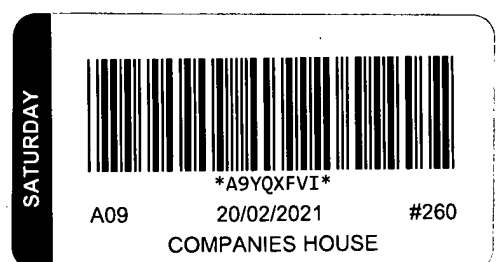


Registration number: 05661425

# Bakkavor China Limited

Annual Report and Financial Statements

for the Period from 30 December 2018 to 28 December 2019



# **Bakkavor China Limited**

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# **Bakkavor China Limited**

## **Company Information**

**Directors**                    A Gudmundsson  
                                     E P Gates

**Company secretary** A Tagoe-Bannerman

**Registered office**       Fitzroy Place 5th Floor  
                                     8 Mortimer Street  
                                     London  
                                     W1T 3JJ

**Bankers**                    Hong Kong & Shanghai Banking Corporation Limited  
                                     No.1 Queen's Road Central  
                                     Hong Kong

**Independent**               PricewaterhouseCoopers LLP  
**Auditors**                   One Chamberlain Square  
                                     Birmingham  
                                     United Kingdom  
                                     B3 3AX

## **Bakkavor China Limited**

### **Directors' Report for the Period from 30 December 2018 to 28 December 2019**

The Directors present their report and the audited financial statements for the 52 week period from 30 December 2018 to 28 December 2019 ('2019'). Comparatives are for the 52 week period from 31 December 2017 to 29 December 2018 ('2018').

#### **Principal activity**

The principal activity of Bakkavor China Limited (the 'Company') is that of a holding company which manages investment opportunities in China operating within the Bakkavor Group plc (the 'Group') and is a 100% owned subsidiary of Bakkavor Limited following its acquisition of the Company from Bakkavor Asia Limited on 12 December 2019. A fair review of the business, future developments, dividends and its financial risk management is shown in the Strategic Report.

#### **Going concern**

The Directors, in their detailed consideration of going concern, have reviewed the Company's future cash forecasts up to December 2021, which they believe are based on prudent market data and past experience. The Directors have considered the Company's cash reserves and its access to the Group's financing arrangements. At the date of this report the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so.

Consequently, the Directors consider that the Company has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors of the Company**

The Directors, who held office during the period, and up to the date of signing this report, were as follows:

A Gudmundsson

EP Gates

E Gustafsson (resigned 29 May 2020)

#### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the Directors which have been in force throughout the financial period and remain in force as at the date of this report.

## **Bakkavor China Limited**

### **Directors' Report for the Period from 30 December 2018 to 28 December 2019 (continued)**

#### **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

#### **Directors' confirmations**

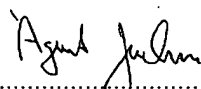
In the case of each director in office at the date the Director's Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 23 December 2020 and signed on its behalf by:



.....  
A Gudmundsson  
Director

## **Bakkavor China Limited**

### **Strategic Report for the Period from 30 December 2018 to 28 December 2019**

The Directors present their strategic report for the period from 30 December 2018 to 28 December 2019.

#### **Fair review of the business and future developments**

As shown in the Company's Profit and loss account, the profit for the period, after taxation, amounted to £451,000 (2018: £438,000). The Directors do not recommend the payment of a final dividend (2018: £nil).

The Balance sheet shows shareholders' funds amounting to £63,610,000 (2018: £53,590,000).

During the period ended 28 December 2019, the Company issued one ordinary £1 share to Bakkavor Limited for £9,569,022 which was used to increase the Company's investment in Bakkavor Hong Kong Limited (2018: two ordinary £1 share to Bakkavor Asia Limited for £15,773,033 increasing the Company's investment in Bakkavor Hong Kong Limited).

The Directors are satisfied with the results and achievements of the Company and they do not expect any significant change to the nature of the Company's activities in future years.

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

The Company continually reviews its internal control and risk management processes and is fully aligned with the policies and objectives set by the Board of Directors of Bakkavor Group plc. For this reason the Company's exposure to risks and uncertainties in strategic, operational and financial areas is limited. These risks are set out below:

#### **Financial risk management**

##### *Investment risk*

The performance of the operating investments within the Company's investments is subject to distinct operational and market risks which may impact the investment value.

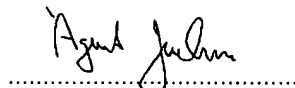
##### *Foreign currency risk*

The Company's foreign currency risk arises on cash balances and trade and other payables in US Dollars. The Company does not directly enter into any forward foreign exchange contracts. The Bakkavor Group actively manages the Group's currency risk, operating within the strict framework of Group Board approved policies and procedures.

##### *Credit risk*

Credit risk refers to the risk of financial loss to the Company, if a counterparty, defaults on its contractual obligations of the loans and receivables at amortised cost held in the Balance sheet. The Company's credit risk is attributable to balances with trade and other debtors and is not considered to be significant.

Approved by the Board on 23 December 2020 and signed on its behalf by:



A Gudmundsson  
Director

***Independent auditors' report to the members of Bakkavor China Limited***

**Report on the audit of the financial statements**

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**Opinion**

In our opinion, Bakkavor China Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2019 and of its profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28 December 2019; the Profit and Loss Account; the Statement of Changes in Equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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**. Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

***Independent auditors' report to the members of Bakkavor China Limited (continued)***

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**Reporting on other information (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 28 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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**Responsibilities for the financial statements and the audit**

*Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

*Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



***Independent auditors' report to the members of Bakkavor China Limited (continued)***

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**Other required reporting**

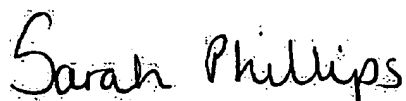
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**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Sarah Phillips (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
23 December 2020

## Bakkavor China Limited

### Profit and Loss Account for the Period from 30 December 2018 to 28 December 2019

	Note	2019 £ 000	2018 £ 000
Operating profit/(loss)		-	-
Other interest receivable and similar income	6	235	624
Other (losses)/gains	4	<u>(28)</u>	<u>67</u>
Profit before tax		207	691
Tax on profit	7	<u>244</u>	<u>(253)</u>
Profit for the period		<u><u>451</u></u>	<u><u>438</u></u>

The above results were derived from continuing operations.

The Company has no comprehensive income other than the profit above and therefore no separate statement of comprehensive income is presented.

# **Bakkavor China Limited**

## **Statement of Changes in Equity for the Period from 30 December 2018 to 28 December 2019**

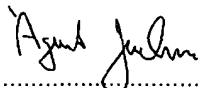
	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 31 December 2017	4	55,620	(18,245)	37,379
Profit for the period	-	-	438	438
New share capital subscribed	-	15,773	-	15,773
At 29 December 2018	<u>4</u>	<u>71,393</u>	<u>(17,807)</u>	<u>53,590</u>

	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 30 December 2018	4	71,393	(17,807)	53,590
Profit for the period	-	-	451	451
New share capital subscribed	-	9,569	-	9,569
At 28 December 2019	<u>4</u>	<u>80,962</u>	<u>(17,356)</u>	<u>63,610</u>

**Bakkavor China Limited****(Registration number: 05661425)****Balance Sheet as at 28 December 2019**

	Note	28 December 2019 £ 000	29 December 2018 £ 000
<b>Fixed assets</b>			
Investments in subsidiaries	8	57,083	47,514
Investments in associate	8	<u>6,110</u>	<u>6,110</u>
		<u>63,193</u>	<u>53,624</u>
<b>Current assets</b>			
Debtors	9	4	9
Cash at bank and in hand		<u>489</u>	<u>277</u>
		493	286
<b>Creditors: Amounts falling due within one year</b>	10	<u>(76)</u>	<u>(320)</u>
<b>Net current assets/(liabilities)</b>		<u>417</u>	<u>(34)</u>
<b>Total assets less current liabilities</b>		<u>63,610</u>	<u>53,590</u>
<b>Net assets</b>		<u>63,610</u>	<u>53,590</u>
<b>Capital and reserves</b>			
Called up share capital	11	4	4
Share premium	11	80,962	71,393
Profit and loss account	11	<u>(17,356)</u>	<u>(17,807)</u>
<b>Total shareholders' funds</b>		<u>63,610</u>	<u>53,590</u>

Approved by the Board and authorised for issue on 23 December 2020 and signed on its behalf by:

A Gudmundsson  
Director

# **Bakkavor China Limited**

## **Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019**

### **1 General information**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's registered office address can be found on page 1.

The principal activity of the Company is that of a holding company which manages investment opportunities in China.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework (FRS 101)' and the Companies Act as applicable to companies using FRS 101. As permitted under section 390 (3) of the Companies Act 2006, the Company has taken the option to end its financial period on the Saturday nearest to 31 December, as this is not more than 7 days after or before the end of the period dated 31 December. Where the fiscal year 2019 is quoted in these financial statements this relates to the 52 week period ended 28 December 2019. The fiscal year 2018 relates to the 52 week period ended 29 December 2018.

The financial statements have been prepared on the historical cost basis and are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position are expressed in Pounds Sterling, which is the functional currency of the Company.

#### **Summary of disclosure exemptions**

As permitted by Financial Reporting Standard 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group financial statements of Bakkavor Group plc. The group financial statements of Bakkavor Group plc are available to the public and can be obtained as set out in the controlling party note.

#### **Going concern**

The Directors' have reviewed the historical trading performance of the Company and the Group's forecasts through to December 2021, to assess the level of finance required by the Company. The going concern basis has been adopted in preparing these financial statements, refer to the Directors' Report for the Directors' consideration of going concern.

## **Bakkavor China Limited**

### **Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Exemption from preparing group accounts**

The financial statements contain information about Bakkavor China Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent Bakkavor Group plc, a company incorporated in the United Kingdom.

##### **Changes in accounting policy**

###### **New standards, interpretations and amendments effective**

In the current period, the Company has adopted the following Standards and Interpretations with no material impact on the financial statements of the Company.

New or revised standards:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

Amendments:

IFRS 9 Prepayment Features with Negative Compensation

IFRS 15 Clarifications to IFRS 15 'Revenue from Contracts with Customers'

##### **Dividend income policy**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that an amount attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

## **Bakkavor China Limited**

### **Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)**

#### **2 Accounting policies (continued)**

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

Where the Company transfers tax losses to another member of the group, the entity obtains an amount of compensation from the respective group member ('group relief payments') and vice versa. Such payments are treated as if they were income taxes to the extent that the intragroup payment is for an amount of tax that would otherwise have been paid by the paying company. If the compensation amount differs, the difference is treated as a distribution or a capital contribution as applicable.

#### **Investments**

Investments in subsidiaries are included at cost less provision for impairment where necessary. An impairment loss is recognised in the profit and loss account when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows.

If in a subsequent period, the amount of impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit and loss account.

#### **Subsidiaries and associate**

A subsidiary is an entity over which the Company has control. Control exists when the Company has the power directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

#### **Associate**

An investment in an associate is an entity over which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### **Share capital**

Ordinary shares are classified as equity.

#### **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but it is disclosed in the notes to the financial statements. When an outflow becomes probable, it is recognised as a provision.

## **Bakkavor China Limited**

### **Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial assets and liabilities**

###### ***Classification***

Financial assets held by the Company are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Financial liabilities held by the Company are classified as other financial liabilities. The classification is according to the substance of the contractual arrangements entered into.

###### ***Recognition and measurement***

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

###### ***Impairment***

Financial assets are assessed for indicators of impairment and expected credit loss at each Balance sheet date and 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 of the asset have been affected.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The following were areas of particular significance to the Company's financial statements and include the application of judgement, which is fundamental to the compilation of the financial statements.

##### **Investments - key source of estimation uncertainty**

The Company evaluated whether there were any potential impairment or impairment reversal indicators present at 28 December 2019 and concluded that is not the case.

The recoverable amounts of the investments are determined based on the higher of net realisable value and value in use calculations, which require the use of estimates. The key estimates that can impact the value in use calculations are changes to the growth rates applied to derive a five-year forecast, or a movement in the discount rate applied to the future cash flows. These are key estimates as they are subjective in nature and a significant assumption is required and any changes to assumptions may lead to impairment charges being recognised.

At 28 December 2019, investments in subsidiaries have a carrying value of £57,083,000 (2018: £47,514,000).

There are no areas in which the application of critical accounting judgements has been considered necessary in the compilation of these financial statements.



## Bakkavor China Limited

### Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)

#### 4 Other gains/(losses)

The analysis of the Company's other (losses) and gains for the period is as follows:

	2019 £ 000	2018 £ 000
Foreign currency (losses)/gains	(20)	67
Waiver of amounts due from related parties	(8)	-
	<u>(28)</u>	<u>67</u>

#### 5 Directors, Employees and auditors' remuneration

The Directors have received no emoluments for their services to the Company in either financial period presented and were paid through Bakkavor Foods Limited. The Directors are considered to be the key management personnel of the Company.

The Company had no employees for the period ended 28 December 2019 (2018: nil).

Fees of £5,000 (2018: £5,000) payable to the Company's auditors in respect of the statutory audit of the Company's financial statements for the period ended 28 December 2019 have been borne by Bakkavor Foods Limited.

No non-audit fees were charged to the Company for the period ended 28 December 2019 (2018: £nil).

#### 6 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Dividend income from associates	<u>235</u>	<u>624</u>

#### 7 Tax on profit

Tax (credited)/charged in the profit and loss account

	2019 £ 000	2018 £ 000
<b>Current taxation</b>		
Corporation tax - Prior year	(240)	240
Group loss relief - Current year	<u>(4)</u>	<u>13</u>
Total tax (credit)/charge	<u>(244)</u>	<u>253</u>

## Bakkavor China Limited

### Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)

#### 7 Tax on profit (continued)

Corporation tax is calculated at 19% (2018: 19%) of the estimated result for the period. The tax for the period is reconciled to the profit and loss account as follows:

	2019 £ 000	2018 £ 000
Profit before tax	<u>207</u>	<u>691</u>
Corporation tax at standard rate	39	131
(Decrease)/increase in current tax from adjustment for prior periods	(240)	240
Effect of expenses not deductible in determining taxable profit	2	-
Effect of income exempt from taxation	<u>(45)</u>	<u>(118)</u>
Total tax (credit)/charge	<u>(244)</u>	<u>253</u>

The Finance Act 2016 provided for the UK corporation tax to be reduced from 19% to 17% with effect from April 2020. However, legislation has now been introduced to maintain the rate at 19%.

#### 8 Investments in subsidiaries and associates

Subsidiaries	£ 000
<b>Cost</b>	
At 31 December 2017	47,135
Additions	<u>16,632</u>
At 29 December 2018	<u>63,767</u>
At 30 December 2018	63,767
Additions	<u>9,569</u>
At 28 December 2019	<u>73,336</u>
<b>Impairment</b>	
At 31 December 2017, 29 December 2018 and 28 December 2019	<u>16,253</u>
<b>Carrying amount</b>	
At 28 December 2019	<u>57,083</u>
At 29 December 2018	<u>47,514</u>

On 19 December 2019 the Company invested £9,569,022 into Bakkavor Hong Kong Limited.

On 31 December 2017 the Company invested £444,268 into Bakkavor Hong Kong Limited. On 18 December 2018 the Company invested £16,187,737 into Bakkavor Hong Kong Limited.

## Bakkavor China Limited

### Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)

#### 8 Investments in subsidiaries and associates (continued)

Details of the subsidiaries as at 28 December 2019 were as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2019	2018
Creative Food Group Limited*	Production and manufacture of salad products	Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan. Hong Kong	100%	100%
Bakkavor Hong Kong Limited*	Preparation and marketing of fresh prepared foods	Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan. Hong Kong	100%	100%
Bakkavor China Holdings Limited	Production and manufacture of salad products	Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan. Hong Kong	100%	100%
Wuhan Bakkavor Agriculture Produce Development Company Ltd	Production and manufacture of salad products	Room 706, 7th floor, No1 Entrepreneurship service center, Hanshi No1 road, Honggang village, Wuhan yangluo economic development zone China	100%	100%
Jiangsu Creative Agriculture Produce Development Company Limited	Production and manufacture of salad products	Agricultural Development Area, Changle Town, Haimen City, Jiangsu Province. China	100%	100%
Shaanxi Bakkavor Agriculture Processing Company Ltd	Production and manufacture of salad products	No.424, Building 4, Chongwen tower scenic area (phase 1), Jinghe new town, Xixian new district, Shaanxi province, China China	100%	100%
Wuhan Bakkavor Food Company Limited	Production and manufacture of salad products	Mujiajing ZhangDuHu Farm, Xinzhou District, Wuhan. China	100%	100%

## Bakkavor China Limited

### Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)

#### 8 Investments in subsidiaries and associates (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2019	2018
Shanghai Creative Food Company Limited	Production and manufacture of salad products	No. 279 Jiaqian Road, Nanxiang Developing Area, Jiading District, Shanghai. China	100%	100%
Beijing Bakkavor Food Company Limited	Production and manufacture of salad products	South Xitai Road, Da Sun Gezhuang Town, Shunyi District, Beijing China	100%	100%
Guangzhou Bakkavor Food Company Limited	Production and manufacture of salad products	No. 55 Banyutang Road, High Tech Development Area, Guangzhou. China	100%	100%
Bakkavor (Shanghai) Management Company Limited	Holding company	Room 01, 3A Floor, Number 16 Lane 1977, Jinshajiang Road, Putuo District, Shanghai. China	100%	100%
Shaanxi Bakkavor Food Company Limited	Production and manufacture of salad products	Qinghua Keji Garden, Middle of Shiji Road, Xianyang City, Shanxi Province. China	100%	100%
Fujian Bakkavor Food Company Limited	Production and manufacture of salad products	Jiulong Industry Park of Hua An Economic Development Zone. China	100%	100%
Bakkavor (Taicang) Baking Company Limited	Production and manufacture of bakery products	29 Qingdao East Road, Taicang. China	100%	100%
Chengdu Bakkavor Food Company Limited	Production and manufacture of salad products	520 Rongtai road, Chengdu Cross-Straits Science & Technology Industry Development Park, Wenjiang district, Chengdu. China	100%	100%

\* indicates direct investment of Bakkavor China Limited.

## Bakkavor China Limited

### Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)

#### 8 Investments in subsidiaries and associates (continued)

##### Associates

	£ 000
<b>Cost</b>	
At 30 December 2018	6,110
At 28 December 2019	6,110
<b>Carrying amount</b>	
At 29 December 2018 and 28 December 2019	6,110

Details of the associate as at 28 December 2019 were as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2019	2018
La Rose Noire Limited *	Production of bakery and pastry products.	2/F Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon. Hong Kong	45%	45%
Patisserie et Chocolat Limited *	Production of bakery and pastry products	2/F Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon. Hong Kong	45%	0%

\* indicates direct associate of Bakkavor China Limited.

#### 9 Debtors

	2019 £ 000	2018 £ 000
Amounts due from related parties	4	8
Prepayments	-	1
Total current trade and other debtors	4	9

Amounts due from related parties are unsecured, are non-interest bearing and are repayable on demand.

## Bakkavor China Limited

### Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)

#### 10 Creditors: Amounts falling due within one year

	2019 £ 000	2018 £ 000
Amounts due to related parties	76	80
Corporation tax payable	-	240
	<u>76</u>	<u>320</u>

Amounts due to related parties are unsecured, are non-interest bearing and are repayable on demand.

#### 11 Share capital and reserves

##### Allotted, called up and fully paid shares

	28 December 2019		29 December 2018	
	No.	£	No.	£
Ordinary shares of £1 each	4,111	4,111	4,110	4,110

##### 2019

During the period ended 28 December 2019, the Company issued one ordinary £1 share to Bakkavor Asia Limited for £9,569,022 which was used to increase the Company's investment in both Bakkavor China Holdings Limited and Bakkavor Hong Kong Limited. This created share premium of £9,569,021.

##### 2018

During the period ended 29 December 2018, the Company issued two ordinary £1 shares to Bakkavor Asia Limited for £15,773,033 which was used to increase the Company's investment in both Bakkavor China Holdings Limited and Bakkavor Hong Kong Limited. This created share premium of £15,773,031.

##### Share premium account

The share premium account represents amounts received by the Company over and above the nominal value of shares issued.

##### Profit and loss account

The profit and loss account represents the accumulated distributable reserves of the Company.

#### 12 Contingent liabilities

As at the 28 December 2019, there were no legal claims or potential claims against the Company (2018: £nil) and therefore no provision is considered necessary in the financial statements.

The Company, along with certain other group companies, is a guarantor of the Group's debt facilities. The total amount of Group facilities that this relates to is £492.5 million (2018: £447.5 million).

## **Bakkavor China Limited**

### **Notes to the Financial Statements for the Period from 30 December 2018 to 28 December 2019 (continued)**

#### **13 Related party transactions**

FRS 101: 8(k) exempts qualifying entities from disclosing 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 a member of that group.

As a member of the Group, the Company is a qualifying entity and has taken this exemption. There were no related party transactions with outside the scope of this exemption during the period (2018: no transactions).

#### **14 Non adjusting events after the financial period**

There are no significant events after the balance sheet date to report.

#### **15 Parent and ultimate parent undertaking**

The Company's immediate parent was Bakkavor Asia Limited until 12 December 2019 when the Company was acquired by Bakkavor Limited.

The ultimate parent and ultimate controlling party is Bakkavor Group plc, a company registered in the United Kingdom.

The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is Bakkavor Group plc. These financial statements are available upon request from Bakkavor Group plc's registered office, Fitzroy Place, 5th Floor, 8 Mortimer Street, London, W1T 3JJ, United Kingdom.