group traded behind budget in terms of sales, EBITDA and cash generation but still ahead of prior year in terms of EBITDA. The Group's Q1 reforecast confirms an expectation that the period will finish ahead of prior year across all three metrics albeit adverse to plan. The businesses actual and forecast results show significant headroom compared to our lending covenants (the long-term loan matures in February 2025 and the short term loan matures in February 2024). The Group finished the period at 2.75 x leverage (versus the lending covenant of 5.95x) and current projections are that 2022 will finish at 2.5x. As part of the prior period's Going Concern assessment the board modelled current trading to determine if the Group's liquidity was at risk or the Group's debt covenants could foreseeably be in danger of breach. During this evaluation, the board concluded that the level of foreseeable risk did not put the Group's liquidity position in jeopardy. On the basis that the financial performance and position of the Group has improved since that time, and the fact that the Board do not assess that liquidity or operating risks have increased, the Board feel that the conclusions from last period's risk assessment remain valid.

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Based on the results of the Groups going concern set out above and the directors review of the Company's position, the directors believe that preparing the financial statements on a going concern basis is appropriate.

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**FLAMINGO HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022**

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**2. Accounting policies (continued)**

**2.4 Impact of new international reporting standards, amendments and interpretations**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 1 January 2022 that have a material impact on the company's financial statements.

**2.5 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment losses.

**2.6 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the Statement of comprehensive income as a highlighted item in the period in which they are incurred.

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## FLAMINGO HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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## 2. Accounting policies (continued)

### 2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

The Company classifies all of its financial assets as loans and receivables.

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

#### Fair value through profit or loss

Financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The companies receivables fall into this category of financial instruments.

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## FLAMINGO HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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#### 2. Accounting policies (continued)

##### 2.8 Amounts owed by group undertakings

Amounts due from group companies are initially recognised at fair value being the present value of future interest and capital receipts discounted at the market rate of interest for a similar financial asset.

Amounts owed from by fellow group undertakings are included within debtors.

Where the face value of the loan exceeds the fair value of the loan on initial recognition this difference is treated as follows:

- If the loan is to a parent company the difference is shown as a deduction from equity
- If the loan is to a fellow subsidiary, and made under the instruction of the parent, the difference is shown as a deduction from equity
- If the loan is due from a subsidiary the difference is added to the investment in that subsidiary.

Interest receivable on the loan is recognised in Statement of comprehensive income under the effective interest method.

For group loans which are due on demand or where there is no significant difference between the amount due/payable and fair value on initial recognition then such loans are carried at the amount due/payable on an amortised cost basis.

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

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

- Carrying value of investments - Management have considered if there are any indicators of impairment of the Company's investments at the reporting date. Where such indicators are identified, an impairment review is undertaken to ensure that the carrying value of the investments reflects, as a minimum, the value to be realised from the investment in the foreseeable future.

There are no significant estimates involved in the preparation of the financial statements.

#### 4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (*period 2 January 2021: £Nil*) as their services to the company are merely incidental to their services of other group companies.

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FLAMINGO HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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5. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 2 January 2021	1,850
At 1 January 2022	1,850
<b>Net book value</b>	
At 1 January 2022	1,850
At 2 January 2021	1,850

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
Kingsholme Ltd	Kenya	The growing and exportation of horticulture produce	Ordinary	100%
Siraji Ltd*	Kenya	Dormant	Ordinary	100%
Mlasia Ltd*	Kenya	Dormant	Ordinary	100%

\*Indirect Subsidiary undertakings

The registered address for the overseas subsidiaries is as follows:

**Kenya**

Watermark Business Park  
Ndege Road,  
P. O. Box 10222-00400  
Nairobi  
Kenya

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FLAMINGO HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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6. Debtors

	1 January 2022 £000	2 January 2021 £000
Amounts owed by group undertakings	14,283	14,283

Amounts owed by group are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

7. Financial instruments

	1 January 2022 £000	2 January 2021 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	14,283	14,283

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings.

8. Share capital

	1 January 2022 £000	2 January 2021 £000
<b>Allotted, called up and fully paid</b>		
261,712,100 (2020 - 261,712,100) Ordinary shares of £0.01 each	2,617	2,617

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

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## FLAMINGO HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 1 JANUARY 2022

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#### 9. Reserves

##### Capital contribution

The capital contribution reserve arises from purchase of own share capital.

##### Other reserves

Includes amounts recognised in prior years, that have been classified as not distributable.

##### Profit and loss account

Includes all current and prior period retained profits and losses.

#### 10. Contingent liabilities

The company has provided an unlimited cross guarantee to the Group's principle bankers Natwest Plc concerning the liabilities of Flamingo Produce Limited and Flamingo Flowers Limited together with any other group companies sharing in the group facility. The total liabilities for the period ending 1 January 2022 were £187,083k.

The company has provided an unlimited cross guarantee to the Group's principle bankers Credit Suisse AG, concerning the liabilities of the other group companies sharing the group facility. The total liabilities for the period ending 1 January 2022 were £240,363k.

#### 11. Related party transactions

As permitted by FRS 101, related party transactions with wholly owned member of the group have not been disclosed.

#### 12. Controlling party

The Company is a subsidiary undertaking of Zara UK Holdco Limited, which was the ultimate parent company in the United Kingdom, at the reporting date.

The smallest group in which the results of the Company are consolidated is in Flamingo Group International Limited (formally Zara UK Midco Limited). The largest group in which the results of the company are consolidated is headed Zara UK Holdco Limited. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

The ultimate parent undertaking and controlling party is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.