

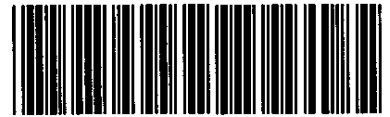
**BOPARAN HOLDINGS LIMITED**

**Annual report and financial statements**

**For the 52 weeks ended 30 July 2022**

**Company registration no. 03558065**

SATURDAY



\*AC8A8COW\*

A06

22/07/2023

#129

COMPANIES HOUSE

## **BOPARAN HOLDINGS LIMITED**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Governance report	15
Directors' report	18
Directors' responsibilities statement	22
Independent auditor's report	23
Consolidated profit and loss account	27
Consolidated statement of comprehensive income	28
Consolidated balance sheet	29
Consolidated statement of changes in equity	30
Consolidated cash flow statement	31
Company balance sheet	32
Company statement of changes in equity	33
Notes to the financial statements	34

## **BOPARAN HOLDINGS LIMITED**

### **Officers and professional advisers**

#### **DIRECTORS**

B K Boparan  
R S Boparan  
I A Ellis (Non-executive)  
D S J T Gregory (Non-executive)  
R K O Kers  
R J Pennycook (Chairman)  
C A Tomkinson

#### **COMPANY SECRETARY**

L Greenbury

#### **REGISTERED OFFICE**

Trinity Park House  
Trinity Business Park  
Fox Way  
Wakefield  
West Yorkshire  
WF2 8EE

#### **BANKERS**

Barclays Bank plc  
1 Churchill Place  
Canary Wharf  
London  
E14 5HP

HSBC UK Bank PLC  
4th Floor  
City Point  
29 King Street  
Leeds  
West Yorkshire  
LS1 2HL

Goldman Sachs International Bank  
Plumtree Court  
25 Shoe Lane  
London  
EC4A 4AU

National Westminster Bank Plc  
250 Bishopsgate  
London  
EC2M 4AA

#### **INDEPENDENT AUDITOR**

Deloitte LLP  
Statutory Auditor  
1 City Square, Leeds,  
LS1 2AL

## BOPARAN HOLDINGS LIMITED

### Strategic report

The directors present their Strategic Report for the 52 weeks ended 30 July 2022.

#### Principal activities

Boparan Holdings Limited (the Company) is the parent company which owns, directly or indirectly, companies constituting the 2 Sisters Food Group of companies (together herein defined as the Group).

The principal activity of the Group is the manufacturing of private label and branded food products. Following a number of disposals in recent periods, the business was reorganised in prior year with the operations now managed and reported under two segments being: Poultry and Meals & Bakery.

On 9 October 2021 the Group announced the transfer as part of a strategic disposal of the trade, goodwill and certain assets of two manufacturing sites in the poultry division to Bernard Matthews Foods (Derby) Limited and Bernard Matthews Foods (Sunderland) Limited, both related companies; see note 15 for further details.

On 12 February 2022 the trade and assets and Uttoxeter site were sold to Elkes Biscuits Limited and Amber Real Estate Investments (Industrial) Limited respectively, both related companies, see note 15 for further details.

#### Key performance indicators

The Group uses a number of key performance indicators ("KPI") to manage the business:

	30 July 2022	31 July 2021
Turnover	<b>£2,755.5m</b>	£2,609.5m
Operating profit / (loss)	<b>£34.8m</b>	(£22.7m)
Operating profit before exceptional items	<b>£37.8m</b>	£6.0m
Adjusted EBITDA*	<b>£99.5m</b>	£76.3m
Adjusted EBITDA margin %**	<b>3.6%</b>	2.9%
(Loss) / profit before taxation	<b>(£33.4m)</b>	£52.6m
Net debt***	<b>£488.4m</b>	£465.4m
Net debt to Adjusted EBITDA ratio	<b>4.91x</b>	6.10x

\* Adjusted EBITDA is operating profit including share of operating profit from associates and joint ventures, before depreciation, amortisation, defined benefit pension scheme administration costs and exceptional items (note 3 and note 5).

\*\* Adjusted EBITDA margin % is a measure of the Adjusted EBITDA as a percentage of turnover.

\*\*\* Net debt comprises bonds, other borrowings and finance leases net of cash, inclusive of accrued interest and net of amortised bond costs. These are stated at period end exchange rates, or hedged rates where there is an effective external hedge in place (note 28).

In addition to financial key performance indicators, the Group monitors and focuses on improving non-financial key performance indicators on a Group wide level, as an individual site basis. The impact of climate change is central to our strategy. We address this through our Sustainability Strategy and our goal to be Net Zero by 2040.

The Total Accident frequency rate is calculated as the total number of accidents (in a 12 month period), multiplied by 100,000, divided by the total hours worked in the same 12 month period. The Group's Safety and Governance Committee closely monitors its Total Accident Frequency rate, which has decreased by 5.2% to 2.74 in the current period (2021: 2.89). The Safety and Governance Committee are also responsible for reviewing all matters across health and safety, food safety and legal compliance.

## **BOPARAN HOLDINGS LIMITED**

### **Strategic report (continued)**

#### **Business overview**

During the period, the Group reported turnover of £2,755.5m (2021: £2,609.5m), operating profit before exceptional items of £37.8m (2021: £6.0m) and an operating profit of £34.8m (2021: £22.7m loss). The key drivers of performance during the period are set out in the trading performance section of this Strategic report.

Performance in the period has been impacted by significant cost inflation across all inputs, but most notably feed price, utilities, labour and packaging. Despite that, performance in 2021/22 was stronger than 2020/21, especially in the second half of the financial year as the Group took time to adjust to the more volatile environment. Recovery of cost inflation has been a successful key operational activity in the year. In addition to this there have been continuing challenges arising from Brexit and COVID-19 impacting the areas of labour availability as seen in prior periods.

#### **Trading performance**

The overall turnover increased by £146.0m, an increase of 5.6%. This was entirely driven by inflation cost recoveries in the period, albeit partially offset by the impact of disposals during the period.

Adjusted EBITDA of £99.5m (2021: £76.3m) increased by £23.2m in the year, an increase of 30.4%.

The Group reported a loss before tax of £33.4m compared to a profit of £52.6m in the prior period. Loss before tax includes a loss from business disposals of £20.5m (2021: £137.8m profit).

#### *Poultry*

Sales in the Poultry segment have increased by £195.2m, a growth of 9.8% from £1,994.1m to £2,189.3m. Operating profit before exceptional items has increased by £35.7m from a loss of £13.4m in the prior period to a profit of £22.3m in the current period.

The UK Poultry business continued to see volatility in performance due to labour shortages and inflation. Severe labour shortages caused by Brexit and COVID-19, first seen in the final quarter of previous period, continued into the first six months of the period. This had an ongoing negative impact on throughput in our processing facilities resulting in customer supply challenges and a reduced contribution to our fixed overheads.

The performance of the business in the first half of the period was significantly impacted by inflation, particularly due to the timing and speed of the increases in costs. Performance in the second half of the period improved as these impacts were largely mitigated by a mostly successful inflation recovery programme, which, alongside more stable operations, is why performance improved significantly year on year. The second half of the period also benefitted from the impact of a disposal of a loss making part of the poultry operation in the Derby and Sunderland sites.

At the very end of the period the UK experienced a period of extraordinary hot weather which resulted in disruption to our agricultural operation due to the extreme heat during July.

The EU Poultry business had a strong performance in the period. Volumes improved due to the re-opening of the foodservice channel following closures in the prior period due to COVID-19. At the same time, selling prices across the European market increased significantly. The impact of the war in Ukraine, though impactful on the wider supply chain, expanded the local market opportunities for our Polish operation.

#### *Meals & Bakery*

Sales within the Meals & Bakery segment have decreased by £49.2m, a reduction of 8.0%, from £615.4m to £566.2m. Due to the impact of the disposal of the Fox's business in October 2020, as well as the impact of the disposal of the Uttoxeter in February 2022. Like-for-like sales in this segment have increased by £16.1m, an increase of 3.0% from £528.5m to £544.6m compared with the prior period.

Operating profit before exceptional items has declined by £3.9m from £19.4m to £15.5m due to losses incurred in the biscuit business up to the point of disposal, together with inflationary pressures in the continuing businesses.

## **BOPARAN HOLDINGS LIMITED**

### **Strategic report (continued)**

#### **Financing**

During the financial year, the Group privately placed £50m of Senior Secured Notes (SSN). These notes mirrored the terms and conditions of the £475m SSN's issued in November 2020 which mature in November 2025 at an interest rate of 7.625%. In addition to Mirror notes, the Group raised £10m through a privately placed Term Loan B with a maturity matching the existing £80m Revolving Credit Facility (RCF) of May 2025, see page 8. The RCF was undrawn at the financial year end. The facility remains available and is utilised to draw down as required by the seasonal profile of the cashflows of the business.

Net debt increased during the period to £488.4m (2021: £465.4m) with a cash balance of £36.5m (2021: £38.8m). The net debt : Adjusted EBITDA ratio reduced from 6.10x to 4.91x as commercial recoveries and operational improvements led to an increase in Adjusted EBITDA that more than offset the increase in the level of debt.

The Company or its affiliates may from time to time seek to retire or purchase the Company's outstanding debt. Such retirements or repurchases, if any, may depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

#### **Pensions**

The net deficit for the Group post retirement schemes decreased from £128.1m at the prior period end to £8.0m. The net pension scheme deficit in the balance sheet is stated before deduction of the associated deferred tax asset of £nil (2021: £29.1m), with the deferred tax asset shown separately within current assets. The deficit has reduced year on year primarily driven by an increase in the discount rate used in the actuarial valuation of the liabilities. The impact of the discount rate movement on the liabilities has been greater than the fall in bond asset values, and a £10m deferral of deficit repair contributions in the year to 30 July 2022. There has been more volatility since the balance sheet date due to the turmoil in financial markets, but this is not expected to have an adverse impact on the deficit. Cash contributions to the defined benefit pension schemes in the period were £14.1m (2021: £84.6m); the prior year included a one off contribution on the sale of the branded biscuits business.

The balance sheet position of the post-retirement benefit schemes and the net pension financing in the profit and loss account will continue to be unpredictable as discount rates and inflation remain volatile. The net pensions financing charge was £1.9m (2021: £3.4m) for the period and a further £3.9m (2021: £3.5m) was charged to the profit and loss including scheme administration costs and PPF levy.

All of the Group's defined benefit schemes in the UK and Ireland are closed to future accrual.

#### **Outlook**

As described in the trading performance section of this Strategic Report, the UK Poultry business enjoyed a strong second half performance but finished the period with a significant disruption of our agriculture base and will also result in a short-term ongoing impact due to the enforced delay to placing new birds on farms and the requirement to pull forward smaller birds into the UK Poultry operation. This will need to be managed through the Operations and Supply Chain teams and will have a material financial impact in the new financial year.

The Group expects further cost inflation during financial year 2022/23, particularly across energy, distribution, industrial gases, packaging and labour. The Group will need to recover these costs in full through price recovery programmes with customers. Our performance in 2021/22 has proven the Group's capability in successfully delivering such programmes.

We expect to see customer demand patterns change to reflect the cost of living crisis, and the Group will need to adapt its operations to suit the new reality.

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

The Group has internal control and risk management processes, which are designed to monitor, measure and mitigate risks but not eliminate them. Outlined below are potential risks that could impact the Group's performance, causing actual results to vary from those previously experienced. These risks are monitored on an ongoing basis through the Group's risk management processes. Additional risks and uncertainties not identified may also have an adverse effect on the Group.

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

We would highlight certain key risks below:

- Labour shortages – labour continues to be an ongoing challenge and as a management team we are managing this as our highest priority on a daily basis;
- Customer relationships and competitive pressures-the loss of an key customers , or a significant worsening in commercial terms could adversely affect the Group's results;
- Commodity inflation, including energy prices in the UK manufacturing sector is now facing volatile inflationary pressures across its supply chain; and
- Climate change- the recent periods of extreme weather, especially heat, could result in significant disruption to our agricultural supply base.

	Risk area and description of risks	Measures to reduce risks
Labour shortages	People leaving the UK following Brexit may continue to create labour shortages across the UK economy in the labour pool from which we would draw staff to work in our production sites (also see point below regarding stoppage at manufacturing site).	We have implemented a number of measures to both attract and retain labour in our sites as it is important that we not only get people into the site but we also need to ensure we keep them given the issues are economy-wide. To improve the retention of our staff we have implemented the following key actions: 1) implemented ongoing pay reviews to ensure local competitiveness, 2), made improvements to the working conditions in our sites, 3) reviewed our overall human capital strategy and have started already with the roll out of a local leadership training. To bolster our ability to attract new talent, we have put the following actions in place: 1) strengthened our recruitment function, 2) initiated a program to improve our corporate branding, 3) implemented an improved onboarding process for new starts, and 4) obtained an operating license and started process to recruit overseas skilled labour. We have also initiated several initiatives to reduce our dependency on manual labour which includes our simplification program and our accelerated automation program. Labour continues to be an ongoing challenge and as a management team we are managing this as our highest priority on a daily basis.
Commodity inflation & supply chain disruption	<p>The Group's margins can be affected by fluctuations in raw material, packaging and energy costs, and disruption to key elements of disruption within the supply chain including agricultural planning, logistics and CO2.</p> <p>Increases in significant components of our cost base can adversely affect individual product margins. An inability to pass on these cost increases within a reasonable timeframe impacts the Group's profitability.</p>	<p>The Group has pass-through mechanisms in place with key customers to share the impact of changes in commodity prices on its margins on a periodic reset basis. Pass-through mechanisms include ratchets calculated by reference to external commodity pricing that are reset periodically but also on a cost inflation basket basis, to reflect the unprecedented supply challenges the UK manufacturing section is now facing. These pass-through mechanisms have historically helped the Group to mitigate cost price pressures although they do not provide total coverage of all customers or cost types.</p> <p>The procurement team has a strong commercial focus on purchase pricing and quality, in order to proactively respond to changes in commodity markets.</p> <p>The Group manages its agricultural supply and planning carefully and has a dedicated team and software to ensure minimal disruption in bird and other raw material supply.</p>
Customer relationships & competitive pressures	<p>The Group's top five customers are leading UK retailers. The strength of the major multiple retailers' bargaining position gives them significant leverage over their suppliers in dictating pricing, product specification and the level of supplier participation in promotional campaigns and offers. The loss of any of these key customers, or a significant worsening in commercial terms could adversely affect the Group's results.</p> <p>The group depends on a small number of large retailers for a majority of its sales and the results of our operations may be adversely affected if the buying power of the grocery retailers increases, or if price competition between retailers increases.</p>	The Group seeks to reduce the risks presented by its consolidated customer base by ensuring high levels of service, maintaining strong commercial relationships and by working closely with customers on product development programmes to provide each customer with unique products and consumers with greater choice and convenience as well as developing joint strategies to mitigate supply chain shocks such as commodity inflation through pricing mechanisms.

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

	Risk area and description of risks	Measures to reduce risks
Stoppage at major manufacturing site	We have a number of major manufacturing and processing facilities, used to satisfy our customer demand. Any significant processing slowdown or stoppage at any such manufacturing facility, could have an adverse effect on our business. This could result in us being unable to fulfil the needs of our customers or may result in increased costs to repair or replace any such manufacturing facility.	For any short-term slowdowns or stoppages, we would look to satisfy customer demand from stocks of finished goods. For more significant issues, we would look to transfer production to one of the other manufacturing sites in the Group which is both feasible and has been done previously. We also have insurance policies, including business interruption, that would provide some level of cover for the risks described.
Consumer preferences	Exposure to changing consumer trends can impact profitability. There are a number of trends in consumer preferences which impact the industry as a whole. These trends include, amongst others, dietary concerns (salt, sugar and fat reduction and introduction of taxes to incentivise reduced intake of same), and increased convenience and value. Providing or developing modified or alternative products to meet changing consumer trends may increase our costs.	As we supply circa 30% of UK poultry material, we have some protection from the impacts of changing consumer trends. In addition, the sale of our Derby and Sunderland sites is indicative of the Group's approach to adapting and changing our manufacturing foot print and product offering quickly without a requiring a long period of reset. This ensures that our supply continues to meet changes in trends, ensure that our supply position is protected from the onset of sudden change in trends and we can adapt and change product offering quickly without a long period of inward product lead time reset.
Avian Influenza	As a manufacturer and supplier of poultry products to the retail, food service and food manufacturing sectors, the Group is at risk of an outbreak of Avian influenza. An outbreak could significantly affect the Group's supply of live birds, demand for our poultry products and our ability to conduct operations.	The Group has developed contingency plans should an outbreak of Avian Influenza occur in close proximity to any of its operating facilities or on the farms of our principal suppliers, including but not limited to; area restrictions, additional washing and disinfecting of transport vehicles and veterinarian checks. The group also is part of and contributes to the relevant trade association network on this topic in particularly in light of the changing requirements on export due to Brexit. The last 12 months have seen an unprecedented increase in the amount of AI outbreaks in the UK and we have instigated out management control programmes to comply with the legislative requirements in this regard. This includes finding alternative routes to markets for products that can no longer be exported to the EU due to the UK now being classed as a third country.
Climate change	<p>The impact of climate change is an essential consideration for any responsible food business and we address this through our Sustainability Strategy and our goal to be Net Zero by 2040.</p> <p>The impacts of climate change could have adverse impacts on our farming and manufacturing business which could result in a significant disruption of our agriculture base and our ability to supply.</p>	<p>Our Group Sustainability Strategy addresses how as a business we will address the different elements of climate change including but not limited to reducing our greenhouse gas emissions, responsible water stewardship and reducing food waste. On a practical level we are also focusing our plans and investments both to address the short term impacts such as the excessive heat seen this summer to putting in place a road map to achieve our Net Zero ambition.</p> <p>Our Vision is to create a better future for everyone. It's about minimising our impact on the natural world and having a positive impact for our stakeholders.</p>
Food Safety & Reputational risks	<p>As a reputable food manufacturer, product quality and safety issues are paramount to the Group's success.</p> <p>Failure to maintain the quality of our products may result in damage to the reputation of our business, which in turn could adversely impact our market share and our financial results.</p>	The Group has established policies and procedures in order to monitor the processes associated with food safety. Food hygiene practices are taken very seriously throughout the Group and are monitored both through internal audit procedures and external bodies such as environmental health departments, the Food Standards Agency (FSA) in the UK and our customers. In addition, all sites as part of our governance programme receive independent unannounced audits. The Group maintains an independent whistle blower line. The Group is committed to food safety and hygiene compliance and ensures regular training of its staff against documented procedures to support this aim. The group also constantly monitors both compliance and performance through a comprehensive set of key performance indicators and reporting through a separate board committee on safety and Governance.



## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

	<b>Risk area and description of risks</b>	<b>Measures to reduce risks</b>
Health & safety	The Group has a duty of care to secure and protect the Health & Safety of our employees and to reduce the environmental impact of our operations. Failure to do could result in a serious workplace injury or fatality, which could directly impact our employees and could also carry serious financial, reputational and legal risk.	The Group has strong health and safety policies, procedures and standards in place. The Group's Leadership Team work together to promote a culture of high standards, behaviours and engagement throughout the workforce. Performance is measured using clear and quantifiable objectives, these objectives which include, Accident Frequency Rates and Audit Performance Score are subject to regular review by the Safety & Governance Committee. The Group H&S team complete the governance audits of the sites on an annual basis and sites are also subject to independent annual property and fire risk survey through our insurance provider. The group has successfully achieved and maintained certification to the ISO 45001 standard across all operational sites.
Change management, recruitment and talent retention	The ongoing success of the Group is dependent on attracting and retaining high quality employees who have the ability to effectively manage the Group's operations. Failure to recruit and retain high quality employees can impact financial results.	The Group mitigates the risk associated with the loss of key personnel through succession planning, strong internal & external recruitment processes and effective management incentives. The Group continue to invest in talent and capability by recruiting the best in the industry and by providing training for all employees.  The Group recognises that this has proven more challenging in the current labour market.
IT Systems and Controls	The Group relies heavily on information technology and systems to support our business. An extended failure of our core systems, caused by accidental or malicious actions (including cyber-crime), could result in a significant financial impact on the business.	The Group maintains a programme of controls to protect the confidentiality, integrity and availability of information across the business. This includes but is not limited to: <ul style="list-style-type: none"><li>- Cisco perimeter firewalls.</li><li>- A third party completes a bi-annual penetration.</li><li>- VPN is accessed through two factor authentication.</li></ul> We have recently undertaken a deeper cybersecurity review with our partner (ECSC Ltd) and through the next financial year we will be working to reach the standards of cybersecurity and processes requires to meet ISO27000 certification.
Pensions	The Group has defined benefit pension plans some of which are currently in deficit (on an actuarial basis), some of the other smaller schemes are in surplus. Valuations of all defined benefit plans are dependent upon market conditions and the actuarial methods and assumptions used. The Group may be required to increase pension contributions which may have an adverse effect on its financial condition. Pension regulation could restrict the freedom of the Group to undertake certain corporate activities (including disposals and return of capital to shareholders).	The Board regularly reviews the value of assets and liabilities of the Group's pension schemes as well as the potential impact of changes in actuarial assumptions and actions that can be taken to mitigate the risks associated with the defined benefit pension schemes. The UK and Irish schemes are closed to future benefit accrual. The Group maintains a good working relationship with the Pension scheme trustees with whom it has agreed a long term funding plan.
Liquidity risk	The Group has committed financing in place, which can only be withdrawn in the event of a breach of financing agreement, such as a breach of financial covenants, when the Group might be restricted in its ability to operate normally and could be required to dispose of assets to pay down debt and incur additional costs.	Liquidity risk is monitored by the Board who review the adequacy of available funding and compliance with borrowing covenants on a monthly basis.

## **BOPARAN HOLDINGS LIMITED**

### **Strategic report (continued)**

#### **Financial risk management policies and objectives**

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period.

**Interest rate risk** - The Group is exposed to interest rate risk as a result of its financing facilities. The Group manages the exposure to interest rate risk through the use of fixed interest rate facilities where possible such as the outstanding Senior Secured Notes. These notes represent the significant majority of the Group's interest expense (see note 4 for details). The Group retains an exposure to interest rate risk as a result of the other debt facilities in place which attract interest at SONIA plus an applicable margin not expected to change within the next 12 month period. This residual interest rate risk is continually monitored by management and the use of risk management tools are implemented where appropriate to minimise the impact on the Group.

**Liquidity risk** - The Group uses a mixture of long-term borrowings and short-term cash placement in order to maintain liquidity and ensure sufficient funds are available for ongoing operations and future developments. The strength of the Group's short term cash flow forecasting ensures that liquidity risks can be forecasted with accuracy and action plans quickly put in place to mitigate risk.

**Foreign currency risk** - The Group manages net foreign exchange exposures in respect of sales and purchases of its UK and European subsidiaries through short term currency hedges.

The Group only enters into trades of financial instruments for specific purposes; speculative purchases are not made.

#### **Our stakeholders**

##### **Section 172(1) statement**

As a Board, we understand our long-term growth and success are dependent on engagement with all stakeholders. We continually consider how to make our decision making process more inclusive in order to involve our key stakeholders.

The leadership teams of the Group and each business unit make decisions in accordance with highest standards and Group policies with the long term success of the Group in mind. In taking these decisions, the Directors and leadership teams have regard for the likely consequence on the different stakeholders in both the short and long term.

Sustainability is a key priority for us and we will be launching our Group wide strategy imminently. We will contribute to a better world by feeding people great tasting, sustainably produced, healthy chicken and meal solutions, now and in the future. As a financially sustainable Group, our sustainability strategy will minimise our impact on the environment, drive a responsible supply chain, engage and motivate our colleagues and support the communities in which we operate.

We engage with our colleagues and their representatives, our customers and suppliers, our bondholders and pension trustees to ensure we produce and supply food in a safe and efficient way. It is our ambition to be the employer of choice within the Food Manufacturing Industry and to be welcomed and seen as a key part of the local community in which we operate.

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

#### Our stakeholders (continued)

Engagement with our main stakeholder groups is summarised below.

Stakeholder	Why we engage	How we engage	What matters most to our stakeholders	How we are responding
<b>Our people</b>				
	It is our colleagues that drive the business. We want our colleagues to feel valued, so it is important to understand what matters to them	<p>Internal communication of developments</p> <p>Staff engagement surveys and "temperature" checks</p> <p>Intranet</p> <p>Appraisals process</p> <p>Colleague magazine</p>	<p>Employee health &amp; safety</p> <p>Employee wellbeing</p> <p>Career and personal development opportunities</p> <p>Employee engagement &amp; retention</p> <p>Fair pay and conditions</p> <p>Improved working environment</p>	<p>We have clear sustainability initiatives for our colleagues across Engagement; Recruitment &amp; Retention; Diversity &amp; Inclusion; and Health, Safety &amp; Wellbeing</p> <p>We are driving engagement initiatives, with clear targets for employee engagement score improvement</p> <p>We have focused colleague communications, supported by the introduction of the 2SFG Hub, our dedicated Colleague App</p> <p>We have maintained a successful graduate programme over the last 3 years and progressed those individuals who have completed the programme into suitable roles within the Group</p> <p>We undertake regular pay reviews within the local area to ensure our pay is competitive</p> <p>We are committed to protecting the health, safety, and welfare of our colleagues. Wellbeing in and out of work is important. Our occupational health teams work with organisations who cover a spectrum of support such as GroceryAid, our Employee Assistance Programme and Andy's Man Club</p> <p>Recognition awards within the Group were created with a view to recognising and celebrating colleagues who have gone above and beyond</p> <p>We provide support to our colleagues to ensure access to continued training through events such as adult learners week</p> <p>We have instigated new Health and Safety at work programmes such as our Safe 2 Move campaign</p>

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

Stakeholder	Why we engage	How we engage	What matters most to our stakeholders	How we are responding
<b><i>Our customers</i></b>				
	<p>We need to understand customer and consumer demands in order to create innovative products and respond to new trends</p> <p>By engaging and sharing ideas with customers we can identify new ways of working together</p>	<p>Key teams engage with customers in all areas to ensure effective communication</p>	<p>Our customers want quality products at a price that represent value for money underpinned by good levels of service</p> <p>Sustainability is an important consideration as our consumers focus on the overall impact of their food choices on the environment</p>	<p>We continue to focus on new product development to meet emerging consumer trends including changes in consumer demand patterns as a result of the cost of living crisis</p> <p>The Group works closely with retail customers to ensure we can address customer demand patterns and deliver mutually incentivising commercial structures</p> <p>Sustainability is hugely important both to us and our customers as we aim to meet sustainability expectations; we have focused plans and investments to be better under each of our 6 sustainability pillars of Environment; Sourcing; Products; Agriculture; Colleagues &amp; Community; and Investors</p> <p>Our customers want quality products delivered at consistent service levels. We engage with our customers to ensure consistent and stable supply chains</p>
<b><i>Our suppliers</i></b>				
	<p>We work closely with suppliers who share our values and beliefs in food safety, provenance and quality</p>	<p>Audits and visits</p> <p>Supplier policies</p>	<p>We need to ensure raw materials, ingredients and packaging are supplied at the right time to the right place and that the supply chain is transparent and sustainable on reasonable payment terms</p>	<p>We continue to undertake supplier audits to ensure the safety, traceability, quality and provenance of the raw materials that we use</p> <p>We source ingredients responsibly, aiming to minimise our impact on the environment and to respect the livelihoods of those working in our supply chain, both the poultry growers and in the supply of feed commodities</p>

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

Stakeholder	Why we engage	How we engage	What matters most to our stakeholders	How we are responding
<b>Trade bodies, industry and government groups</b>				
	<p>We work with many trade bodies including, British Poultry Council (BPC), Chilled Food Association (CFA), Red Tractor. We also actively engage in key industry groups such as Food Industry Intelligence Network (FIIN), Food Industry Initiatives on Antimicrobials (FIIA) and Food Network, Ethical Trade(FNET), and DEFRA and Public Health England (PHE) engaged through the Food Resilience Industry Forum</p>	<p>Our directors and senior management sit on steering committees, groups &amp; boards including co- chairing some prominent industry groups such as FIIN and the IGD Sustainable Diets Forum</p>	<p>BPC sets policies for the poultry industry; Red Tractor provides assurance that products are safe, traceable and farmed with care, and the RSPCA certifies higher welfare farming systems. FIIN shares industry Intelligence on Food integrity. FIIA supports farming practices for reduction and responsible use of antibiotics. FNET supports ethical trade and human rights especially in our supply chains</p>	<p>We continue to provide input, resources and leadership into these groups for the benefit of our business, the sectors we operate in and the food industry as a whole</p> <p>The Group has a comprehensive supplier management programme to assure the safety, quality and integrity of our end to end supply chain</p> <p>This programme encompasses physical audits, integrity testing and traceability challenges. In the last 12 months the supply chain team conducted 262 audits and 876 desk top approvals, completed 240 integrity and provenance tests and 283 traceability challenges.</p> <p>In addition to this, 332 audits of farms hatcheries and feed mills across our farming operations were completed, together with 300 traceability audits</p>
<b>Our communities</b>				
	<p>We produce from 16 facilities across the UK covering multiple towns and cities. We want to be part of these communities and give back where we can</p>	<p>Foodbank donations</p> <p>Working with local schools and universities</p> <p>Charity fundraising</p> <p>Providing employment</p>	<p>Local communities have a justifiable expectation that businesses operate safely and sustainably. We need to reduce edible food waste and increase the amount of food that can be shared in the community</p>	<p>We support a wide range of projects within our local communities</p> <p>We work with community groups such as FareShare or The Pantry to donate food or equipment to those within our local communities who need it most</p> <p>Some of our sites have signed the Armed Forces Covenant and have been awarded the bronze employer recognition award in recognition of their pledge to support Service Leavers and their spouses</p>

## BOPARAN HOLDINGS LIMITED

### Strategic report (continued)

Stakeholder	Why we engage	How we engage	What matters most to our stakeholders	How we are responding
<b><i>Our financial creditors, pension trustees and shareholders</i></b>				
	<p>The Group is funded through the public markets in conjunction with a supportive banking group.</p> <p>The Group has defined benefit <i>pension plans</i> that are currently in deficit (on an actuarial basis).</p> <p>Along with the shareholders, these external funders and pension trustees, these external stakeholders rely on timely, accurate and insightful reporting from the Group to manage their risks</p>	<p>Annual Financial Accounts</p> <p>Quarterly updates to lenders including trading updates, financial statement and outlook</p> <p>Regular update meetings with the Chair of the pension trustees</p> <p>Regular announcements and press releases</p> <p>Website including Investor Relations section</p>	<p>The commercial success and financial health of the Group is paramount to our lenders as they assess their appetite to support the Group going forward and our pension trustees, as they monitor our covenant strength.</p>	<p>We provide regular financial updates to key financial stakeholders to ensure they have the latest available information on our performance</p> <p>Regular investor roadshows throughout the financial year, including extensive Q&amp;A sessions outlining our strategies and results</p> <p>Further dialogue is via our Investor Relations team who respond to any further queries</p> <p>The Group regularly engages and updates the trustees with business performance and are actively engaged with the trustees on the ongoing liability and investment management of the schemes</p>

## **BOPARAN HOLDINGS LIMITED**

### **Strategic report (continued)**

#### **Going Concern**

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review included the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants.

The key factors considered by the directors were as follows:

- consideration of detailed forecasts prepared for the 12-month period from the date of approval of the annual financial statements and the application of sensitivities to those forecasts;
- the implications of the ongoing challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group's access to a committed bank facility and invoice discounting facility to meet day to day working capital requirements;
- the impact of COVID-19 on the business and its prospects;
- the potential impact of cost inflation, including the volatility in the prices of energy and industrial gases and the recovery of same from customers and the resultant expected impact on demand and volumes;
- the volatility in the wider UK economy and associated financial markets, and its potential impacts upon the cashflows and credit facilities for the business; and
- expected changes in customer demand patterns in response to the cost of living crisis.

The BHL Board is regularly updated on the evolving challenges within the UK manufacturing environment, and wider global supply chain, and continues to monitor developments closely.

The Group seeks to mitigate the ongoing disruption within the UK manufacturing sector specifically in the areas of inflationary pressures and ongoing constraints within the labour market through a combination of targeted commercial price recovery mechanisms and seeking greater efficiencies and simplification initiatives within its own operations. The Group maintains a commanding position within the UK poultry market specifically which enables the Group to maintain a strong position for passing through cost increases to UK food retailers.

The Group has a number of agreements in place with customers to pass through cost increase automatically through pricing. Whilst the magnitude of the increases and the speed of recovery could cause uncertainty in the cashflows in the short term, the Group has had success in passing through significant inflation over the last twelve months, and has a high level of confidence in its ability of the business to recover future inflation.

The directors have considered a sensitivity reflecting a net 20% reduction in base plan Adjusted EBITDA as a reasonable worst-case scenario; under this scenario, no breach is identified in respect of either cash or covenant headroom, with headroom remaining in this sensitised scenario.

Though the directors do not consider the operational performance presented in the reasonable worst-case scenario a likely outcome for the Group, it is prudent to consider that scenario.

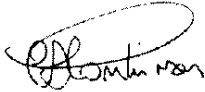
The key factor to consider when reviewing the reasonable downside scenario is the ability of the Group to meet its Adjusted EBITDA covenant test. The Group expects to meet a covenant test in each period including under a reasonable worst-case scenario.

As at the date of this report, having assessed a reasonable worst-case scenario the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, this report for financial year to 30 July 2022 has been prepared on a going concern basis.

**BOPARAN HOLDINGS LIMITED**

**Strategic report (continued)**

Approved by the Board of directors and signed by a director on its behalf

A handwritten signature in black ink, appearing to read 'C A Tomkinson', with a large, sweeping loop at the beginning.

C A Tomkinson  
Director  
26 October 2022



## **BOPARAN HOLDINGS LIMITED**

### **Governance Report**

For the year ended 30 July 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies.

#### **Principle 1 – Company purpose and values**

We started out from very humble beginnings in the early 1990s, and from there the Group has grown to become one of the leading food manufacturing companies in Europe, producing great quality, great value food.

We employ more than 15,000 colleagues drawn from over 40 nationalities to make some of the finest food in Britain - from poultry to pizza to pies and from ready meals to ranges of soup. Our teams, working at factories and office locations in England, Scotland, Wales, the Republic of Ireland, the Netherlands and Poland, and are the main reason why our company delivers day in, day out.

The Group's stated aim is to be the leading Poultry Plus business in Europe; our ambition is:

- To be one team where everyone counts;
- To buy for less, produce for less, sell more for less;
- For our customers to be at the heart of everything we do;
- To relentlessly innovate to the delight of our customers; and
- To make every penny count.

These are summarised in our ADART behavioural values relaunched in May 2019: Accountability, Discipline, Agility, Respect and Transparency.

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose. In this respect:-

- Shareholders are represented on the board to ensure an understanding of their views;
- We have identified the main stakeholders for BHL as being colleagues, customers, suppliers, bond holders, pension trustees & the Pension Regulator;
- We regularly engage with all stakeholders, with updates to colleagues at all levels on a regular basis; business reviews with customers and key suppliers; quarterly updates given to bond holders; regular meetings with pension trustees; updates on material events to the Pensions Regulator;
- We launched our ADART behaviours in May 2019 and these are included in on-going performance management; and
- We have an established whistleblowing procedure in place which are reported on in the SAG and Audit committees, thereby covering both financial and non financial governance; this was re-launched in June 2021.

#### **Principle 2 - Board composition**

The Group has a single management Board with several sub committees, each with different responsibilities and accountabilities. The roles of Chair, Chief Executive Officer and President are defined and distinct.

The main Board, led by a Non-Executive Chairman, provides the governance control for the business. The Chair is joined on the Board by the Chief Executive Officer, Chief Financial Officer, President, representatives of the ultimate shareholders and two other independent non-executive directors.

The Independent Non-Executive Directors of the Board are wholly independent in that they have no material business or relationships with the Company that might influence their independence or judgement.

The Chair plays a key role in providing the overall conditions and framework to allow the main Board to govern effectively. Board members represent a wide range of experiences, knowledge and disciplines appropriate for the organisation. Board meetings enable broad discussion, opinion and challenge and facilitate decision making.

In addition, certain governance responsibilities are delegated to Board sub committees. Richard Pennycook, the Chair, also chairs the Financing & Pensions Committee, on which the two other non-executive directors also sit. These two non-executive directors also sit on the Remuneration and Audit Committees, with the

## **BOPARAN HOLDINGS LIMITED**

### **Governance Report**

#### **Principle 2 - Board composition (continued)**

Audit Committee chaired by Ian Ellis and the Remuneration Committee chaired by David Gregory. David Gregory also chairs the Safety and Governance Committee.

#### **Principle 3 - Director responsibilities**

The Board and individual Directors have a clear understanding of their accountability and responsibilities. The board's policies and procedures support effective decision-making and independent challenge.

The Group looks to provide a strong governance framework to allow its Board and committees to make clear and considered decisions based on a full understanding of their accountability and responsibilities. The structure and organisation of the business is clearly defined and documented, and the Board has access to reports ahead of Board meetings to give opportunity to review and then challenge.

The main Board meets a minimum of eight times a year, supported by Audit and Safety & Governance committee meetings on at least a quarterly basis and Financing & Pension and Remuneration committee meetings as and when required.

The Board and committees receive regular and timely information to support their work, including reports on financial performance, commercial and market analysis, people and culture, health and safety, procurement, technical delivery, sustainability and risk status.

Integrity of information is critical in allowing the Directors to exercise their duties and responsibilities. Key financial information is collated from the Group's various accounting systems. The Group's finance function has appropriately qualified staff in each business to ensure the integrity of this information.

Financial controls are reviewed as part of an internal audit programme. Their work schedule is set each year in agreement with, and findings reported to, the Audit Committee.

#### **Principle 4 - Opportunity and risk**

The Board looks to promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

The Group seeks to deliver profitable growth opportunities that will benefit all its stakeholders whilst mitigating risks that may arise and is focussed on creating long term value.

##### Opportunity

The main Board develops, documents and communicates the business strategy. This optimises opportunities identified for the Group to develop and improve its products and services for its customers, as well as its performance and operations. Please see the Strategic Report for further information.

##### Risk

The Group is currently developing and strengthening its risk management framework to mitigate the risks faced by the business, with internal controls reviewed by the Group's Internal Audit function and reported on to the Audit Committee. The Group's key operational risks are described in the Strategic Report, with risk reviews undertaken and reviewed by the Audit Committee.

Performance of each business is reviewed by the CEO & CFO at monthly business performance review ("BPR"); KPIs for each business, and each site are developed and reviewed as part of the BPR.

##### Responsibilities

The Group has a documented "Board book" to provide a framework of rules, processes and delegated authorities. Responsibility for day-to day financial and operational control rests with the divisional management. However, certain decisions are reserved to the main board or a relevant sub-committee. This ensures that all expenditure, investments and commitments are subject to appropriate review and approval by the business.

## **BOPARAN HOLDINGS LIMITED**

### **Governance Report**

#### **Principle 5 – Remuneration**

The Board looks to promote executive remuneration structures aligned to the long-term sustainable success of the company, taking into account pay and conditions elsewhere in the Group and the wider industry. The Remuneration Committee has the responsibility for managing Executive and Senior Management remuneration.

The Remuneration Committee's primary objectives are to set the policy and strategy for the remuneration and development of key members of the central and divisional management teams. This is intended to ensure that we have the best people in our business. The remuneration policy shall cover:

- (i) base salary;
- (ii) performance related remuneration to align the interest of the Directors and the Shareholders and reward their individual contributions to the success of the company;
- (iii) benefits in kind; and
- (iv) pensions.

The Remuneration Committee also approves the design of, and determines the targets for, any performance related incentive schemes and approves the calculation and payment of all awards.

The Group is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit.

#### **Principle 6 - Stakeholders**

The Directors foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

For details of how we engage with our stakeholders please see the section 172 (1) statement that forms part of this report by cross reference.

## **BOPARAN HOLDINGS LIMITED**

### **Directors' Report**

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 July 2022.

#### **Directors**

The directors of the Company who served during the period ended 30 July 2022 and up to the date of signing the financial statements are those listed on page 1.

The Group has made qualifying third party indemnity provisions for the benefit of the directors which remain in force at the date of this report.

#### **Dividends**

No dividends have been declared or paid for the period ending 30 July 2022 or in the period to the date of signing of these financial statements. There were also no dividends declared or paid in respect of the period ending 31 July 2021.

#### **Financial risk management**

The financial risks faced by the Group and the measures taken to reduce these risks are addressed within the Strategic report on page 8 and form part of this report by cross-reference.

#### **Donations**

The Group made £15k of charitable donations during the period (2021: £8k) to charities which the directors deem it appropriate to support.

#### **Future developments**

Details of future prospects of the Group can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

#### **Employees**

Details of the number of employees and related costs can be found in note 7.

The Group takes its responsibilities to its employees seriously and places great emphasis on optimising the contribution made by employees at all levels. The Group recognises the value of its employees and seeks to create an energetic, dynamic and responsive environment in which to work. It places considerable importance on communications with employees, which occur throughout the organisation on both a formal and informal basis. The Group's policy is to provide opportunities for active participation and personal development, with the goals of motivating individuals and helping them to enhance their skills and maximise their potential.

The Group is committed to:

- providing equality of opportunity for all existing and potential employees. It aims to treat all of its employees fairly in every aspect of employment;
- ensuring that employees have access to information and training that enables them to contribute and participate fully in the Group's achievement of its objectives; and
- providing employees with clear and fair terms of employment and competitive remuneration packages.

The Company uses a variety of methods to enable its employees to understand the performance of the Group and of their own operating business unit. These include briefing groups, meetings with employee representatives, e-mail bulletins and in-house magazines. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting the businesses in which they work.

## **BOPARAN HOLDINGS LIMITED**

### **Directors' report (continued)**

#### **Employees (continued)**

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

#### **Sustainability**

As a leading food business, we recognise that success means anticipating the impacts of climate change and the pressures on the world's resources, and building sustainability into our business strategy. Our strategy is informed by the UN Sustainable Development Goals, a framework to promote prosperity while protecting the planet.

In terms of reducing our environmental impact, we have set targets to reduce greenhouse gas (GHG) emissions, energy and water use within our processing and manufacturing operations. We have made a public commitment to reduce the amount of plastic we use and ensure that 90% of the plastic in our product packaging is recyclable. We are measuring the GHG emissions of our UK poultry and exploring means to make reductions in its carbon footprint. Through the IGD/WRAP Food Waste Reduction Roadmap, we have committed to halve food waste in our operations by 2030. By sourcing ingredients responsibly, we aim to minimise our impact on the environment and respect the livelihoods of those working in our supply chains; we apply the same approach to feed commodities such as soymeal. It is our ambition to be the employer of choice within the Food Manufacturing Industry and to be welcomed and seen as a key part of the local community in which we operate

The UK is already experiencing the impacts of climate change and can anticipate further alterations to our climate even if globally we achieve the ambitions of the Paris Agreement and limit warming to 1.5oC.

We have identified a number of climate change related risks to our business including both acute and chronic physical risks.

Acute risks include heavy and prolonged rainfall with the potential for flooding. During the summer months there is the risk of high temperatures which could put pressure on maintenance of the chill chain for food and raw materials, and impact production cycles in our agriculture supply base.

On a practical level we are also focusing our plans and investments both to address the short term impacts such as the excessive heat seen this summer to putting in place a road map to achieve our Net Zero ambition.

Chronic risks include availability of sufficient water in our processing facilities and agricultural supply chains, and management of waste water and effluent to avoid damage to ecosystems. Extension of seasonal pest and disease cycles are a further chronic risk to our supply chains.

The business is taking steps to mitigate the impacts of climate change such as infrastructure improvements, upgrading refrigeration plant at processing sites and implementing targets for resource efficiency as outlined above. The wellbeing of colleagues in our facilities and supply chains is a priority in all scenarios.

#### **Energy consumption**

<b>Period</b>	<b>Total UK energy consumption Kwh</b>	<b>UK energy consumption Kwh per tonne product</b>
2021/22	486,031,693	547.4
2020/21	593,082,290	618.9
2019/20	658,600,643	652.5

## **BOPARAN HOLDINGS LIMITED**

### **Directors' report (continued)**

#### **Sustainability (continued)**

##### **GHG emissions**

<b>Period</b>	<b>Total UK GHG emissions tonnes CO2e</b>	<b>UK GHG emissions tonnes CO2e per tonne product</b>
2021/22	137,445.7	0.154
2020/21	130,476.8	0.136
2019/20	148,253.5	0.147

On the above GHG emissions figures show an increase in FY21-22 from FY20-21 due to inclusion of CO2e used for stunning process at slaughterhouses. If the GHG emissions figures had been prepared on a like for like basis with FY20-21, the total UK GHG emissions tonnes CO2e would have been 122,772 and 0.1383 tonnes CO2e per tonne product.

2 Sisters Food Group are preparing for Phase 3 of the Energy Savings Opportunities Scheme. All surveys shall be completed by December 2023.

Manufacturing and processing sites were previously provided with a report detailing energy saving opportunities from Phase 2 of the ESOS scheme. Energy efficiency measures taken at sites, both in the current year and prior year include switching to energy efficient lighting systems, improvements to efficiency of refrigeration and boilers, lagging of pipework, management of air compressors and installation of inverters. These measures have been guided by individual ESOS recommendations at each site rather than a single Group wide approach.

##### **Research and development**

Throughout the period the Group invested across the business in food hygiene and product research in the development of new and enhanced products. The costs incurred in the period of £0.6m (2021: £1.0m) comprise all directly attributable costs necessary to create and produce new products which are both brand new in design and those being modified.

##### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## **BOPARAN HOLDINGS LIMITED**

### **Directors' report (continued)**

#### **Auditor**

Deloitte LLP acted as auditor for the 52 weeks ended 30 July 2022 and have expressed their willingness to continue in office as auditor of the Company. A resolution proposing their reappointment will be submitted at the Company's annual general meeting.

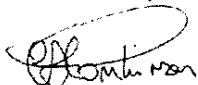
#### **Post balance sheet events**

There have been no subsequent events since the balance sheet date.

#### **Going concern**

Details of the going concern basis of preparation of the Group can be found in the Strategic Report on page 13 and form part of this report by cross-reference.

Approved by the Board of directors and signed by a director on its behalf



C A Tomkinson  
Director  
26 October 2022

## **BOPARAN HOLDINGS LIMITED**

### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of Boparan Holdings Limited**

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

#### **Opinion**

In our opinion the financial statements of Boparan Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 July 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 34.

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).

#### **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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Assessed the design and implementation around management's process in determining the going concern conclusion;
- Reviewed and challenged management's forecasts and budgets for a minimum of a 12 month period post approval of the financial statements;
- Performed testing of the arithmetic accuracy of the model used for the forecasts;
- Considered both the liquidity and covenant headroom within the forecasts against available finance facilities coupled with analysing and challenging the impact of any changes in assumptions through sensitivity analysis and management's reverse stress test and break case;
- Reviewed post year-end management accounts up to the date of signing to compare post year-end performance to forecasts and understood the key variances to the forecast (up to period 1 at the date of issuance of this report);

## **Independent auditor's report to the members of Boparan Holdings Limited**

- Assessed the impact of the ongoing political and economic factors happening in the world and ensuring management have appropriately considered the impact of this in their forecasts and board papers; including but not limited to; cost of living crisis, energy rises and interest rates;
- Reviewed and challenge management's board paper of the going concern assessment; and
- Reviewed the disclosures that management have included in the financial statement and conclude whether these are in line with the results of the forecasts and sensitivities performed.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

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

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

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

## **Independent auditor's report to the members of Boparan Holdings Limited**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Health and Safety at work legislation, Data Protection Act, Pension Legislation, Food Hygiene Act, Grocery Supply Code of Practice and Sales of Goods Act.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Completeness of the deductions to revenue for commercial accruals. We have performed recalculations of a sample of amounts accrued based on sales and volume data to check that the retrospective deductions have been made. A review has been performed of post year end debit notes to ensure an accrual was in place at the year-end date where required. Furthermore, we have reviewed a sample of commercial agreements to ensure the deductions are being made in line with the contract terms and we have performed checks over the completeness of accruals and related commercial agreements. We have also assessed the design and implementation of the key controls surrounding this process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports and reviewing correspondence with HMRC.

**Independent auditor's report to the members of Boparan Holdings Limited**  
**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**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.

*Kate Darlison*

Kate Darlison FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

26 October 2022

# BOPARAN HOLDINGS LIMITED

## Consolidated profit and loss account For the 52 weeks ended 30 July 2022

		52 weeks ended 30 July 2022	52 weeks ended 30 July 2022	52 weeks ended 31 July 2021	52 weeks ended 31 July 2021
		£m	£m	£m	£m
	Note				
<b>Turnover</b>	3		2,755.5		2,609.5
Cost of sales			(2,401.0)		(2,290.6)
<b>Gross profit</b>			354.5		318.9
Distribution costs			(185.2)		(181.1)
Administrative expenses:					
- before exceptional items		(131.5)		(131.8)	
- exceptional items	5	(3.0)		(28.7)	
Total administrative expenses			(134.5)		(160.5)
Operating profit:					
- before exceptional items		37.8		6.0	
- exceptional items	5	(3.0)		(28.7)	
<b>Operating profit / (loss)</b>			34.8		(22.7)
(Loss) / profit on disposal of operations	15		(20.5)		137.8
Share of operating profit from associate and joint venture	14		1.1		0.1
Net finance charge	4		(48.8)		(62.6)
<b>(Loss) / profit before taxation</b>	3, 6		(33.4)		52.6
Taxation credit / (charge)	9		0.1		(62.6)
<b>Loss for the financial period</b>			(33.3)		(10.0)
<b>Loss for the period attributable to:</b>					
Non-controlling interest			0.6		0.2
Equity shareholders of the Company			(33.9)		(10.2)
			(33.3)		(10.0)

# **BOPARAN HOLDINGS LIMITED**

## **Consolidated statement of comprehensive income For the 52 weeks ended 30 July 2022**

		<b>52 weeks ended 30 July 2022 £m</b>	<b>52 weeks ended 31 July 2021 £m</b>
	Note		
<b>Loss for the financial period</b>		<b>(33.3)</b>	<b>(10.0)</b>
Cash flow hedges:			
Loss arising during the period		-	(9.0)
Less: reclassified to profit and loss	4	-	18.6
Dividend paid to minority interest		(1.2)	-
Remeasurement of net defined benefit pension liability	30	109.7	80.1
Currency translation difference on foreign currency net investments		(2.9)	(5.0)
		<b>105.6</b>	<b>84.7</b>
Tax relating to components of other comprehensive income	9	(17.2)	68.8
<b>Other comprehensive income for the period</b>		<b>88.4</b>	<b>153.5</b>
<b>Total comprehensive income for the period</b>		<b>55.1</b>	<b>143.5</b>
<b>Total comprehensive gain for the period attributable to:</b>			
Non-controlling interest		(0.6)	0.2
Equity shareholders of the Company		55.7	143.3
		<b>55.1</b>	<b>143.5</b>

# BOPARAN HOLDINGS LIMITED

## Consolidated balance sheet As at 30 July 2022

	Note	30 July 2022 £m	31 July 2021 £m
<b>Fixed assets</b>			
Intangible fixed assets	12	96.2	110.5
Tangible fixed assets	13	246.9	273.5
Investment in associate	14	6.3	5.4
Investment in joint venture	14	3.5	3.3
		<u>352.9</u>	<u>392.7</u>
<b>Current assets</b>			
Inventories	16	73.8	71.1
Debtors	17	181.7	170.8
Deferred tax asset due after more than one year	18	54.6	64.1
Cash at bank and in hand		<u>36.5</u>	<u>38.8</u>
		<u>346.6</u>	<u>344.8</u>
<b>Creditors: amounts falling due within one year</b>	19	(389.1)	(406.6)
<b>Net current liabilities</b>		(42.5)	(61.8)
<b>Total assets less current liabilities</b>		310.4	330.9
<b>Creditors: amounts falling due after more than one year</b>	20	(522.9)	(475.9)
<b>Provisions for liabilities</b>	22	(6.1)	(8.6)
<b>Net liabilities excluding pension liability</b>		<u>(218.6)</u>	<u>(153.6)</u>
Pension scheme net deficit	30	(8.0)	(128.1)
<b>Net liabilities</b>		<u>(226.6)</u>	<u>(281.7)</u>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Share premium account	25	132.6	132.6
Profit and loss account		(361.0)	(416.7)
<b>Shareholders' deficit</b>		<u>(228.4)</u>	<u>(284.1)</u>
Non-controlling interest		1.8	2.4
<b>Total capital employed</b>		<u>(226.6)</u>	<u>(281.7)</u>

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 26 October 2022. They were signed on its behalf by:



C A Tomkinson  
Director  
Company Number 03558065

# BOPARAN HOLDINGS LIMITED

## Consolidated statement of changes in equity At 30 July 2022

### Equity attributable to equity shareholders of the Company

	Called-up share capital £m	Share premium account £m	Cash flow hedge £m	Profit and loss account £m	Non- controlling interest £m	Total capital employed £m
<b>At 1 August 2020</b>	-	132.6	(9.6)	(550.4)	2.2	(425.2)
(Loss) / profit for the financial period	-	-	-	(10.2)	0.2	(10.0)
Cash flow hedges:						
Gains arising during the period	-	-	(9.0)	-	-	(9.0)
Less: reclassified to profit and loss (note 4)	-	-	18.6	-	-	18.6
Remeasurement of net defined benefit pension liability (note 30)	-	-	-	80.1	-	80.1
Currency translation difference on foreign currency net investments	-	-	-	(5.0)	-	(5.0)
Tax relating to components of other comprehensive income (note 9)	-	-	-	68.8	-	68.8
<b>Total comprehensive income</b>	-	-	9.6	133.7	0.2	143.5
<b>At 31 July 2021</b>	-	132.6	-	(416.7)	2.4	(281.7)
(Loss) / profit for the financial period	-	-	-	(33.9)	0.6	(33.3)
Cash flow hedges:						
Remeasurement of net defined benefit pension liability (note 30)	-	-	-	109.7	-	109.7
Currency translation difference on foreign currency net investments	-	-	-	(2.9)	-	(2.9)
Dividend paid to minority interest	-	-	-	-	(1.2)	(1.2)
Tax relating to components of other comprehensive income (note 9)	-	-	-	(17.2)	-	(17.2)
<b>Total comprehensive income / (loss)</b>	-	-	-	55.7	(0.6)	55.1
<b>At 30 July 2022</b>	-	132.6	-	(361.0)	1.8	(226.6)



## BOPARAN HOLDINGS LIMITED

### Consolidated cash flow statement At 30 July 2022

	Note	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	57.8	(41.1)
Taxation paid		(3.9)	(0.1)
<b>Net cash flows from operating activities</b>		<b>53.9</b>	<b>(41.2)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(26.2)	(38.2)
Disposal of operations		(2.3)	254.2
Capital grants		-	(0.7)
Dividend paid to associate		(1.2)	-
<b>Net cash flows from investing activities</b>		<b>(29.7)</b>	<b>215.3</b>
<b>Cash flows from financing activities</b>			
Repayments of obligations under finance leases		(2.2)	(7.3)
Revolving credit facility drawdown		-	25.0
Revolving credit facility repaid		(25.0)	-
New bond finance		35.5	475.0
Redemption of loans and bonds		-	(712.6)
New loans received		10.0	-
Disposal of derivative instrument		-	14.1
Interest paid		(44.3)	(58.6)
<b>Net cash flows from financing activities</b>		<b>(26.0)</b>	<b>(264.4)</b>
<b>Net decrease in cash and cash equivalents</b>	26, 27	<b>(1.8)</b>	<b>(90.3)</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
		<b>38.8</b>	<b>130.3</b>
Net decrease in cash and cash equivalents during the period		(1.8)	(90.3)
Effect of foreign exchange rate changes		(0.5)	(1.2)
<b>Cash and cash equivalents at the end of the period</b>	28	<b>36.5</b>	<b>38.8</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		36.5	38.8
Cash and cash equivalents		36.5	38.8

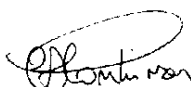
## BOPARAN HOLDINGS LIMITED

### Company balance sheet At 30 July 2022

	Note	30 July 2022 £m	31 July 2021 £m
<b>Fixed assets</b>			
Investments	14	764.8	144.9
<b>Current assets</b>			
Debtors (due after more than one year)	17	457.6	1,062.5
Cash at bank and in hand		-	0.9
		<u>457.6</u>	<u>1,063.4</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,153.1)</u>	<u>(1,133.4)</u>
<b>Net current assets</b>		<u>(695.5)</u>	<u>(70.0)</u>
<b>Total assets less current liabilities</b>		<u>69.3</u>	<u>74.9</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>(9.1)</u>	<u>-</u>
<b>Net assets</b>		<u><u>60.2</u></u>	<u><u>74.9</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Share premium account	25	132.6	132.6
Cash flow hedge reserve		-	-
Profit and loss account		<u>(72.4)</u>	<u>(57.7)</u>
<b>Shareholders' funds</b>		<u><u>60.2</u></u>	<u><u>74.9</u></u>

The loss for the financial year dealt with in the financial statements of the parent Company was £14.7m (2021: loss of £43.3m).

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 26 October 2022. They were signed on its behalf by:



C A Tomkinson  
Director

# **BOPARAN HOLDINGS LIMITED**

## **Company statement of changes in equity At 30 July 2022**

### **Equity attributable to equity shareholders of the Company**

	Called-up share capital £m	Share premium account £m	Cash flow hedge reserve £m	Profit and loss account £m	Total capital employed £m
<b>At 1 August 2020</b>	-	132.6	(9.9)	(13.6)	109.1
Loss for the financial period	-	-	-	(43.3)	(43.3)
Cash flow hedges:					
Gains arising during the period	-	-	(9.0)	-	(9.0)
Less: reclassified to profit or loss	-	-	18.9	-	18.9
Deferred tax asset on pension	-	-	-	(0.8)	(0.8)
<b>Total comprehensive income / (expense)</b>	-	-	9.9	(44.1)	(34.2)
<b>At 31 July 2021</b>	-	132.6	-	(57.7)	74.9
Loss for the financial period	-	-	-	(14.7)	(14.7)
<b>Total comprehensive expense</b>	-	-	-	(14.7)	(14.7)
<b>At 30 July 2022</b>	-	132.6	-	(72.4)	60.2

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies**

##### **Basis of accounting**

Boparan Holdings Limited is a company incorporated in the United Kingdom and prepares its financial statements under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the group's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling, because that is the currency of the primary economic environment in which the Company operates. These financial statements are also presented in pounds sterling.

##### *Parent company disclosure exemptions*

Boparan Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The Company is consolidated in the financial statements of its ultimate parent, Boparan Holdco Limited, which may be obtained from their registered office at Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings at 30 July 2022 using acquisition accounting.

The results of subsidiary undertakings acquired or disposed of during a financial period are included from, or up to, the effective date of an acquisition or disposal.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

##### **Going Concern**

In determining whether the Group's annual financial statements can be prepared on a going concern basis, the directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review included the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Going Concern (continued)**

The key factors considered by the directors were as follows:

- consideration of detailed forecasts prepared for the 12-month period from the date of approval of the annual financial statements and the application of sensitivities to those forecasts;
- the implications of the ongoing challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group's access to a committed bank facility and invoice discounting facility to meet day to day working capital requirements;
- the impact of COVID-19 on the business and its prospects;
- the potential impact of cost inflation, including the volatility in the prices of energy and industrial gases and the recovery of same from customers and the resultant expected impact on demand and volumes;
- the volatility in the wider UK economy and associated financial markets, and its potential impacts upon the cashflows and credit facilities for the business; and
- expected changes in customer demand patterns in response to the cost of living crisis.

The BHL Board is regularly updated on the evolving challenges within the UK manufacturing environment, and wider global supply chain, and continues to monitor developments closely.

The Group seeks to mitigate the ongoing disruption within the UK manufacturing sector specifically in the areas of inflationary pressures and ongoing constraints within the labour market through a combination of targeted commercial price recovery mechanisms and seeking greater efficiencies and simplification initiatives within its own operations. The Group maintains a commanding position within the UK poultry market specifically which enables the Group to maintain a strong position for passing through cost increases to UK food retailers.

The Group has a number of agreements in place with customers to pass through cost increase automatically through pricing. Whilst the magnitude of the increases and the speed of recovery could cause uncertainty in the cashflows in the short term, the Group has had success in passing through significant inflation over the last twelve months, and has a high level of confidence in its ability of the business to recover future inflation.

The directors have considered a sensitivity reflecting a net 20% reduction in base plan Adjusted EBITDA as a reasonable worst-case scenario; under this scenario, no breach is identified in respect of either cash or covenant headroom, with headroom remaining in this sensitised scenario.

Though the directors do not consider the operational performance presented in the reasonable worst-case scenario a likely outcome for the Group, it is prudent to consider that scenario.

The key factor to consider when reviewing the reasonable downside scenario is the ability of the Group to meet its Adjusted EBITDA covenant test. The Group expects to meet a covenant test in each period including under a reasonable worst-case scenario.

As at the date of this report, having assessed a reasonable worst-case scenario the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, this report for financial year to 30 July 2022 has been prepared on a going concern basis.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax (VAT) and other sales related taxes.

The Group provides trade discounts, primarily in the form of rebate arrangements or other incentive arrangements, to its customers. The arrangements can take the form of volume related rebates, marketing fund contributions, promotional fund contributions or lump sum incentives. The Group recognises revenue net of such discounts over the period to which the arrangement applies.

Sales of goods are recognised when goods are delivered and title has passed, and to the extent that sales are invoiced in advance of delivery, income is deferred.

##### **Supplier rebates**

The Group enters into rebate arrangements with its suppliers. The arrangements are primarily volume related. The supplier rebates received are recognised as a deduction from cost of sales (or administration or distribution costs if more appropriate), based on the entitlement that has been earned up to the balance sheet date, for each relevant supplier arrangement. The carrying value of inventory is reduced by any associated supplier rebate amount where the inventory has yet to be sold at the balance sheet date.

##### **Net financing charges**

Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at the effective interest rate applicable on the carrying amount.

The net impact of the unwinding of the discount rate on the net pension scheme liability is charged to interest payable in the profit and loss account.

##### **Borrowing costs**

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. The Group has not adopted the policy of capitalising borrowing costs into the cost of tangible fixed assets, and therefore all borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

##### **Borrowing costs for loans**

Financial liabilities are initially recognised at fair value, less any directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method.

##### **Research and development**

Research and development costs are expensed in the period to which they relate. Costs comprise all directly attributable costs necessary to create and produce new products which are both brand new in design and those being modified. Costs classified as research and development include raw materials, labour costs, artwork origination and market research directly attributable to developing the product.

##### **Government grants**

Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Exceptional items**

In order to ensure comparability between the Group's results year on year, the Directors present certain items separately in exceptional items, so that the reader of the accounts can better understand the performance of the business.

The decision to present an item as exceptional is a judgement of the Directors. The directors make their assessment based on the nature of the item, the cause of the occurrence and the scale of impact of that item on the reported performance. Certain items classified as exceptional are non-recurring or of such a significant size they would distort the results of any particular period.

Other items highlighted as exceptional such as restructuring costs can involve multi-year programmes; in such cases the umbrella programme to which the costs relate is also taken into account in this assessment of the presentation as exceptional.

For further information on items disclosed in the period see note 5.

##### **Foreign currencies**

###### **(a) Functional and presentation currency**

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

###### **(b) Transactions and balances**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

###### **(c) Group companies**

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit and loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks;
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (thereby forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

##### **Taxation**

Current tax, both UK and overseas, is recognised for the amounts payable (or receivable) in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Taxation (continued)**

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less / (more) than the value at which it is recognised, a deferred tax liability / (asset) is recognised for the additional tax that will be paid / (avoided) in respect of that difference.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if:

- (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### **Goodwill**

Goodwill arising on acquisition, representing the difference between the cost and the fair value of the net assets acquired in a business combination is capitalised in the period of acquisition and written off on a straight line basis over its useful economic life which is estimated to be twenty years. Provision is made for any impairment.

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses.

Negative goodwill is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair value of non-monetary assets acquired is credited to the profit or loss account in the period it is expected to benefit.

##### **Software**

Software separately acquired, including computer software which is not an integral part of an item of hardware, is stated at cost less accumulated amortisation. Cost comprises purchase price and other directly attributable costs.

Software is recognised as an asset only if it meets the following criteria:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the development cost / acquisition cost of the asset can be reliably measured.



## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Software (continued)**

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss

Costs relating to the development of software for internal use are capitalised once the recognition criteria outlined above are met.

Software is amortised over its expected useful life, which ranges from three to seven years. Amortisation commences when the asset is ready for use.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets 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.

No depreciation is provided on land. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The principal annual rates used for other assets are:

Freehold properties	2% - 5%
Leasehold properties	2% - 20%
Plant, fixtures and motor vehicles	6.66% - 25%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

##### **Leased assets**

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives.

The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease, are similarly spread on a straight-line basis over the lease term.

##### **Sale and leaseback**

When a sale and leaseback transaction results in a finance lease no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by future lease payments at below market price. In that case, any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

##### **Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### **Investments**

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment.

##### **Associates**

In the Group financial statements, investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate.

##### **Joint ventures**

In the Group financial statements, investments in joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of the joint venture's profits less losses, with the Group's share of the net assets of the joint venture being shown in the consolidated balance sheet.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective inventory where appropriate.

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

###### **Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Financial instruments (continued)**

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **Derivative financial instruments**

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received, net of direct issue costs.

##### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at their present value and at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

##### **Pension schemes**

###### *Defined contribution pension schemes*

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

##### **Pension schemes (continued)**

###### *Defined benefit pension schemes*

The Group operates a number of defined benefit pension schemes; the UK and Irish schemes are closed to future benefit accrual.

If the present value of the any defined benefit obligation is less than the fair value of plan assets at that date, such that the plan has a surplus, the plan surplus will be recognised as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

For defined benefit schemes, the amounts charged to operating profit are the costs arising from settlements and curtailments. They are included as part of staff costs.

The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the defined benefit liability) are recognised immediately in other comprehensive income. Costs of administering the closed defined benefit schemes are charged to administration costs.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

###### *Post-retirement healthcare*

The Group provides post-retirement healthcare benefits to eligible employees who retired before 31 March 1999. The expected cost of this benefit has been computed using an accounting methodology similar to that for defined benefit pension schemes. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full in the period in which they occur. They are recognised outside the profit and loss account and presented in the statement of total recognised gains and losses. These obligations are valued annually for the purpose of the financial statements by independent qualified actuaries.

##### **Dividends**

Dividend distributions to the Company's shareholders are recognised in the Group and Company financial statements as follows:

- > Final dividend: when approved by the Company's shareholders at the annual general meeting;
- > Interim dividend: when paid by the Company.

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 Group and the amount of revenue can be measured reliably).

##### **Reserves**

The Group and Company's reserves are as follows:

- > Called up share capital reserve represents the nominal value of the shares issued.
- > The share premium account includes the premium on issue of equity shares, net of any issue costs.
- > The cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging foreign exchange risk. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.
- > Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **1. Accounting policies (continued)**

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

The Group has taken advantage of the exemption under FRS 102 Section 33.1A 'Related Party Disclosures' and has not disclosed transactions or balances between wholly owned subsidiary undertakings.

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. During the year, management reassessed the critical estimates and critical judgements and resolved that the following were no longer considered critical.

Customer rebates – management has considered each element that makes up the accounting for customer rebates as at the year end and decided that assumptions used to estimate the balance sheet position were not sensitive enough to change the accounting materially hence customer rebates are no longer considered a critical estimate.

##### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### *Impairment of goodwill, intangible and tangible assets*

The Group determined based on the criteria in FRS 102 that there are no indicators of impairment identified at the balance sheet date in respect of goodwill, intangibles and tangible assets. In reaching this judgement, management considered the external market and business unit performance. As this was the conclusion reached, management was not required to complete an assessment of the recoverable amount of the assets and therefore the critical estimate previously identified is not considered relevant in the current period.

##### **Derby / Sunderland agency agreement**

As part of the transfer of the goodwill and certain assets of two manufacturing sites in the Poultry division to Bernard Matthews Foods (Derby) Limited and Bernard Matthews Foods (Sunderland) Limited ("each entity") a transitional services agreement was entered into in order for the Group to provide invoice processing, receipts, payments and cash processing to each entity.

The directors have assessed the terms of the contractual arrangements in respect of sales invoicing to determine whether the group has promised to provide the specific goods and services itself (as principal) or on behalf of another party (as agent). The directors have concluded that the Group acts as agent on behalf of each entity and accordingly there is no revenue recognised in respect of the sale invoices processed on behalf of each entity. The directors have also assessed the terms of the contractual arrangements in respect of purchasing on behalf of each entity. The critical judgement relates to whether the Group has any liability in respect of these purchases. The directors have concluded that the Group is able to avoid, legally or commercially, an outflow of benefit and therefore there is no liability recognised.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### **Key source of estimation uncertainty**

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

##### *Defined benefit pension schemes*

The Group operates a number of defined benefit pension schemes. The actuarial valuations of these schemes are reliant on a number of assumptions, including the discount rate, the inflation rate and the mortality rate. The assumptions applied as part of these valuations are based on forecasted trends and are closely monitored by the Group.

The most recent actuarial valuations of these schemes and the present value of the defined benefit obligations for the purpose of the financial statements were carried out at 30 July 2022 by independent qualified actuaries. The directors have conducted sensitivity analysis around the key assumptions; if the discount rate were to increase by 0.1%, this could decrease the pension scheme net deficit by approximately £17.0m. Further details of the principal actuarial assumptions used in calculating the defined benefit pension deficit are given in note 30.

##### *Frozen stock provision*

At the balance sheet date the directors have made a reasonable estimate of an appropriate level of provision against the value of certain products within the UK poultry frozen inventory balance. This estimate is based on expected NRV less further costs to sell, at balance sheet date. This is based upon recent market price intelligence and internal knowledge and experience.

##### *Recognition of deferred tax assets*

The Group recognised a deferred tax asset of £54.6m (2021: £64.1m) at the period end. The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The total deferred tax asset of £187.4m (2021: £188.7m) relates to timing differences on pensions, capital allowances, short term timing differences, corporate interest expense and capital losses. Of this amount £54.6m (2021: £64.1m) has been recognised on pensions and capital allowances. Recognition involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. The Group has considered the impact and assumptions used in these calculations and has conducted sensitivity analysis to ensure the recognition of these deferred tax assets is appropriate. Details of deferred tax assets including amounts recognised at the period end can be found in note 18.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 3. Turnover and segmental information

##### Turnover

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
Poultry	2,189.3	1,994.1
Meals and Bakery	566.2	615.4
Total	<u>2,755.5</u>	<u>2,609.5</u>

All turnover relates to the Group's principal activity of food manufacturing.

##### Adjusted EBITDA

	Note	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
Poultry		64.1	33.3
Meals and Bakery		35.4	43.0
Total Group Adjusted EBITDA		<u>99.5</u>	<u>76.3</u>
Exceptional items	5	(3.0)	(28.7)
Depreciation	13	(44.1)	(52.4)
Amortisation of intangible assets	12	(12.6)	(14.3)
Share of profit from associate and joint venture	14	(1.1)	(0.1)
Pension scheme administration costs	30	(3.9)	(3.5)
Operating profit / (loss)		<u>34.8</u>	<u>(22.7)</u>
(Loss) / profit on disposal of operations	15	(20.5)	137.8
Share of profit from associate and joint venture	14	1.1	0.1
Net finance charge	4	(48.8)	(62.6)
(Loss) / profit before taxation		<u>(33.4)</u>	<u>52.6</u>



# BOPARAN HOLDINGS LIMITED

## Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

### 3. Turnover and segmental information (continued)

	Poultry £m	Meals and Bakery £m	Group £m
<b>Other information - 52 weeks ended 30 July 2022</b>			
Depreciation	30.0	14.1	44.1
Impairment of tangible fixed assets	-	3.8	3.8
Amortisation of intangible assets	10.3	2.3	12.6

	Poultry £m	Meals and Bakery £m	Group £m
<b>Other information - 52 weeks ended 31 July 2021</b>			
Depreciation	35.3	17.1	52.4
Impairment of tangible fixed assets	12.9	11.6	24.5
Amortisation of intangible assets	11.3	3.0	14.3

	Assets £m	Liabilities £m	30 July 2022 Total £m	Assets £m	Liabilities £m	31 July 2021 Total £m
Poultry	407.2	(279.8)	127.4	405.1	(254.8)	150.3
Meals and Bakery	183.8	(81.7)	102.1	207.2	(95.5)	111.7
<b>Operating assets / (liabilities)</b>	<b>591.0</b>	<b>(361.5)</b>	<b>229.5</b>	<b>612.3</b>	<b>(350.3)</b>	<b>262.0</b>
<b>Unallocated corporate assets:</b>						
Cash at bank and in hand	36.5	-	36.5	38.8	-	38.8
Corporate other receivables	17.1	-	17.1	21.3	-	21.3
Deferred tax assets	54.6	-	54.6	64.1	-	64.1
Corporate intangible assets	0.3	-	0.3	1.0	-	1.0
<b>Unallocated corporate liabilities:</b>						
Total borrowings (note 21)	-	(530.7)	(530.7)	-	(510.3)	(510.3)
Pension scheme net deficit	-	(8.0)	(8.0)	-	(128.1)	(128.1)
Current taxation liabilities	-	(5.7)	(5.7)	-	(2.2)	(2.2)
Corporate other payables	-	(19.8)	(19.8)	-	(28.3)	(28.3)
Derivatives	-	(0.4)	(0.4)	-	-	-
<b>Total assets / (liabilities)</b>	<b>699.5</b>	<b>(926.1)</b>	<b>(226.6)</b>	<b>737.5</b>	<b>(1,019.2)</b>	<b>(281.7)</b>

# BOPARAN HOLDINGS LIMITED

## Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

### 3. Turnover and segmental information (continued)

	Turnover by destination		Turnover by origin		(Loss) / profit before tax		Net liabilities	
	<b>52 weeks ended 30 July 2022 £m</b>	52 weeks ended 31 July 2021 £m	<b>52 weeks ended 30 July 2022 £m</b>	52 weeks ended 31 July 2021 £m	<b>52 weeks ended 30 July 2022 £m</b>	52 weeks ended 31 July 2021 £m	<b>30 July 2022 £m</b>	31 July 2021 £m
United Kingdom	<b>2,097.3</b>	2,072.9	<b>1,985.4</b>	2,014.8	<b>(65.2)</b>	42.6	<b>(309.2)</b>	(363.3)
Rest of Europe	<b>651.4</b>	528.1	<b>770.1</b>	594.7	<b>31.8</b>	10.0	<b>82.6</b>	81.6
Rest of the World	<b>6.8</b>	8.5	-	-	-	-	-	-
Total	<b><u>2,755.5</u></b>	<u>2,609.5</u>	<b><u>2,755.5</u></b>	<u>2,609.5</u>	<b><u>(33.4)</u></b>	<u>52.6</u>	<b><u>(226.6)</u></b>	<u>(281.7)</u>

All unallocated costs and assets noted in the segmental reconciliations have been allocated to the United Kingdom in the above table, consistent with where the Group's head office is based.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 4. Net finance charge

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<b>Interest income and expense</b>		
Interest payable on loans and overdrafts	(46.6)	(49.0)
Interest on finance leases	(0.3)	(0.5)
	<u>(46.9)</u>	<u>(49.5)</u>
<b>Foreign exchange on financial instruments</b>		
Exchange loss	-	(1.0)
<b>Fair value gains</b>		
On derivative financial liabilities designated in an effective hedging relationship	-	(18.6)
Accumulated gains	-	9.9
<b>Other finance costs</b>		
Net charge on defined benefit pension liability	(1.9)	(3.4)
<b>Net finance charge</b>	<u>(48.8)</u>	<u>(62.6)</u>

Foreign exchange on financial instruments in the prior year arose on the retranslation of the element of the Group's euro bond funding that was unhedged during the prior period, and had since been settled.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

5. Exceptional Items	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
Redundancy, disruption and closure costs	(1.4)	0.2
Project costs	0.6	3.7
Impairment of tangible fixed assets	3.8	24.5
GMP equalisation on pension scheme	-	0.3
<b>Total exceptional items</b>	<b>3.0</b>	<b>28.7</b>

#### Current Period

During the period, the Group released unutilised provisions of £1.4m relating to redundancy, disruption and site closures now completed.

Following on from the prior period further costs of £0.6m were incurred for Project Agile, a significant project to align Group management structures more closely with the underlying business units. There is no change in the expected outcome, which is that it is expected to be a multi year project with a life span of up to four years. We expect significant spend to be incurred under the umbrella of this project spread across a number of years. The current estimate of the total cost of the project is expected to be up to £7m, however it is noted that there are a number of variables that may affect the final outcome, timing and quantum of expense.

The Group has impaired £3.8m of tangible fixed assets before the disposal of operations at the Uttoxeter site.

#### Prior Period

The Group recognised costs incurred on redundancy, disruption and closure costs of £0.2m as a result of projects that have continued from the prior year.

Included within project costs are costs in relation to the strategic project to review the options available to the Group in relation to long term financing and future capital structure incurred £3.4m of non-recurring professional advisory fees.

Also included within Project costs is £0.3m in respect of a significant project to align Group management structures more closely with the underlying business units. This project, called Project Agile, is expected to be a multi-year project; with a lifespan of up to four years. We expect significant spend to be incurred under the umbrella of this project, spread across a number of years. The current estimate of the total cost of the project, over its life, is expected to be up to £7m; however, it is noted that there are a number of variables that may affect the final outcome, timing and quantum of expense.

Following the disposal of the branded biscuits business in the year the Group has impaired £11.6m of tangible fixed assets at the residual biscuits business. Furthermore, £12.9m of assets were impaired in relation to the poultry site at Derby.

The Group also recognised £0.3m in relation to past pension service costs as a result of the guaranteed minimum pension equalisation exercise.

The tax effect of the exceptional items on the amounts charged to the profit and loss account for taxation was:

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **5. Exceptional Items (continued)**

	<b>52 weeks ended 30 July 2022 £m</b>	<b>52 weeks ended 31 July 2021 £m</b>
Tax credit on exceptional items	-	6.4
Decrease in tax charge to profit and loss account	-	6.4

The credit of £nil (2021: £6.4m) relates to a current tax credit of £0.2m (2021: £0.7m) and a £0.2m deferred tax credit (2021: £5.7m).

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 6. Profit before taxation

Profit before taxation is arrived at after charging / (crediting):

	Note	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
Auditor's remuneration for audit services		0.8	0.5
Operating lease rentals:			
- hire of plant and machinery		10.4	9.0
- other		5.3	5.9
Depreciation of tangible fixed assets:			
- owned	13	32.4	46.8
- leased	13	11.7	5.6
Impairment of tangible fixed assets			
- owned	13	3.8	24.5
Amortisation of goodwill	12	12.6	14.3
Research and development costs		0.6	1.0
Government grants			
- capital		(0.1)	(0.1)
- revenue		(3.9)	(4.2)
Furlough income		-	(2.2)
Pension scheme administration costs	30	3.9	3.5
Defined contribution pension costs	7	12.7	12.9

The analysis of auditor's remuneration is as follows:

	52 weeks ended 30 July 2022 £000	52 weeks ended 31 July 2021 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	31	31
Audit of the Company's subsidiaries pursuant to legislation	779	507
Total audit fees	810	538
Corporate finance services	100	205
Total non-audit fees	100	205

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 7. Staff numbers and costs

##### Group

The average monthly number of employees (including directors) was:

	<b>52 weeks ended 30 July 2022 (Number)</b>	<b>52 weeks ended 31 July 2021 (Number)</b>
Production	<b>13,135</b>	14,440
Distribution	<b>314</b>	319
Administration	<b>1,809</b>	1,898
	<b>15,258</b>	16,657

Staff costs (including directors), consists of:

	<b>£m</b>	<b>£m</b>
Wages and salaries	<b>394.6</b>	389.2
Social security costs	<b>41.0</b>	40.1
Defined contribution pension costs (note 30)	<b>12.7</b>	12.9
	<b>448.3</b>	442.2

In addition to the above, redundancy costs of £0.2m (2021: £0.2m) are included in exceptional items.

##### Company

The Company has nine employees (2021: ten), all of whom fall within Administration functions.

The directors are remunerated through other Group companies. During the period £1.4m (2021: £1.0m) was recharged to the Company in relation to directors.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **8. Directors' remuneration**

	<b>52 weeks ended 30 July 2022 £m</b>	<b>52 weeks ended 31 July 2021 £m</b>
Emoluments of Company's directors:		
Salaries, bonuses and benefits	<u>5.7</u>	<u>6.0</u>
	<u><b>5.7</b></u>	<u><b>6.0</b></u>
Emoluments of highest paid director:		
Salaries, bonuses and benefits	<u>3.1</u>	<u>3.1</u>
	<u><b>3.1</b></u>	<u><b>3.1</b></u>

Bonuses are accruing to the directors based on pre-determined performance targets.

One director (2021: one director) is a member of the money purchase pension scheme.

#### **Directors' advances, credits and guarantees**

There are no further transactions with directors during the period to disclose.



## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 9. Taxation on (loss) / profit

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<i>United Kingdom corporation tax</i>		
Current tax on income for the period	-	1.9
Adjustment in respect of prior periods	(0.6)	0.3
Total (charge) / credit	(0.6)	2.2
<i>Overseas taxation</i>		
Current tax on income for the period	(7.0)	(2.4)
Total charge	(7.6)	(0.2)
<i>Deferred taxation</i>		
Net origination of timing differences	9.2	(55.7)
Adjustment in respect of prior periods	-	1.8
Change in corporation tax rate	(1.5)	(8.5)
Total credit / (charge)	7.7	(62.4)
Current taxation	(7.6)	(0.2)
Deferred taxation	7.7	(62.4)
Tax credit / (charge) on (loss) / profit	0.1	(62.6)
Tax relating to components of other comprehensive income	(17.2)	68.8
	(17.1)	6.2

Finance Bill 2021 was substantively enacted on 24 May 2021 with provisions to increase the corporation tax rate from 19% to 25% with effect from 1 April 2023. Accordingly, when calculating the deferred tax assets and liabilities as at 30 July 2022, all timing differences expected to reverse prior to 1 April 2023 have been calculated using the existing corporation tax rate of 19% and all timing differences expected to reverse after this date have been calculated using the corporation tax rate of 25%.

There is no expiry date on timing differences, unused tax losses or tax credits.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 9. Taxation on (loss) / profit (continued)

The corporation tax charge is different to the standard UK corporation tax rate of 19.0% (2021: 19.0%).  
The differences are analysed below:

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<i>Current tax reconciliation</i>		
(Loss) / profit before taxation	(33.4)	52.6
Taxation on (loss) / profit at the standard UK corporation tax rate of 19.0% (2021: 19.0%)	6.4	(10.0)
<i>Effects of:</i>		
- Amortisation not deductible for tax purposes	(1.9)	(2.6)
- Income / (expenses) not taxable / (deductible) for tax purposes	(3.7)	(7.9)
- Gains on disposal subject to substantial shareholding exemption	-	26.4
- Differences between UK and overseas tax rates	(0.4)	0.1
- Tax rate differences	(1.5)	(8.5)
- Adjustment in respect of prior periods	(0.4)	4.2
- Derecognition of deferred tax assets	1.6	(64.3)
Tax credit / (charge) for the period	0.1	(62.6)

#### 10. Loss attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The loss attributable to the Company is disclosed in the footnote to the Company's balance sheet.

#### 11. Dividends on equity shares

No dividends have been declared or paid for the period ending 30 July 2022.

There were also no dividends declared in respect of the period ending 31 July 2021.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 12. Intangible fixed assets

##### Group

	Goodwill	Software	Total
<i>Cost</i>	£m	£m	£m
At 1 August 2021	406.1	3.8	409.9
Disposal as a result of sale of operations	(6.3)	-	(6.3)
Foreign currency translation	(0.4)	-	(0.4)
<b>At 30 July 2022</b>	<b>399.4</b>	<b>3.8</b>	<b>403.2</b>
<i>Amortisation</i>			
At 1 August 2021	296.9	2.5	299.4
Charge for the period	11.8	0.8	12.6
Disposal as a result of sale of operations	(4.7)	-	(4.7)
Foreign currency translation	(0.3)	-	(0.3)
<b>At 30 July 2022</b>	<b>303.7</b>	<b>3.3</b>	<b>307.0</b>
<i>Net book value</i>			
<b>At 30 July 2022</b>	<b>95.7</b>	<b>0.5</b>	<b>96.2</b>
At 31 July 2021	109.2	1.3	110.5

There were £nil intangible fixed assets held by the Company (2021: £nil).

Amortisation charged during the period is recognised within administrative expenses in profit and loss.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 13. Tangible fixed assets

Group	Freehold properties £m	Long / short leasehold properties £m	Plant, fixtures and motor vehicles £m	Total £m
<i>Cost</i>				
At 1 August 2021	88.0	19.7	337.3	445.0
Additions	1.6	-	24.6	26.2
Disposals	-	-	(7.7)	(7.7)
Disposals as a result of sale of operations	(3.1)	-	(6.2)	(9.3)
Foreign currency translation	(1.3)	-	(4.4)	(5.7)
<b>At 30 July 2022</b>	<b>85.2</b>	<b>19.7</b>	<b>343.6</b>	<b>448.5</b>
<i>Depreciation</i>				
At 1 August 2021	17.1	5.9	148.5	171.5
Charge for the period	5.8	0.7	37.6	44.1
Disposals	-	-	(6.9)	(6.9)
Disposals as a result of sale of operations	(1.5)	-	(5.3)	(6.8)
Impairment	3.4	-	0.4	3.8
Foreign currency translation	(0.4)	-	(3.7)	(4.1)
<b>At 30 July 2022</b>	<b>24.4</b>	<b>6.6</b>	<b>170.6</b>	<b>201.6</b>
<i>Net book value</i>				
<b>At 30 July 2022</b>	<b>60.8</b>	<b>13.1</b>	<b>173.0</b>	<b>246.9</b>
At 31 July 2021	70.9	13.8	188.8	273.5

The net book value of tangible fixed assets includes £8.9m (2021: £17.4m) in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £11.7m (2021: £5.6m).

During the year, £3.8m (2021: £24.5m) of tangible fixed assets were impaired at the Ulttoxeter site.

There were £nil fixed assets held by the Company (2021: £nil).

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 14. Investments

The parent Company and the Group have investments in the following subsidiary undertakings, associates, joint ventures and other investments.

Companies marked \* are directly owned by Boparan Holdings Limited.

Company name	Principal activity	Country of incorporation
2 Sisters Food Group Limited*	Chicken processing	England
2 Sisters Poultry Limited* <sup>1+</sup>	Chicken processing	Scotland
Amber Foods Limited* <sup>2</sup>	Chicken processing	Jersey
BH Acquisitions Limited* <sup>+</sup>	Holding company	England
Boparan Finance plc*	Group financing	England
2 Sisters Fish Limited <sup>+</sup>	Non-trader	England
Cavaghan & Gray Limited <sup>+</sup>	Food processing	England
Convenience Foods Limited <sup>+</sup>	Food processing	England
F W Farnsworth Limited <sup>+</sup>	Food processing	England
Northern Foods Grocery Group Limited <sup>+</sup>	Dormant	England
Solway Foods Limited <sup>+</sup>	Food processing	England
Hook 2 Sisters Limited <sup>4+</sup>	Chicken growing	England
2 Sisters Europe B.V.* <sup>5</sup>	Holding company	Netherlands
2 Sisters Hamrol Sp. Z.o.o.* <sup>6</sup>	Chicken processing	Poland
2 Sisters Storteboom B.V.* <sup>5</sup>	Chicken processing	Netherlands
Noblesse Proteins Investments B.V.* <sup>8</sup>	Chicken processing	Netherlands
Storteboom Agri B.V.* <sup>5</sup>	Chicken processing	Netherlands
Storteboom Zeewolde B.V.* <sup>10</sup>	Chicken processing	Netherlands
Storteboom Fresh B.V.* <sup>5</sup>	Chicken processing	Netherlands
Storteboom Kornhorn B.V.* <sup>7</sup>	Chicken processing	Netherlands
Storteboom Nijkerk B.V.* <sup>9</sup>	Chicken processing	Netherlands
Storteboom Barneveld B.V.* <sup>15</sup>	Chicken processing	Netherlands
Cavaghan & Gray Group Limited <sup>+</sup>	Holding company	England
Beverley House Food Group Limited <sup>3</sup>	Holding company	Republic of Ireland
Northern Foods Limited <sup>+</sup>	Holding company	England
Solway Foods Holdings Limited <sup>+</sup>	Holding company	England
R & K Wise Limited <sup>+</sup>	Pension holder	England
2 Sister Food Services Limited* <sup>+</sup>	Non-trader	England
Beverley House (9000) Limited <sup>+</sup>	Non-trader	England
BH9000 (Jersey) Limited <sup>14</sup>	Non-trader	Jersey
Beverley House Investments Limited <sup>+</sup>	Non-trader	England
Boparan Foods Limited* <sup>+</sup>	Non-trader	England
Challenger Foods Limited <sup>+</sup>	Non-trader	England
Dreamphoto Limited <sup>+</sup>	Non-trader	England
Dreamplayer Limited <sup>+</sup>	Non-trader	England
Storteboom UK Limited <sup>16</sup>	Chicken processing	England

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 14. Investments (continued)

<b>Company name</b>	<b>Principal activity</b>	<b>Country of incorporation</b>
Dressadmire Limited <sup>+</sup>	Non-trader	England
Ethnic Cuisine Limited <sup>+</sup>	Non-trader	England
Farnsworth Investments Limited <sup>+</sup>	Non-trader	England
Beverley House Foods (Boyle) Limited <sup>3</sup>	Non-trader	Republic of Ireland
Beverley House Foods Portumna Limited <sup>3</sup>	Non-trader	Republic of Ireland
Beverley House Group Services Limited <sup>3</sup>	Non-trader	Republic of Ireland
Beverley House Holdings ApS <sup>11</sup>	Non-trader	Denmark
Hulcay Limited <sup>+12</sup>	Non-trader	Cayman Islands
Island Wharf (100) Limited <sup>+</sup>	Non-trader	England
Island Wharf (300) Limited <sup>+</sup>	Non-trader	England
John Rannoch Limited <sup>+</sup>	Non-trader	England
Joseph Mitchell (Letham) Limited <sup>1+</sup>	Non-trader	Scotland
Lloyd Maunder Limited <sup>+</sup>	Non-trader	England
Melwood Investments Limited <sup>+</sup>	Non-trader	England
Norcay Limited <sup>+12</sup>	Non-trader	Cayman Islands
Northern Foods American Holdings Limited <sup>+</sup>	Non-trader	England
Northern Foods Finance Limited <sup>+</sup>	Non-trader	England
Poldy's Fresh Foods Limited <sup>3</sup>	Non-trader	Republic of Ireland
Scot-Lad Limited <sup>1+</sup>	Non-trader	Scotland
2 Sister Food Processors Limited	Dormant	England
2 Sisters Premier Division Limited <sup>+</sup>	Dormant	England
2 Sisters Site Certification Limited	Dormant	England
2 Sisters (Wolverhampton) Limited <sup>+</sup>	Dormant	England
Amber Proteins Limited	Dormant	England
Billcrest Products Limited <sup>3</sup>	Dormant	Republic of Ireland
Buxted Chicken Limited	Dormant	England
Buxted Fresh Quality Foods Limited	Dormant	England
Century Way (Number One) Limited	Dormant	England
Century Way (Wiltshire) Pension Scheme Trustees Limited	Dormant	England
Century Way Dale Limited	Dormant	England
Devon Crest Foods Limited	Dormant	England
Entrancelord Limited	Dormant	England
Fleur De Lys Pies Limited	Dormant	England
Bravo FB Limited	Dormant	England
George Payne & Co Limited	Dormant	England
Hortonwood Bakeries Limited	Dormant	England
Island Wharf (600) Limited	Dormant	England
Mitchell (Game) Limited <sup>1</sup>	Dormant	Scotland
Oakhco Limited <sup>+</sup>	Dormant	England
Portumna Pastry Limited <sup>3</sup>	Food Processing	Republic of Ireland

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 14. Investments (continued)

Company name	Principal activity	Country of incorporation
Montgomery Bell Limited <sup>13</sup>	Dormant	Northern Ireland
Penwood Agriculture Limited*	Dormant	England
Penwood Foods Limited*	Dormant	England
Premier Farming Limited	Dormant	England
Premier Fresh Foods Limited	Dormant	England
Prime Game Limited <sup>1</sup>	Dormant	Scotland
Silverbeach Limited <sup>14</sup>	Dormant	Jersey
Swiss Milk Products Limited	Dormant	England
Spice Holdco Limited*	Dormant	England
The Salad Company Limited	Dormant	England
Todayultra Limited	Dormant	England
Walter Holland & Sons Limited	Dormant	England

Other than those investments listed below, the Company and the Group own 100% of the ordinary share capital and voting rights of all the companies above.

The Company's subsidiary 2 Sisters Europe B.V. owns 96% of the ordinary share capital of 2 Sisters Hamrol Sp. Z.o.o.

The Company and the Group own 99.9% of the ordinary share capital of 2 Sisters Premier Division Limited.

The registered address of all undertakings is Trinity Park House, Trinity Business Park, Fox Way, Wakefield, West Yorkshire, WF2 8EE unless otherwise stated.

Registered office:

<sup>1</sup> George Street, Coupar Angus, Blairgowrie, Perthshire, PH13 9LU

<sup>2</sup> No2, The Forum, Grenville Street, St Helier, Jersey, JE1 4HH

<sup>3</sup> DHKN, Galway Financial Services Centre, Moneenageisha Road, Galway, County Galway, Ireland

<sup>4</sup> Cote, Bampton, Oxfordshire, OX18 2EG

<sup>5</sup> Post Box 42, Voorthuizerstraat 148, NL-3881, Putten, The Netherlands

<sup>6</sup> Kotowo 1A, 62-066 Granowo, Poland

<sup>7</sup> Post Box 7, Provincialeweg 70, NL-9864 PG, Kornhorn, The Netherlands

<sup>8</sup> Ambachtsweg 7, NL-9418, TW Wijster, The Netherlands

<sup>9</sup> Post Box 1020, Galvanistraat 2, NL-3861, Nijkerk, The Netherlands

<sup>10</sup> Akkerweg 3, NL-3899, BL Zeewolde, The Netherlands

<sup>11</sup> Harbour House, Sundkrogsgade 21, 2100 Copenhagen, Denmark

<sup>12</sup> PO Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands

<sup>13</sup> 19 Bedford Street, Belfast, Northern Ireland, BT2 7EJ

<sup>14</sup> 12 Castle Street, St Helier, Jersey, JE2 3RT

<sup>15</sup> Hanzeweg 22, 3771 NG Barneveld

<sup>16</sup> C/O Sobell Rhodes LLP, The Kinetic Centre, Theobald Street, Elstree, Borehamwood, Hertfordshire, WD6 4PJ, United Kingdom

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 14. Investments (continued)

^The Company's subsidiary 2 Sisters Food Group Limited owns 50% of the ordinary share capital of Hook 2 Sisters Limited.

For the period ending 31 July 2021 the subsidiaries of the Company marked + were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

#### Company Investment

	Shares £m	Total £m
Cost		
At 31 July 2021	166.7	166.7
Capitalisation of loan	619.9	619.9
<b>At 30 July 2022</b>	<b>786.6</b>	<b>786.6</b>
<i>Provisions for impairment</i>		
At 31 July 2021 and 30 July 2022	21.8	21.8
<b>Carrying value at 30 July 2022</b>	<b>764.8</b>	<b>764.8</b>

Provisions for impairment are made where it is deemed the carrying value of the investment will not be recovered. The directors consider the value of investments to be supported by their underlying assets and future cash flows. The movement during the period of £619.9m is the capitalisation of a loan into investment value as part of a corporate restructure of subsidiary entities.

#### Investment in associate

The Company's subsidiary 2 Sisters Europe BV holds a 26% interest in Noblesse Proteins Investments B.V., a company incorporated in The Netherlands.

The amount shown in the consolidated balance sheet represents the amount invested and the Group's share of Noblesse Proteins Investments B.V. post tax profits.

#### Investment in joint venture

The Company's subsidiary 2 Sisters Food Group Limited owns 50% of the ordinary share capital of Hook 2 Sisters Limited.

The amount shown in the consolidated balance sheet represents the amount invested and the Group's share of Hook 2 Sisters Limited's post tax profits.

Group	Associate £m	Joint venture £m	Total £m
At 31 July 2021	5.4	3.3	8.7
Share of retained loss for the period	0.9	0.2	1.1
<b>At 30 July 2022</b>	<b>6.3</b>	<b>3.5</b>	<b>9.8</b>

The Group's share of retained profit for the period is in relation to continuing operations.



## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 15. Sale of operations

On 9 October 2021 the Group announced the transfer of the goodwill and certain assets of two manufacturing sites in the Poultry division to Bernard Matthews Foods (Derby) Limited and Bernard Matthews Foods (Sunderland) Limited, both are related companies. The reverse consideration was satisfied by the transfer of finished goods. The loss after tax up to the date of disposal was £5.1m.

On 12 February 2022 the Group announced the sale of trade, assets and the Uttoxeter site for a total consideration of £1 to Elkes Biscuits Limited and Amber Real Estate Investments (Industrial) Limited respectively, companies related by virtue of common control. The loss after tax up to the date of disposal was £3.2m.

	30 July 2022		
	Bernard Matthews Foods* £m	Elkes Biscuits Limited £m	Total £m
Fixed assets	2.5	-	2.5
Current assets	7.9	4.2	12.1
<b>Net Assets</b>	<b>10.4</b>	<b>4.2</b>	<b>14.6</b>
Goodwill	1.6	-	1.6
Loss on disposal	(16.3)	(4.2)	(20.5)
<b>Reverse consideration</b>	<b>(4.3)</b>	<b>-</b>	<b>(4.3)</b>
<b>Satisfied by:</b>			
<b>Cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>

The disposal of Bernard Matthews Foods (Derby) Limited and Bernard Matthews Foods (Sunderland) Limited was satisfied by the transfer of finished goods.

\* Bernard Matthews Foods relates to the two limited companies Bernard Matthews Foods (Derby) Limited and Bernard Matthews Foods (Sunderland) Limited.

#### 52 weeks ended 31 July 2021

On 31 October 2020, the Group sold its 100% interest in the ordinary share capital of Bravo 1 Holdco Limited, which represented a significant proportion of the biscuits business. Linked to the disposal of the significant proportion of the biscuits business, in the 13 weeks to 30 January 2021 an additional contribution of £63.1m was made to the Northern Foods defined benefit pension scheme.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 16. Inventory

	Group	
	30 July 2022 £m	31 July 2021 £m
Raw materials and consumables	23.6	27.7
Work in progress	8.0	5.9
Finished goods and goods for resale	42.2	37.5
	<u>73.8</u>	<u>71.1</u>

In the opinion of the directors, the carrying value of inventory is not materially different to the replacement cost.

There was £nil inventory held by the Company at the period end (2021: £nil).

#### 17. Debtors

	Group		Company	
	30 July 2022 £m	31 July 2021 £m	30 July 2022 £m	31 July 2021 £m
<i>Amounts falling due within one year:</i>				
Trade debtors	114.8	102.2	-	-
Amounts owed by related parties	15.3	7.4	-	-
Amounts owed by joint ventures	3.3	3.3	-	-
Other debtors	40.3	44.6	-	-
Prepayments and accrued income	8.0	13.1	-	-
Corporation tax	-	-	6.8	4.7
Derivatives	-	0.2	-	-
<i>Amounts falling due after more than one year:</i>				
Amounts owed by group undertakings	-	-	450.8	1,057.8
	<u>181.7</u>	<u>170.8</u>	<u>457.6</u>	<u>1,062.5</u>

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 18. Deferred tax asset

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
Deferred tax asset at the start of the period	64.1	58.6
Current period charge to profit and loss account	7.7	(64.0)
Current and prior period credit to other comprehensive income	(17.2)	68.8
Movement arising from transfer of trade	-	(1.1)
Adjustments in respect of prior periods	-	1.8
Deferred tax asset at the end of the period	<u>54.6</u>	<u>64.1</u>

Deferred tax assets / (liabilities) are recognised at the rate applicable at the time the underlying asset / (liability) is expected to reverse, and are analysed as follows:

	30 July 2022 £m	31 July 2021 £m
Accelerated capital allowances	45.2	35.0
Short term timing differences	9.4	-
Deferred tax arising in relation to retirement benefit obligations	-	29.1
	<u>54.6</u>	<u>64.1</u>

No deferred tax asset has been recognised on balances totalling £534.8m at 30 July 2022 (2021: £514.7m) as it is uncertain whether these will be utilised against future taxable profits, gains or interest capacity. Of this, £159.6m (2021: £159.6m) relates to capital losses, £nil (2021: £nil) relates to the pension liability, £162.3m (2021: £124.4m) relates to accelerated capital allowances, £10.2m relates to short term timing differences (2021: £54.4m) and £202.7m (2021: £176.3m) relates to corporate interest expense carried forward as at 30 July 2022. The Group's unrecognised deferred tax asset on these balances at 25% would be £133.7m (2021: £128.7m).

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 19. Creditors: Amounts falling due within one year

	Group		Company	
	30 July 2022 £m	31 July 2021 £m	30 July 2022 £m	31 July 2021 £m
Obligations under finance leases (note 21)	3.2	5.1	-	-
Bond interest accrual (note 21)	5.8	6.1	-	-
Short term borrowings (note 21)	-	25.0	35.6	25.0
Trade creditors	190.8	198.7	-	-
Amount owed to group undertakings	-	-	1,117.3	1,108.2
Amount owed to related parties	10.9	3.5	-	-
Amount owed to joint venture	68.2	60.9	-	-
Corporation tax	5.7	2.2	-	-
Other taxation and social security	10.4	9.3	-	-
Other creditors	6.8	11.5	-	-
Accruals and deferred income	86.6	84.0	0.2	0.2
Derivatives	0.4	-	-	-
Government grants	0.3	0.3	-	-
	<b>389.1</b>	<b>406.6</b>	<b>1,153.1</b>	<b>1,133.4</b>

#### 20. Creditors: Amounts falling due after more than one year

	Group		Company	
	30 July 2022 £m	31 July 2021 £m	30 July 2022 £m	31 July 2021 £m
Obligations under finance leases (note 21)	5.9	6.3	-	-
Bond notes and other borrowings	515.8	467.8	9.1	-
Accruals and deferred income	0.1	0.2	-	-
Government grants	1.1	1.6	-	-
	<b>522.9</b>	<b>475.9</b>	<b>9.1</b>	<b>-</b>

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 21. Borrowings

	Group	
	30 July 2022 £m	31 July 2021 £m
Bond notes	525.0	475.0
Bond discount	(12.1)	-
Bond interest accrual (note 28)	5.8	6.1
Unamortised prepaid bond fees	(6.2)	(6.6)
Bond notes at amortised cost (note 23)	512.5	474.5
Other borrowings	10.0	25.0
Unamortised prepaid borrowing fees	(0.9)	(0.6)
	9.1	24.4
Obligations under finance leases	9.1	11.4
Total borrowings	530.7	510.3
Due within one year	9.0	36.2
Due after more than one year	521.7	474.1
Total borrowings	530.7	510.3
<i>Bond notes and other borrowings:</i>		
Within one year or less or on demand (note 19)	5.8	31.1
More than one year but not more than five years (note 20)	515.8	467.8
	521.6	498.9
<i>Obligations under finance leases:</i>		
Within one year or less or on demand (note 19)	3.2	5.1
More than one year but not more than two years (note 20)	3.3	3.6
More than two years but not more than five years (note 20)	2.6	2.7
	9.1	11.4
Total borrowings (note 23)	530.7	510.3

The bonds comprise of £525m Senior Loan Notes due 2025 at an interest rate of 7.625%. The Group has an £80m plus £10m accordion super senior secured Revolving Credit Facility maturing in May 2025, and a term loan of £10m maturing May 2025.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 21. Borrowings (continued)

The RCF balance drawn at 30 July 2022 was £nil (2021: £25.0m). Interest on RCF drawings is calculated with reference to SONIA plus an applicable margin not expected to change within the next 12 month period. In addition, a commitment fee is charged for the undrawn amount. The principal subsidiaries are guarantors to the facilities.

Finance leases are secured over the assets to which they relate.

#### 22. Provisions for liabilities

	Onerous lease £m	Restructuring £m	Dilapidations £m	Other £m	Total £m
At 31 July 2021	1.3	5.0	0.7	1.6	8.6
Current period charge / (credit) to profit and loss account:					
- exceptional	0.9	15.3	(0.7)	-	15.5
- non-exceptional	-	(1.2)	-	2.5	1.3
Utilised in the period:					
- exceptional	(0.3)	(18.4)	-	(0.5)	(19.2)
- non-exceptional					
Foreign currency translation	-	-	-	(0.1)	(0.1)
<b>At 30 July 2022</b>	<b>1.9</b>	<b>0.7</b>	<b>-</b>	<b>3.5</b>	<b>6.1</b>

Provisions of £6.1m (2021: £8.6m) comprise:

- £1.9m (2021: £1.3m) in respect of onerous leases costs at Haughley Park. These provisions are expected to be utilised over a period of greater than 12 months.
- £0.7m (2021: £5.0m) in relation to provisions for the costs to sell or close the biscuit business and other sites.
- £nil (2021: £0.7m) in relation to dilapidations.
- £3.5m (2021: £1.6m) of other provisions which largely relate to potential employer liability and industrial illness claims, and property provisions. These provisions are materially expected to be settled within 12 months.

At the period end the Company had £nil provisions (2021: £nil).

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 23. Financial instruments

The carrying values of the Group's financial instruments are summarised by category below:

	Note	30 July 2022 £m	31 July 2021 £m
<b>Financial assets</b>			
<i>Equity instruments measured at cost less impairment:</i>			
Fixed asset unlisted investments	14	9.8	8.7
<i>Measured at fair value through profit and loss:</i>			
Derivative financial (liability) / asset	24	(0.4)	0.2
<i>Debt instruments measured at amortised cost:</i>			
Trade debtors	17	114.8	102.2
Cash and cash equivalents		36.5	38.8
		<b>160.7</b>	<b>149.9</b>
<b>Financial liabilities</b>			
<i>Measured at amortised cost:</i>			
Trade creditors	19	190.8	198.7
Bond notes	21	512.5	474.5
Other borrowings	21	9.1	24.4
Obligations under finance leases	21	9.1	11.4
		<b>721.5</b>	<b>709.0</b>

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 23. Financial instruments (continued)

The Group's income, expenses, gains and losses recognised in profit and loss in respect of financial instruments are summarised below:

		<b>52 weeks ended 30 July 2022 £m</b>	<b>52 weeks ended 31 July 2021 £m</b>
<b>Interest expenses</b>	Note		
Total interest expense for financial liabilities at amortised cost	4	<b>46.9</b>	49.5
		<b>46.9</b>	49.5
<b>Fair value gain / (loss)</b>			
On derivative financial liabilities designated in an effective hedging relationship	4	-	18.6
Accumulated gains	4	-	(9.9)
On derivative financial liabilities measured at fair value through profit and loss	4	-	1.0
		-	9.7
<b>Other expenses in respect of financial instruments</b>			
Profit recognised in the period relating to unlisted equity investments	14	<b>0.2</b>	0.1
Total foreign exchange loss on financial liabilities measured at amortised cost (bond notes)	28	<b>0.4</b>	7.2
		<b>0.6</b>	7.3



## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 24. Derivative financial instruments

The Group has the following derivative included at fair value in the balance sheet. Cross currency swaps were settled as part of the refinancing arrangements concluded in November 2020.

	Due within one year		Due after one year	
	30 July 2022 £m	31 July 2021 £m	30 July 2022 £m	31 July 2021 £m
<b>Derivatives accounted for at fair value through profit and loss</b>				
<b>Assets</b>				
Forward foreign currency contracts (note 17)	-	0.2	-	-
<b>Liabilities</b>				
Forward foreign currency contracts (note 19)	0.4	-	-	-

In prior periods, the Group's cross currency swaps were valued at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and applicable yield curves derived from quoted interest rates matching maturities of the contracts.

The fair value of the forward currency contracts was calculated by reference to current forward exchange contracts with similar maturity profiles.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 24. Derivative financial instruments (continued)

##### Accounted for at fair value through profit or loss

The following table details the forward foreign currency contracts outstanding at each period end.

	Average contractual exchange rate		Notional value		Fair value	
	2022	2021	2022 £m	2021 £m	2022 £m	2021 £m
<b>Buying EUR:</b>						
In less than 3 months	<b>1.1783</b>	1.1587	<b>0.2</b>	0.2	<b>(0.4)</b>	0.2
In 3 months to 1 year	-	-	-	-	-	-
			<b>0.2</b>	0.2	<b>(0.4)</b>	0.2

The Group has entered into contracts to purchase goods from suppliers in Europe and USA. The Group entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions. These forward exchange contracts were accounted for at fair value through profit and loss. £0.4m fair value loss (2021: £0.2m gain) were recognised through operating profit in the period.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 25. Share capital and share premium account

	30 July 2022 £m	31 July 2021 £m
Allotted, called up and fully paid	-	-

The nominal value of the share capital issued at the end of the period was £7,730 (2021: £7,730).

The classes of ordinary share capital in issue at the start and the end of the period are shown below:

	No of shares	Nominal value	Price paid	Issued share capital	Share premium
				£m	£m
Ordinary (1) shares of £0.01 each	500,800	£0.01	£0.01	-	-
Ordinary (2) shares of £0.01 each	2	£0.01	£487.16	-	-
Ordinary (3) shares of £0.01 each	12,316	£0.01	£487.17	-	6.0
Ordinary (4) shares of £0.01 each	225,799	£0.01	£487.15	-	110.0
Ordinary (5) shares of £0.01 each	20,527	£0.01	£487.16	-	10.0
Ordinary (6) shares of £0.01 each	13,548	£0.01	£487.16	-	6.6
	<b>772,992</b>			<b>-</b>	<b>132.6</b>

All tranches of ordinary shares issued have equal voting rights and the right to full participation in any dividends and returns of capital.

# **BOPARAN HOLDINGS LIMITED**

## **Notes to the financial statements (continued)** **For the 52 weeks ended 30 July 2022**

### **26. Reconciliation of operating profit to net cash flow from operating activities**

		<b>30 July 2022</b>	<b>31 July 2021</b>
	<b>Note</b>	<b>£m</b>	<b>£m</b>
Operating profit / (loss)		<b>34.8</b>	(22.7)
<i>Adjustments for:</i>			
Depreciation	13	<b>44.1</b>	52.4
Amortisation of intangible assets	12	<b>12.6</b>	14.3
Defined benefit pension scheme administration costs	30	<b>3.9</b>	3.5
Exceptional items charged to operating profit	5	<b>3.0</b>	28.7
Grants and other non-cash movements		<b>(0.4)</b>	(0.5)
Operating cash flow before movement in working capital		<b>98.0</b>	75.7
(Increase) / decrease in inventory		<b>(18.3)</b>	7.9
Increase in debtors		<b>(11.6)</b>	(11.1)
Increase / (decrease) in creditors and provisions		<b>7.1</b>	(21.1)
Cash impact of exceptional items		<b>(1.1)</b>	(6.5)
Payments made in respect of defined benefit pension schemes	30	<b>(16.3)</b>	(22.9)
Additional contribution to defined benefit pension scheme	30	<b>-</b>	(63.1)
<b>Cash generated from / (used in) operations</b>		<b>57.8</b>	(41.1)

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 27. Reconciliation of net cash flow to movement in net debt

	30 July 2022 £m	31 July 2021 £m
Decrease in cash	(1.8)	(90.3)
Cash (inflow) / outflow from debt and lease financing	(18.3)	214.2
Change in net debt resulting from cash flows	(20.1)	123.9
Amortisation of fees	(2.5)	(1.0)
Effect of foreign exchange rates	(0.4)	(7.9)
Movement in net debt	(23.0)	115.0
Net debt brought forward	(465.4)	(580.4)
Net debt carried forward	(488.4)	(465.4)

#### 28. Analysis of net debt

	31 July 2021 £m	Cash flow £m	Other movements £m	Foreign exchange £m	30 July 2022 £m
Cash balances	38.8	(1.8)	-	(0.5)	36.5
Debt due within one year	(31.1)	65.7	(40.4)	-	(5.8)
Debt due after more than one year	(467.8)	(45.5)	(2.5)	-	(515.8)
Finance leases	(11.4)	2.2	-	0.1	(9.1)
Total borrowings (note 21)	(510.3)	22.4	(42.9)	0.1	(530.7)
Interest accrual	6.1	(40.7)	40.4	-	5.8
	(504.2)	(18.3)	(2.5)	0.1	(524.9)
Net debt	(465.4)	(20.1)	(2.5)	(0.4)	(488.4)

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 28. Analysis of net debt (continued)

Net debt comprises bonds, other borrowings and finance leases net of cash. These are stated at period end exchange rates, or hedged rates where there is an effective external hedge in place. The other movement of £1.2m on debt due after more than one year is amortisation of the prepayment of bond fees and other loan fees. In the balance sheet, the bond balance is shown net of the prepaid bond fees. Management monitor and view the net debt figure excluding prepaid fees and so it is added back into net debt in the table above.

During the period the Group entered into finance lease agreements with a capital value at the inception of the lease of £3.5m (2021: £1.1m).

During the year the Group placed £2.5m in escrow payable to the Northern Foods Retirement and Death Benefit Plan. At 30 July 2022 the balance was £2.1m (2021: £nil).

	1 August 2020 £m	Cash flow £m	Other movements £m	Foreign exchange £m	31 July 2021 £m
Cash balances	130.3	(90.3)	-	(1.2)	<b>38.8</b>
Debt due within one year	(722.2)	730.9	(37.7)	(2.1)	<b>(31.1)</b>
Debt due after more than one year	-	(466.6)	(1.2)	-	<b>(467.8)</b>
Finance leases	(19.2)	7.3	-	0.5	<b>(11.4)</b>
Total borrowings (note 21)	(741.4)	271.6	(38.9)	(1.6)	<b>(510.3)</b>
Prepayment of bond fees & other financing fees	(1.4)	-	1.3	0.1	-
Foreign exchange on bond notes	18.7	(14.1)	0.4	(5.0)	-
Interest accrual	13.4	(43.3)	36.2	(0.2)	<b>6.1</b>
	(710.7)	214.2	(1.0)	(6.7)	<b>(504.2)</b>
Net debt	(580.4)	123.9	(1.0)	(7.9)	<b>(465.4)</b>

The other movement of £1.0m on debt due after more than one year is amortisation of the prepayment of bond fees.

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 29. Financial commitments

##### *Capital commitments*

###### *Group*

There were capital commitments of £0.1m at 30 July 2022 (2021: £0.2m) provided for at the period end and capital commitments contracted for but not provided for of £9.3m (2021: £2.8m). These commitments related to the purchase of plant & fixtures.

###### *Company*

There were no capital commitments provided for at the period end (2021: £nil) and also no capital commitments contracted for but not provided (2021: £nil).

##### *Operating lease commitments*

###### *Group*

Total future minimum lease payments under non-cancellable operating leases are as follows:

	30 July 2022 £m	31 July 2021 £m
Land and buildings leases expiring:		
Within one year	3.6	6.1
Between one and five years	11.5	18.8
After five years	10.3	11.1
	<u>25.4</u>	<u>36.0</u>
Other leases expiring:		
Within one year	5.4	5.0
Between one and five years	7.9	7.5
After five years	0.7	1.2
	<u>14.0</u>	<u>13.7</u>

###### *Company*

Total future minimum lease payments under non-cancellable operating leases at the period end were £nil (2021: £nil).

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 30. Pension arrangements

##### DEFINED CONTRIBUTION SCHEMES

The Group contributes to defined contribution schemes for all qualifying employees. The total cost charged to income of £12.7m (2021: £12.9m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. At 30 July 2022 contributions of £1.4m (2021: £1.4m) due in respect of the current reporting period had not been paid over to the schemes.

##### DEFINED BENEFIT SCHEMES

The Group operates a number of defined benefit schemes for qualifying employees, principally the Northern Foods Pension Scheme, the R & K Wise Scheme, the Lloyd Maunder Limited Retirement Benefit and Life Assurance Scheme (collectively the Schemes) and Northern Foods Pension Builder (the Pension Builder) in the United Kingdom, the Green Isle Food Group Retirement and Death Benefit Plan (the Plan) in the Republic of Ireland and 2 Sisters Holland B.V pension arrangements in the Netherlands. Under the Schemes, the Pension Builder and the Plan, employees are entitled to retirement benefits based on pay and service. The Schemes, the Pension Builder and the Plan are funded schemes whilst the Group's Post-retirement medical benefit scheme is unfunded. The Schemes and the Plan are final salary schemes. The Pension Builder is a defined benefit scheme based on the career average principle. The assets of all the Schemes, the Pension Builder and the Plan are held in trustee administered funds separate from the finances of the Group. All UK and Irish schemes are closed to new entrants.

The Northern Foods Pension Scheme and Northern Foods Pension Builder Scheme were both closed to future accrual with effect from 1 November 2011. A similar proposal became effective for the Green Isle pension scheme from 31 October 2013.

The most recent actuarial valuations of the defined benefit schemes for the purpose of the financial statements and the present value of defined benefit obligations were carried out at 30 July 2022 by independent qualified actuaries. The present value of the defined benefit obligation was measured using the projected unit credit method.

It has been deemed appropriate by management to aggregate all pension schemes together in the disclosure notes below. Funding plans agreed to reduce the deficit (principally relating to the Northern Foods Pension Scheme) are discussed later in this note. Principal assumptions are disclosed for the Northern Foods Pension Scheme only on the basis that there are no significant differences between the assumptions used for the other schemes.

The principal assumptions used for the actuarial valuations of the Schemes were:

	<b>30 July 2022</b>	<b>31 July 2021</b>
Rate of increase in salaries	<b>n/a</b>	n/a
Inflation assumption	<b>3.15%</b>	3.38%
Discount Rate	<b>3.33%</b>	1.57%
Rate of increase in pension payments	<b>2.96%</b>	3.12%
Mortality	<b>CMI_2021</b>	CMI_2020

The Group has adopted the SAPS S3 Heavy tables with scaling factors appropriate for each section of the membership with the core CMI 2021 projections with a long-term rate of improvement of 1.25% (2021: 1.25%) per annum.



## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 30. Pension arrangements (continued)

The life expectancy in years for a member aged 65 is as follows:

		<b>30 July 2022 (years)</b>	<b>31 July 2021 (years)</b>
Current pensioner	- male	<b>20.3</b>	20.5
	- female	<b>22.4</b>	22.4
Future pensioner	- male	<b>21.4</b>	21.4
	- female	<b>24.0</b>	24.0

#### POST-RETIREMENT MEDICAL BENEFIT SCHEME

Until 31 March 1999, Northern Foods Limited operated a post-retirement medical benefit scheme. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension schemes detailed above. The main actuarial assumptions are the underlying medical cost inflation of 5.15% per annum (2021: 5.20%) and the discount rate of 3.33% per annum (2021: 1.57%).

Amounts recognised in the income statement in respect of the Group's defined benefit schemes and post-employment medical benefit scheme are as follows:

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	<b>30 July 2022 £m</b>	<b>31 July 2021 £m</b>	<b>30 July 2022 £m</b>	<b>31 July 2021 £m</b>	<b>30 July 2022 £m</b>	<b>31 July 2021 £m</b>
Net interest cost	<b>1.9</b>	3.4	-	-	<b>1.9</b>	3.4
Past service cost	-	0.3	-	-	-	0.3
Scheme administration expenses	<b>1.8</b>	2.3	-	-	<b>1.8</b>	2.3
Charge to profit and loss account	<b>3.7</b>	6.0	-	-	<b>3.7</b>	6.0
Actuarial gains	<b>(113.0)</b>	(77.7)	-	(0.1)	<b>(113.0)</b>	(77.8)
Change in effect of asset ceiling (excluding interest income) loss / (gain)	<b>3.3</b>	(2.3)	-	-	<b>3.3</b>	(2.3)
Recognised in other comprehensive income	<b>(109.7)</b>	(80.0)	-	(0.1)	<b>(109.7)</b>	(80.1)
Total gains relating to defined benefit schemes	<b>(106.0)</b>	(74.0)	-	(0.1)	<b>(106.0)</b>	(74.1)

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 30. Pension arrangements (continued)

Amounts recognised in the consolidated balance sheet in respect of the Group's defined benefit schemes and post-retirement medical benefit scheme are as follows:

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	30 July 2022	31 July 2021	30 July 2022	31 July 2021	30 July 2022	31 July 2021
	£m	£m	£m	£m	£m	£m
Present value of obligations	(1,107.5)	(1,514.8)	(0.4)	(0.4)	(1,107.9)	(1,515.2)
Fair value of scheme assets	1,099.9	1,387.1	-	-	1,099.9	1,387.1
Net liability recognised in the balance sheet	(7.6)	(127.7)	(0.4)	(0.4)	(8.0)	(128.1)

The net pension scheme deficit in the balance sheet is stated before deduction of the associated deferred tax asset of £nil (2021: £29.1m), with the deferred tax asset shown separately within current assets (note 18).

Movement in the present value of defined benefit obligations were as follows:

	Defined benefit pension schemes		Post-retirement medical benefit scheme		Total retirement benefit schemes	
	30 July 2022	31 July 2021	30 July 2022	31 July 2021	30 July 2022	31 July 2021
	£m	£m	£m	£m	£m	£m
Scheme liabilities at the start of the period	1,514.8	1,611.4	0.4	0.5	1,515.2	1,611.9
Interest cost	23.2	22.2	-	-	23.2	22.2
Actuarial gain	(375.6)	(65.6)	-	-	(375.6)	(65.6)
Benefits paid	(57.5)	(48.7)	-	(0.1)	(57.5)	(48.8)
Effect of asset ceiling	3.3	(2.3)	-	-	3.3	(2.3)
Past service cost	-	0.3	-	-	-	0.3
Exchange gain	(0.7)	(2.5)	-	-	(0.7)	(2.5)
Scheme liabilities at the period end	1,107.5	1,514.8	0.4	0.4	1,107.9	1,515.2

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 30. Pension arrangements (continued)

Movements in the fair value of scheme assets were as follows:

	Defined benefit pension schemes	
	30 July 2022	31 July 2021
	£m	£m
Scheme assets at start of the period	1,387.1	1,325.1
Interest income	21.3	18.8
Contributions by the employer	14.1	84.6
Benefits paid	(57.5)	(48.7)
Administration expenses	(1.8)	(2.3)
Actuarial (loss) / gain on scheme assets	(262.6)	12.1
Exchange loss	(0.7)	(2.5)
Fair value of scheme assets at the period end	<u>1,099.9</u>	<u>1,387.1</u>

Contributions by the employer of £14.1m (2021: £84.6m) include £12.6m (2021: £83.1m) funding contributions and £1.5m (2021: £1.5m) in respect of administrative expenses.

The Group have agreed to make payments in respect of the shortfall in the Northern Foods Pension Scheme, until March 2034. The current funding rate under the agreement is £25m per year for the 5 year period ending March 2027. This increased in April 2022 from the previous rate of £20m per annum.

The analysis of the scheme assets at the balance sheet date was as follows:

	30 July 2022	31 July 2021
	£m	£m
Equities	145.4	143.2
Bonds	1,274.2	1,562.1
Cash	(493.8)	(484.7)
Hedge Funds	157.6	147.5
Other	16.5	19.0
Total fair value of assets	<u>1,099.9</u>	<u>1,387.1</u>

The other asset category includes derivatives and property assets.

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **30. Pension arrangements (continued)**

The analysis of the total costs charged through administrative expenses during the period was as follows:

	<b>30 July 2022 £m</b>	<b>31 July 2021 £m</b>
Scheme administrative expenses	<b>1.8</b>	2.3
PPF levies	<b>2.1</b>	1.2
	<hr/>	<hr/>
Total defined benefit pensions costs charged through administrative expenses (note 3 & 26)	<b>3.9</b>	3.5
	<hr/>	<hr/>

In addition, to the defined benefit pension costs charged through administrative expenses, the Group has also charged £nil (2021: £0.3m) in relation to the guaranteed minimum pension (GMP) through exceptional items (note 5).

The analysis of the total cash payments during the period was as follows:

	<b>30 July 2022 £m</b>	<b>31 July 2021 £m</b>
Contributions	<b>14.1</b>	84.6
PPF levies	<b>2.2</b>	1.4
	<hr/>	<hr/>
Total cash payments in respect of defined benefit pension schemes during the period (note 26)	<b>16.3</b>	86.0
	<hr/>	<hr/>

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **31. Contingent liabilities**

Boparan Holdings Limited and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes due 2025, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £80m plus £10m accordion super senior Revolving Credit Facility which is a facility of Boparan Holdings Limited.

The amount drawn down on this facility at the balance sheet date was £nil (2021: £25.0m). The total bond value as at 30 July 2022 per the Group financial statements was £512.5m net of fees (2021: £474.5m) (note 21). The individually guaranteed amount is not readily available.

There are a number of contingent liabilities relating to litigation or potential claims from customers and counterparties that arise in the normal course of business, which if realised are not expected to result in a material liability to the Group. The Group regularly reviews all of these claims to determine any possible financial loss; as at 30 July 2022 no provision was considered necessary. A provision will be recognised if it is more likely than not a settlement will be required and the value of the payment can be reliably estimated.

For the purposes of the exemptions referred to in section 357 of the Irish Companies Act 2014, and not otherwise, Boparan Holdings Limited as the holding undertaking of the undertakings listed below, hereby irrevocably guarantees in respect of the financial period ended on the 30 July 2022, all of the liabilities of the undertakings listed below; provided that this guarantee shall not extend to any liability or commitment of the undertakings listed below which shall not have arisen otherwise than in respect of that financial period or which shall not constitute a liability or loss.

The liabilities in respect of the undertakings listed below, which have arisen in respect of the financial period ended on 30 July 2022, are already included within the Group's consolidated balance sheet.

Billcrest Products Limited

Beverley House Foods (Boyle) Limited

Beverley House Food Group Limited

Beverley House Foods Portumna Limited

Beverley House Group Services Limited

Poldy's Fresh Foods Limited

Beverley House Foods (Longford)

Portumna Pastry Limited

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **31. Contingent liabilities (continued)**

For the period ending 30 July 2022 the subsidiaries of the Company listed below were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Company name	Company registration number
2 Sister Food Services Limited	03475845
Challenger Foods Limited	04274510
Dreamphoto Limited	03055258
Dreamplayer Limited	03055269
Dressadmire Limited	03055284
Ethnic Cuisine Limited	02764810
Island Wharf (100) Limited	04541503
Island Wharf (300) Limited	04541512
John Rannoch Limited	00277563
Joseph Mitchell (Letham) Limited	SC034227
Lloyd Maunder Limited	00234992
Melwood Investments Limited	00755925
Northern Foods American Holdings Limited	00045394
Northern Foods Finance Limited	03945309
Scot-Lad Limited	SC170045
Beverley House (9000) Limited	00772317
Beverley House Investments Limited	02475726
Boparan Foods Limited	03188828
Cavaghan and Gray Group Limited	01357837
Farnsworth Investments Limited	02475724
BH Acquisitions Limited	07495745
Northern Foods Grocery Group Limited	00313761
Solway Foods Limited	02189139
Cavaghan & Gray Limited	00159189
FW Farnsworth Limited	00255912
R. & K. Wise Limited	00386864
Solway Foods Holding Limited	02930016
Oakhco Limited	11913434
Spice Holdco Limited	13634109
2 Sisters Fish Limited	07208651
2 Sisters Poultry Limited	SC440782
Convenience Foods Limited	02226886
Storteboom UK Limited	11913526

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 31. Contingent liabilities (continued)

The liabilities in respect of the undertakings listed above, which have arisen in respect of the financial period ended on 30 July 2022, are already included within the Group's consolidated balance sheet.

#### 32. Related party transactions

The Group has taken advantage of the exemption under FRS 102 Section 33.1A 'Related Party Disclosures' and has not disclosed transactions or balances between wholly owned subsidiary undertakings.

Related party transactions for the 52 weeks ended 30 July 2022, and the 52 weeks ended 31 July 2021 are shown below:

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<b>Amber REI Holdings Limited and subsidiaries</b>		
<i>Relationship: Related by virtue of common ownership</i>		
<i>Charges received from Amber REI Holdings:</i>		
Rental charges	3.2	5.0
Equipment rental charges	2.1	0.5
Purchases made by the Group	0.1	0.7
Outstanding creditor at the period end	0.3	0.7
 <i>Amounts charged to Amber REI Holdings:</i>		
Service charges	-	0.1
 <b>Hook 2 Sisters Limited</b>		
<i>Relationship: The Group hold a 50% investment in the company</i>		
Loans made to the related party (Repayable 9th Feb 2023)	3.3	3.3
 Purchases made by the Group	774.9	702.5
Outstanding creditor at the period end	68.2	60.9
 <b>2 Agriculture Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Sales made to the related party	0.1	0.1
Outstanding debtor at the period end	-	-

## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 32. Related party transactions (continued)

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<b>Shazan Foods Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	45.0	28.7
Outstanding creditor at the period end	2.2	2.3
 Sales made to the related party	6.7	12.9
Outstanding debtor at the period end	1.7	1.5
 <b>Lakeside Food Group Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	1.6	2.2
Outstanding creditor at the period end	0.2	-
 Sales made to the related party	0.1	0.1
Outstanding debtor at the period end	-	-
 <b>Bernard Matthews Food Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	5.8	14.4
Outstanding creditor at the period end	1.0	0.5
 Sales made to the related party	15.3	34.8
Outstanding debtor at the period end	1.5	3.7
 <b>Bernard Matthews Foods (Sunderland) Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	4.7	-
Outstanding creditor at the period end	1.9	-
 Sales made to the related party	13.8	-
Outstanding debtor at the period end	3.9	-



## BOPARAN HOLDINGS LIMITED

### Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022

#### 32. Related party transactions (continued)

	52 weeks ended 30 July 2022 £m	52 weeks ended 31 July 2021 £m
<b>Bernard Matthews Foods (Derby) Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	2.7	-
Outstanding creditor at the period end	4.3	-
Sales made to the related party	60.5	-
Outstanding debtor at the period end	8.0	-
<b>Banham Poultry (2018) Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	12.9	-
Outstanding creditor at the period end	0.9	-
Sales made to the related party	0.5	-
Outstanding debtor at the period end	0.2	-
<b>Elkes Biscuits Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Sales made to the Group	0.7	-
Outstanding creditor at the period end	0.1	-
<b>Carluccio's (UK) Limited</b>		
<i>Relationship: Related by virtue of common ownership</i>		
Purchases made by the Group	0.1	-
Outstanding creditor at the period end	-	-
Sales made to the Group	0.1	-
Outstanding debtor at the period end	-	-

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £9.9m (31 July 2021: £10.6m).

## **BOPARAN HOLDINGS LIMITED**

### **Notes to the financial statements (continued) For the 52 weeks ended 30 July 2022**

#### **33. Ultimate controlling party**

Boparan Midco Limited is the immediate parent of the Group and R S Boparan and B K Boparan are the ultimate controlling parties.

Boparan Holdco Limited is the smallest and largest group into which the Group is consolidated. Their registered address is Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

#### **34. Subsequent events**

There have been no subsequent events since the balance sheet date.