Company number: 08644532

BM TOPCO LIMITED

Annual report and financial statements for the financial year ended 28 June 2015

Contents

Strategic report

The Directors present their strategic report on the BM Topco Limited Group (the "Group") for the financial year ended 28 June 2015. For the purposes of these financial statements the term 'year' represents the 364 days to 28 June 2015.

Business review and future developments
BM Topco Limited was incorporated in England on 9 August 2013 and is the ultimate holding company of the Bernard Matthews group.

Group turnover for the year ended 28 June 2015 was £276,705,000 (2014: £262,148,000), generating an operating loss of £2,162,000 (2014: £3,389,000) before exceptional costs of £72,000 (2014: credits of £215,000) and amortisation of negative goodwill of £4,074,000 (2014: £3,397,000). The loss on ordinary activities before taxation for the year/period was £4,905,000 (2014: £7,314,000). Adjusted earnings before interest, tax, depreciation and amortisation (adjusted "EBITDA") for the year was £6,155,000 (2014: £5,413,000).

The new management team established at the beginning of the financial year have driven key improvements in all areas of the business resulting in a significant step changes in the following areas:

- The planning, execution and cost control throughout the Christmas 2014 campaign.
- Development of strategic relationships with key retailers to enable longer term planning and stability.
- Continued improvement in agricultural management which has led to benefits in both bird health and performance.

A strategic plan for the business has now been established which focusses on three key pillars as enablers of growth. Work is underway in each of these areas which encompass the following:

- **Land utilisation** – optimising the return from our extensive asset base through Green Energy initiatives. Our work in this area over the last few years was demonstrated by Bernard Matthews winning the Grocer Gold award for "Green Initiative of the Year".

- **Core regeneration** – reinvigorating the brand, maximising our Christmas return and increasing our share of retailer branded turkey products in our current categories. In addition further focus will be required on our cost base to maintain our competitive advantage in the market. A significant brand relaunch has been enacted subsequent to the year end supported by an investment in a high profile TV sponsorship campaign.

- **Business transformation** – Extending our expertise into new markets/channels. Looking at poultry in a much wider sense to complement and leverage our core turkey skills.

The business continues to benefit from the support of its investors and lenders, recently demonstrated by additional funding of £10m in August 2015. This will provide the investment required to deliver the strategic growth plan particularly focused on supporting the core regeneration and the business transformation activities.

Exceptional costs
Net exceptional costs of £72,000 (2014: £1,623,000) in relation to the restructuring of the business were incurred during the year. These have been detailed in Note 3 to the financial statements.

Going concern

The Directors are required to be satisfied that the Group has adequate resources to continue in business for the foreseeable future. The validity of this assumption depends upon the ability of the Group to meet its cash flow forecasts and on the continuing operation of the secured lending facilities within the covenant requirements. With the investment by Rutland and the renewal of the secured lending facility through to August 2018 the Directors are of the opinion that has the Group has sufficient funds to meet its liabilities as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Details of agreed facilities are shown below:

UK Facilities

In August 2013, as part of the Rutland investment, the Group's secured lending facilities were renewed and extended through to August 2018. As part of the renewal negotiations the banking covenants were also renegotiated. The Directors have produced forward projections through to June 2018 which support the ability of the Group to operate within the financial and non-financial covenants agreed within that facility.

Hungarian Facilities

The agreement with CIB Bank Zrt extends through to February 2017. The Directors of SáGa Foods Zrt have produced forward projections which support the ability of the SáGa Foods Zrt business to operate within the financial requirements of the agreement.

Proforma balance sheet

Presented below is a proforma balance sheet which overlays the impact of removing the carrying value of the negative goodwill generated as a result of the acquisition by Rutland on the balance sheet as at 28 June 2015.

Proforma consolidated balance sheet	Audited balance sheet at 28 June 2015	Adjustments	Proforma balance sheet
	£000's	£000's	£000's
Fixed assets	31,189	68,911	100,100
Current assets	111,980	-	111,980
Current liabilities			
– Bank loans and overdrafts	(38,304)	-	(38,304)
– Other creditors	(50,078)	-	(50,078)
Net current assets	23,598	-	23,598
Total assets less current liabilities	54,787	68,911	123,698
Creditors: amounts falling due after more than one year			
– Bank loans and overdrafts	(21,912)	-	(21,912)
– Loan notes	(24,618)	-	(24,618)
– Other creditors	(10,547)	-	(10,547)
Net (liabilities)/assets excluding pension deficit	(2,290)	68,911	66,621
Pension deficit	(16,744)	-	(16,744)
Net (liabilities)/assets including pension deficit	(19,034)	68,911	(49,877)

Principal risks and uncertainties
The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties are considered to relate to the current economic climate, movements in feed costs related to the availability of key ingredients, competition from cheaper overseas poultry producers, managing the production of birds to match anticipated but uncertain demand, the potential effects of widespread poultry disease and the need to maintain and enhance the Bernard Matthews and Sága brands. The board of Directors monitors the key risks that the Group is subject to with a view to managing, where possible, the potential impacts.

The Group continuously strives to maintain high standards of biosecurity.

Key performance indicators
The key performance indicators used by the Directors are sales and pre-exceptional operating profit/(loss), the profit/(loss) to sales ratio, net cash flow before financing and adjusted EBITDA.

Key performance indicators	**2015**	2014
	£'000s	£'000s
Turnover	**276,705**	262,148
Pre-exceptional operating loss to sales ratio	**(0.8%)**	(1.3%)
Pre-exceptional operating loss	**(2,162)**	(3,389)
Net cash outflow before financing	**(7,699)**	(7,162)
Adjusted EBITDA	**6,155**	5,413

On behalf of the board

Robert Burnett
Director
4th November, 2015

Directors' report

The Directors present their report and audited consolidated financial statements for the financial year ended 28 June 2015.

Dividends
The directors are unable to recommend a final dividend for the financial year ended 28 June 2015 (2014: £nil).

Financial risk management
The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group. The policies set by the board of Directors are implemented by the Group's finance department.

Price risk
The Group is exposed to commodity price risk as a result of its operations. This is managed partially using raw material futures contracts. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk
The Group has policies which require appropriate credit checks on potential customers. The Group has managed its exposure to credit risk by virtue of its diverse customer base.

Liquidity risk
The Group retains sufficient cash and facilities to ensure it has sufficient available funds for operations and planned expansions.

Interest rate risk
The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which attract interest at a floating rate. Interest bearing liabilities include bank loans, overdrafts, finance leases and loan notes which attract interest at both fixed and floating rates. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Directors
The Directors, who held office at 28 June 2015 and throughout the year up to the date of signing the financial statements, unless stated otherwise, were:

Executive Directors
Zaliha Williamson
Robert Burnett (appointed 30 June 2014)

Non-executive Directors
David Joll (Executive Director 29 June 14 to 31 December 2014)
Paul Cartwright
David Wingfield
Adrian Possener

Going concern
As detailed within the Strategic report, with the investment by Rutland and the renewal of the secured lending facility through to August 2018, the Directors are of the opinion that has the Group has sufficient funds to meet its liabilities as they fall due and have prepared the financial statements on a going concern basis.

Research and development
New product development is an essential feature of future Group expansion. The Group also maintains separate livestock research facilities, the principal objectives of which are the welfare of turkeys and the efficiency of turkey production.

Changes in fixed assets
Movements in fixed assets during the year are set out in notes 11 and 12 to the financial statements.

Market value of interests in land and buildings
In the opinion of the Directors there is no material difference between the market value of the land and buildings held by the Group and the net book value disclosed in the financial statements.

Disabled employees
The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees irrespective of sex, orientation, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement
Employee involvement, consultation and development fulfil key roles in achieving the Group's trading and manufacturing strategies.

The demands of keeping pace with changes in the business environment are positively responded to by a significant training plan covering all areas of the business.

There has been a continuing focus on developing the leadership skills of senior management within the business as part of the Group's talent management strategy, which seeks to develop, retain and attract talent.

Recognition of particular skills developed by staff within the Group is encouraged through development of relevant qualifications with local colleges, the University of East Anglia and professional institutes. The business also offers annual scholarships to agriculture students at Harper Adams University College providing course fees and one year employment placements. Apprenticeships are also important and the Group continues to offer opportunities to young people to develop their skills.

Regular business updates on noticeboards, an internal newsletter and the intranet are an important aid in keeping staff informed of Group activities. In addition regular update meetings are held between managers and staff across the business. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the business plays a major role in maintaining and improving the Group's performance. The Group encourages the involvement of employee's by means of an annual management bonus scheme, which is aligned to the objectives of the business and is used to drive improved performance.

The Group continues to advance its diversity programme with the workforce comprising 30 different nationalities. The Group was singled out for praise in a recent Equality & Human Rights Commission Inquiry Report into Recruitment and Employment in the Meat and Poultry Industry, and has subsequently played a positive role in the Equality & Human Rights Commission taskforce. The Group works closely with the union, customers and labour suppliers to ensure that it continues to be a highly responsible employer.

Health and Safety at work practices remain under constant review and development to allow the Group to keep pace with changing legislation and best practice.

Charitable and political donations
For the financial year ended 28 June 2015 the Group made charitable contributions of £5,000 (2014: £11,000) to a variety of national and local charities. Some of these contributions were made to the Bernard Matthews Fund, administered by the Norfolk Community Foundation, which aims to support a wide range of charitable and community activities throughout Norfolk, North Suffolk and Lincolnshire. No contributions were made to political organisations (2014: nil).

Directors' third-party indemnity provisions
A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 exists for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. This provision was in force throughout the year, and at the date of approval of the financial statements. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year, and at the date of approval of the financial statements.

Statement of disclosure of information to auditors
So far as each director is aware, there is no relevant information of which the Group's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors
PricewaterhouseCoopers LLP were appointed by the directors as auditors during the year, and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Directors' report continued

Statement of directors' responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Robert Burnett
Director
4th November, 2015

Independent auditors' report
to the members of BM Topco Limited

Report on the financial statements

Our opinion

In our opinion, BM Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 28 June 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheets at 28 June 2015;
- the consolidated profit and loss account and the consolidated statement of total recognised gains and losses for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report continued
to the members of BM Topco Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
4 November 2015

Consolidated profit and loss account
for the financial year ended 28 June 2015

	Note	2015 £000's	2014 £000's
Turnover	2	**276,705**	262,148
Group operating loss before exceptional (costs)/credits and amortisation of negative goodwill		**(2,162)**	(3,389)
Exceptional operating (costs)/credit	3	**(72)**	215
Amortisation of negative goodwill	11	**4,074**	3,397
Group operating profit	2, 3	**1,840**	223
Share of operating loss in joint venture		**(164)**	(119)
Exceptional costs – closure of production facility	3	-	(1,181)
Profit/(loss) before interest and tax: group and share of joint ventures		**1,676**	(1,077)
Net interest payable and similar charges	5	**(6,525)**	(5,401)
Exceptional finance costs	3	-	(657)
Other finance charge	10	**(56)**	(179)
Loss on ordinary activities before taxation	2	**(4,905)**	(7,314)
Tax on loss on ordinary activities	6	**(728)**	1,749
Loss on ordinary activities after taxation		**(5,633)**	(5,565)
Equity minority interests		**67**	40
Loss for the financial year/period	22	**(5,566)**	(5,525)

All items dealt with in the profit and loss account relate to continuing operations.

There is no material difference between the loss on ordinary activities before taxation, and the loss for the financial year/period stated above and their historical cost equivalents.

The following table is provided to show the comparative earnings before interest, tax, depreciation and amortisation ("EBITDA") after adjusting for exceptional costs.

Non-GAAP measure: Adjusted EBITDA	Note	2015 £000's	2014 £000's
Group operating loss before exceptional (costs)/credits and amortisation of negative goodwill		**(2,162)**	(3,389)
Depreciation and other amounts charged to tangible assets	3	**8,646**	9,038
Profit on sale of fixed assets	3	**(329)**	(236)
Adjusted EBITDA		**6,155**	5,413

Consolidated statement of total recognised gains and losses
for the financial year ended 28 June 2015

	2015 £000's	2014 £000's
Loss for the financial year/period	**(5,566)**	(5,525)
Actuarial loss on pension scheme (note 10)	**(5,406)**	(3,059)
Movement on deferred tax relating to pension scheme liability (note 20)	**932**	612
Currency translation differences on foreign currency net investments	**(56)**	(994)
Total recognised losses relating to the financial year/period	**(10,096)**	(8,966)

Balance sheets
As at 28 June 2015

		Group		Company	
	Note	**2015 £000's**	2014 £000's	**2015 £000**	2014 £000's
Fixed assets					
Intangible assets	11	**(68,911)**	(72,985)	-	-
Tangible assets	12	**100,465**	101,640	-	-
Investments	13	**9**	16	1	1
Investments in joint venture:					
Gross assets		**2,238**	1,592	-	-
Gross liabilities		**(2,612)**	(1,847)	-	-
		(374)	(255)	-	-
		31,189	28,416	**1**	1
Current assets					
Stocks	14	**59,613**	50,035	-	-
Assets held for sale	15	**1,258**	107	-	-
Debtors: amounts falling due within one year	16	**39,115**	36,864	1	1
Debtors: amounts falling due after more than one year	16	**7,839**	8,400	-	-
Cash at bank and in hand		**4,155**	4,066	-	-
		111,980	99,472	**1**	1
Creditors: amounts falling due within one year					
Bank loans and overdrafts	17	**(38,304)**	(28,655)	-	-
Other creditors	18	**(50,078)**	(46,857)	**(1)**	(1)
		(88,382)	(75,512)	**(1)**	(1)
Net current assets		**23,598**	23,960	-	-
Total assets less current liabilities		**54,787**	52,376	**1**	1
Creditors: amounts falling due after more than one year					
Bank loans and overdrafts	17	**(21,912)**	(18,908)	-	-
Loan notes	17	**(24,618)**	(24,426)	-	-
Other creditors	18	**(10,547)**	(5,027)	-	-
Provisions for liabilities	19	-	(6)	-	-
Net (liabilities)/assets excluding pension deficit		**(2,290)**	4,009	**1**	1
Pension deficit	10	**(16,744)**	(13,014)	-	-
Net (liabilities)/assets including pension deficit	2	**(19,034)**	(9,005)	**1**	1

Balance sheets (continued)
As at 28 June 2015

		Group		Company	
	Note	**2015 £000's**	2014 £000's	**2015 £000's**	2014 £000's
Capital and reserves					
Called up share capital	21	**1**	1	**1**	1
Profit and loss account	22	**(19,062)**	(8,966)	**-**	
	-				
Total shareholders' (deficit)/funds	23	**(19,061)**	(8,965)	**1**	1
Minority interests		**27**	(40)	**-**	-
Capital employed		**(19,034)**	(9,005)	**1**	1

The financial statements on pages 9 to 36 were approved by the board of directors on 4th November, 2015 and signed on its behalf by:

Robert Burnett
Director

Company number: 08644532

Consolidated cash flow statement
for the financial year ended 28 June 2015

	Note	2015 £000's	2015 £000's	2014 £000's	2014 £000's
Net cash (outflow)/inflow from operating activities	27		**(2,349)**		5,722
Returns on investments and servicing of finance					
Interest received		**4**		13	
Interest paid		**(1,953)**		(2,154)	
Interest element of finance lease rental payments		**(727)**		(149)	
			(2,676)		(2,290)
Taxation					
Overseas taxation paid		**(328)**		(233)	
			(328)		(233)
Capital expenditure and financial investment					
Purchase of tangible and intangible assets		**(2,831)**		(4,051)	
Sale of tangible assets		**485**		1,119	
Acquisition of subsidiary (including net overdrafts acquired of £4,077,000)		**-**		(7,429)	
			(2,346)		(10,361)
Net cash outflow before financing			**(7,699)**		(7,162)
Financing					
Shares issued		**-**		1	
Capital element of finance lease repayments	29	**(1,140)**		(530)	
Repayment of bank borrowings	29	**8,601**		(19,284)	
Issuance of loan notes (net of issue costs)		**-**		24,058	
			7,461		4,245
Decrease in cash in the financial year/period	29		**(238)**		(2,917)

1. Accounting policies

(a) Basis of financial statements
These financial statements are prepared on a going concern basis, under the historic cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

The accounting years of the Group end on the Sunday nearest to 30 June, which results in financial periods of either 52 or 53 weeks in a full accounting year. In accordance with the exemption provided under Section 408, Companies Act 2006, the profit and loss account of the parent company is not published. The Group financial statements incorporate the financial statements of all of the Company's subsidiaries to 28 June 2015. The results of subsidiaries are included from the date of acquisition. Intra group sales and profits are eliminated on consolidation. Accounting policies have been applied uniformly across the group.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

(b) Going concern
The Directors are required to be satisfied that the Group has adequate resources to continue in business for the foreseeable future. The validity of this assumption depends upon the ability of the Group to meet its cash flow forecasts and on the continuing operation within the covenant requirements of the secured lending facilities. Notwithstanding the fact that the Group has net liabilities, the investment by private equity funds managed by Rutland Partners LLP ("Rutland") and the renewal of the secured lending facility through to August 2018 means that the Directors are of the opinion that has the Group has sufficient funds to meet its liabilities as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Details of agreed facilities are shown below:

UK Facilities
In August 2013, as part of the Rutland investment, the Group's secured lending facilities were renewed and extended through to August 2018. As part of the renewal negotiations the banking covenants were also renegotiated. The Directors have produced forward projections through to June 2018 which support the ability of the Group to operate within the financial and non-financial covenants agreed within that facility.

Hungarian Facilities
The agreement with CIB Bank Zrt extends through to February 2017. The Directors of SáGa Foods Zrt have produced forward projections which support the ability of the SáGa Foods Zrt business to operate within the financial requirements of the agreement.

(c) Deferred taxation
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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an non-discounted basis.

(d) Turnover
Turnover is recognised on date of despatch. Total turnover represents deliveries at invoice value to external customers less returns, discounts and allowances.

(e) Stocks
Stocks are valued at the lower of cost and net realisable value on a first in first out basis. Finished goods and work in progress are valued at the lower of cost of production, including directly attributable overheads, and estimated realisable value.

1. Accounting policies continued

(f) Leased assets

Costs in respect of operating leases are charged against operating profit on a straight-line basis over the term of the relevant lease. Leasing contracts which transfer to the Group substantially all the benefits and risks of ownership of an asset (finance leases) are treated as if the asset had been purchased outright.

In respect of finance leases, the assets are capitalised at the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged at the appropriate rate as shown in note 1(h) or the lease term if shorter. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the annuity method. Assets which have been sold and leased back are accounted for under Financial Reporting Standard ("FRS") 5 'Reporting the Substance of Transactions' to reflect the substance of the underlying transaction. No profit is recognised on those assets previously owned and subsequently sold and leased back.

(g) Software

Software costs are written off as incurred, except for purchases from third parties in respect of major systems. In such cases, the costs are written off over a period of between two and seven years from the date of implementation.

(h) Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Depreciation is first charged when tangible assets are brought into use and is calculated to write off the cost in equal annual instalments at the following principal rates:

Freehold land and buildings	Nil-10 %
Plant and machinery (including poultry houses & vehicles)	2-33%
Fixtures and fittings (including software)	15-20%
Assets in course of construction	Nil

The carrying value of the Group's assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

(i) Foreign currencies

All foreign currency monetary assets and liabilities are translated into sterling at rates of exchange ruling at the end of the financial year. The results of foreign subsidiaries are translated at average rates of exchange for the financial year. Differences on exchange arising from the retranslation of the opening net investment in subsidiaries at the closing rate of exchange and from the translation of the results of those companies at average rates are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the financial year in which they arise.

(j) Provisions

The Group makes provisions for liabilities and charges when it has a legal or constructive obligation arising from a past event in accordance with FRS 12, 'Provisions, Contingent Liabilities and Contingent Assets'.

(k) Pension scheme arrangements

The pension schemes of the Group are externally managed. The Group has a defined benefit scheme which is closed to further accrual and an active defined contribution scheme. The pension cost of the defined contribution scheme is charged to the profit and loss account in the financial year to which it relates. The interest on liabilities for defined benefit schemes is, in accordance with FRS 17, 'Retirement Benefits', charged to the profit and loss account. The expected return on assets is credited to the profit and loss account. Actuarial gains and losses on the assets and liabilities of the scheme are recognised through the statement of total recognised gains and losses.

(l) Research and development

Research and development expenditure is charged to the profit and loss account in the financial year in which it is incurred.

1. Accounting policies continued

(m) Financial instruments
As the Group has not elected to adopt FRS 26, 'Financial Instruments: Measurement', it is entitled to, and has claimed exemption from, the disclosure requirements of FRS 29, 'Financial Instruments: Presentation'.

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

Trade debtors
Trade debtors are not interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade creditors
Trade creditors are not interest bearing and are stated at their nominal value.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Other financial instruments
The Group uses other financial instruments (principally raw material futures contracts) to manage the interest rate and currency risks arising from the Group's operations and its sources of finance, and the risk of movements in raw material purchase prices.

Gains or losses on foreign currency hedges and raw material hedges are recognised in line with the underlying transaction. The Group does not trade in financial instruments.

(n) Cost of capital instruments
Capital instruments are initially recorded net of finance costs incurred in respect of the instrument. The costs are then charged to the profit and loss account over the term of the instrument to which the costs relate.

(o) Government grants
Grants received to assist with the purchase of tangible assets are amortised over a period to match the life of the asset acquired.

(p) Goodwill
Goodwill, being the excess of the consideration paid for a business over the fair value of its assets, is capitalised and amortised evenly over its useful economic life which the Directors have determined to be twenty years.

Goodwill is reviewed for impairment at the end of the first full period following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and released to the profit and loss account over the period in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through amortisation or sale.

(q) Use of non-GAAP measures
The Directors believe that adjusted EBITDA provides additional useful information for shareholders on underlying trends and performance. These measures are used for internal performance analysis. Adjusted EBITDA is not defined by UK GAAP and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to, GAAP measurements of profit. Adjusted EBITDA is calculated by reference to profit/(loss) before income tax, adjusted for interest, depreciation, amortisation and exceptional cost.

2. Turnover

Segmental analysis by geographical area

The Group's activities consist of one primary activity, namely the farming, production and marketing of turkey and other meat and poultry products.

The analyses by geographical area of the Group's turnover, loss on ordinary activities before taxation and net liabilities are set out below:

Turnover by geographical area

	Turnover by origin 2015 £000's	**Turnover by destination 2015 £000's**	Turnover by origin 2014 £000's	Turnover by destination 2014 £000's
Western Europe	**258,343**	**257,373**	243,840	243,205
Other, including Hungary	**19,061**	**19,332**	20,046	18,943
	277,404	**276,705**	263,886	262,148
Inter-area sales	**(699)**	-	(1,738)	-
Total turnover	**276,705**	**276,705**	262,148	262,148

Loss on ordinary activities before taxation per area of origin

	2015 £000's	2014 £000's
Western Europe	**2,035**	913
Other, including Hungary	**(195)**	(690)
Group operating profit	**1,840**	223
Share of operating loss in joint venture	**(164)**	(119)
Exceptional costs – closure of production facility (note 3) – Western Europe	-	(1,181)
Exceptional finance costs (note 3) – Western Europe	-	(657)
Net interest and other finance charges	**(6,581)**	(5,580)
Loss on ordinary activities before taxation	**(4,905)**	(7,314)

Net liabilities per segment of origin

	2015 £000's	2014 £000's
Western Europe	**61,895**	59,732
Other, including Hungary	**3,905**	3,252
	65,800	62,984
Net borrowings	**(84,834)**	(71,989)
Net liabilities	**(19,034)**	(9,005)

The majority of the Western European turnover, operating profit and net liabilities, result from UK operations. In the opinion of the Directors the disclosure of further segmental information would be seriously prejudicial to the interests of the Group and has not therefore been provided.

3. Group operating profit

		2015 £000's	2014 £000's
Turnover		**276,705**	262,148
Changes in stocks of finished goods and work in progress		**(10,430)**	12,059
Own work capitalised		**(110)**	(331)
Other operating income		**(875)**	(1,197)
Raw materials and consumables		**141,407**	132,501
Other external charges		**22,281**	16,699
Staff costs (note 9)	Exceptional costs	**72**	-
	Other	**60,009**	52,800
		60,081	52,800
Amortisation of negative goodwill		**(4,074)**	(3,397)
Depreciation and other amounts (credited)/charged to tangible assets (note 12)		**8,646**	9,038
Profit on sale of fixed assets		**(329)**	(236)
Other operating charges	Exceptional items	**-**	(215)
	Other	**58,268**	44,204
		58,268	43,989
		274,865	261,925
Group operating profit		**1,840**	223

Exceptional costs
The following exceptional costs have been recognised in the year/period:

	2015 £000's	2014 £000's
Staff costs		
- redundancy costs arising on restructuring	**(72)**	-
	(72)	-
Other operating income		
- provision releases	**-**	215
	-	215
Closure of production facility		
- redundancy costs	**-**	(324)
- impairment of tangible assets	**-**	(599)
- other costs	**-**	(258)
	-	(1,181)
Finance costs		
- write-off of unamortised costs relating to a renegotiated financing facility	**-**	(657)
	-	(657)
Total exceptional costs	**(72)**	(1,623)

Notes to the financial statements for the financial year ended 28 June 2015
continued

3. Group operating profit continued

	2015	2014
	£000's	£000's
Group operating profit is stated after charging/(crediting):		
Depreciation of tangible assets		
- Owned assets	**8,039**	8,866
- Leased assets	**607**	172
Profit on sale of tangible assets	**(329)**	(236)
Amortisation of negative goodwill	**(4,074)**	(3,397)
Operating lease charges		
- Plant and machinery	**2,164**	2,057
- Other	**2,391**	1,378
Currency exchange differences	**489**	284

4. Services provided by the Group's auditors and network firms

During the financial year/period the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors and network firms at costs as detailed below.

	2015	2014
	£000's	£000's
Audit services		
- Fees payable to the Company auditors for the audit of Parent Company and consolidated financial statements	**11**	12
Non-audit services		
Fees payable to Company's auditors and its associates for other services		
- The audit of Company's subsidiaries pursuant to legislation	**151**	147
- Corporate finance services	**60**	25
Fees payable in respect of the pension schemes		
- Audit	**12**	10
	234	194

5. Net interest payable and similar charges

	2015 £000's	2014 £000's
Bank interest payable	**2,221**	2,154
Interest payable on finance leases	**727**	149
Loan note interest payable	**3,388**	2,581
Amortisation of issue costs of loan notes	**193**	368
Amortisation of debt costs	**-**	162
Bank interest receivable	**(4)**	(13)
	6,525	5,401

6. Tax on loss on ordinary activities

	2015 £000's	2014 £000's
Current taxation		
Overseas taxation	**225**	233
Total current taxation	**225**	233
Deferred taxation		
Origination and reversal of timing differences (note 20):		
UK	**478**	(2,720)
Overseas	**25**	199
Deferred tax on pension scheme liabilities	**-**	539
Total deferred taxation	**503**	(1,982)
Tax charge/(credit) on loss on ordinary activities	**728**	(1,749)

6. Tax on loss on ordinary activities continued

The taxation assessed for the financial year/period differs from (2014: differs from) the standard rate of corporation tax in the UK of 20.75% (2014: 22.58%). The differences are explained below:

	2015 **£000's**	2014 £000's
Loss on ordinary activities before taxation	**(4,905)**	(7,314)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20.75% (2014: 22.58%)	**(1,018)**	(1,652)
Permanent differences	**2,819**	(250)
Accelerated capital allowances	**187**	140
Unutilised tax losses carried forward	**(765)**	2,282
Pension cost relief in excess of pension cost charge	**(932)**	(130)
Other timing differences	**(82)**	(76)
Differential taxation rates on overseas earnings	**16**	(81)
Current taxation charge for the financial year/period	**225**	233

Factors that may affect future tax charges

Announcements have been made by the Chancellor of the Exchequer of changes to corporation tax rates which will have an effect on the future tax charge of the company. A reduction in the corporation tax rate from 21% to 20% from 1 April 2015 was in place for accounting purposes at the balance sheet date. Consequently, deferred tax has been calculated at the year end using a tax rate of 20% as the majority of deferred tax is expected to be realised after 1 April 2015. The budget announcements made on 8 July 2015 for future reductions in the main rate of corporation tax to 18% by 1 April 2020, were not substantively enacted at the balance sheet date.

7. Result for the financial year/period

The result attributable to BM Topco Limited for the financial year ended 28 June 2015 is £nil (2014: £nil).

Notes to the financial statements for the financial year ended 28 June 2015
continued

8. Directors' emoluments

	2015 £000's	2014 £000's
Aggregate emoluments	**632**	531
Aggregate contributions to defined contribution schemes	**21**	27
	653	558

Emoluments payable to the highest paid Director are as follows:

	2015 £000's	2014 £000's
Aggregate emoluments	**312**	261
	312	261

9. Employee information

Average monthly number of employees of the Group

	2015 Number	2014 Number
Production	**1,958**	2,340
Administration	**410**	285
	2,368	2,625

Remuneration paid by the Group

	2015 £000's	2014 £000's
Wages and salaries	**52,829**	45,969
Social security costs	**5,441**	5,352
Other pension costs (note 10)	**1,739**	1,479
	60,009	52,800

Other than the directors, the Company had no employees during the financial year (2014: none).

Notes to the financial statements for the financial year ended 28 June 2015
continued

10. Pensions

As of 21 March 2004, the Bernard Matthews Pension Fund was closed to further accrual, and members had access to a new defined contribution scheme. The Group also operates a Contracted-In Money Purchase Scheme. The cost of employer contributions is charged to the profit and loss account in the financial year to which it relates. At the end of the financial year, contributions of £226,000 (2014: £162,000) were outstanding.

Group Pension Cost

	2015 £000's	2014 £000's
Pension costs in relation to defined contribution schemes	**(1,739)**	(1,479)
Finance charge in respect of defined benefit scheme (note 10d)	**(56)**	(179)
	(1,795)	(1,658)

Defined benefit pension scheme:
The most recent available actuarial valuation of the Bernard Matthews Pension Fund was conducted as at 31 December, 2013 and a deficit of £10,286,000 was identified. The Group is paying additional contributions to fund the deficit and as such during the year contributions totalling £800,000 were made to the fund (2014: £667,000).

The actuarial valuation was updated to 28 June 2015 by a qualified independent actuary on the basis prescribed by FRS 17.

(a) Assumptions:
The major assumptions used by the actuary were as follows:

Main assumptions:

	2015	2014
Rate of increase in pensions in payment		
- for service before 6 April 1997	**2.5%**	2.5%
- for service after 5 April 1997	**3.3%**	3.3%
Discount rate	**3.7%**	4.3%
Inflation assumption	**3.4%**	3.4%

The mortality assumptions used were as follows:

	2015 Years	2014 Years
Longevity at age 60		
Current pensioners	**26.9**	26.8
Future pensioners	**27.9**	27.8

10. Pensions continued

(b) Reconciliation of present value of scheme liabilities

	2015 £000's	2014 £000's
At the beginning of the year	**61,214**	56,529
Interest cost	**2,606**	2,137
Benefits paid	**(1,214)**	(1,117)
Actuarial loss	**7,133**	3,665
At the end of the year	**69,739**	61,214

(c) Movement in fair value of scheme assets

	2015 £000's	2014 £000's
At the beginning of the year	**44,946**	42,717
Expected return on pension scheme assets	**2,550**	1,958
Actuarial gain	**1,727**	606
Benefits paid	**(1,214)**	(1,002)
Contribution paid by employer	**800**	667
At the end of the year	**48,809**	44,946

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected 28 June 2015	**Value at 28 June 2015 £000's**	Long term rate of return expected 29 June 2014	Value at 29 June 2014 £000's
Equities	**6.3%**	**29,930**	6.5%	26,838
Bonds	**3.7%**	**14,812**	4.3%	14,271
Property	**5.0%**	**4,067**	5.4%	3,837
		48,809		44,946
Present value of scheme liabilities		**(69,739)**		(61,214)
Deficit in scheme		**(20,930)**		(16,268)
Related deferred tax asset		**4,186**		3,254
Net pension deficit		**(16,744)**		(13,014)

10. Pensions continued

(d) Group profit and loss account and statement of total recognised gains and losses:

Under the assumptions detailed in note 10(a), the amounts that have been charged to the Group profit and loss account and statement of total recognised gains and losses for the financial year/period are as follows:

Group profit and loss account

	2015 £000's	2014 £000's
Other finance charge		
Expected return on pension scheme assets	**2,550**	1,958
Interest on pension scheme liabilities	**(2,606)**	(2,137)
Net other finance charge	**(56)**	(179)

	2015 £000's	2014 £000's
Statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	**1,727**	606
Experience gains and losses arising on the scheme liabilities	**702**	(131)
Impact of changes in assumptions relating to the present value of scheme liabilities	**(7,835)**	(3,534)
Actuarial loss recognised in the statement of total recognised gains and losses	**(5,406)**	(3,059)

(e) History of experience gains and losses for the financial year ended 28 June 2015:

	2015 £000's	2014 £000's
Defined benefit obligation	**(69,739)**	(61,214)
Plan assets	**48,809**	44,946
Deficit	**(20,930)**	(16,268)
Experience adjustments on plan assets	**1,727**	606
Experience adjustments on plan liabilities	**702**	(131)
Total amount recognised in the statement of total recognised gains and losses	**(5,406)**	(3,059)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses for accounting years ending on or after 29 June 2014 is £8,465,000 (2014: £3,059,000).

Notes to the financial statements for the financial year ended 28 June 2015
continued

11. Intangible assets

Group	Negative goodwill £000's
Cost at 30 June 2014 and 28 June 2015	(76,382)
Accumulated amortisation at 30 June 2014	3,397
Charge in the year	4,074
Accumulated amortisation at 28 June 2015	7,471
Net book value at 28 June 2015	**(68,911)**
Net book value at 29 June 2014	(72,985)

Negative goodwill on acquisition is written off over the remaining useful economic life of the property assets of the group at the point of acquisition (225 months).

The Company held no intangible assets (2014: nil).

12. Tangible assets

Group	Freehold land and buildings £000's	Plant and machinery (including poultry houses & vehicles) £000's	Fixtures and fittings (including software) £000's	Assets in course of construction £000's	Total £000's
Cost at 30 June 2014	68,802	34,306	2,785	525	106,418
Additions	273	8,320	495	858	9,946
Disposals	(140)	(1,599)	(328)	-	(2,067)
Reclassifications	47	321	50	(418)	-
Transferred to assets held for sale	(4,309)	(5,333)	(430)	(3)	(10,075)
Exchange adjustments	(921)	139	(183)	(96)	(1,061)
Cost at 28 June 2015	**63,752**	**36,154**	**2,389**	**866**	**103,161**
Accumulated depreciation at 30 June 2014	2,761	1,625	392	-	4,778
Impairment	1,828	6,246	572	-	8,646
Eliminated on disposals	(116)	(1,497)	(298)	-	(1,911)
Reclassifications	-	(1)	1	-	-
Transferred to assets held for sale	(3,395)	(5,003)	(419)	-	(8,817)
Accumulated depreciation at 28 June 2015	**1,078**	**1,370**	**248**	-	**2,696**
Net book value at 28 June 2015	**62,674**	**34,784**	**2,141**	**866**	**100,465**
Net book value at 29 June 2014	66,041	32,681	2,393	525	101,640

The net book value of Plant and machinery for the Group includes an amount of £7,165,000 (2014: £1,835,000) in respect of assets held under finance leases. Depreciation of £607,000 (2014: £172,000) on these assets is included in the charge for the financial year shown above.

Certain of the Group's freehold land and buildings are included at valuation as at 28 December, 1986. On the adoption of FRS 15 the Group elected to retain the 1986 valuation as deemed historical cost and not to adopt a policy of revaluation going forward. If freehold land and buildings had not been revalued they would have been included for the Group at the following amounts:

	2015 £000's	2014 £000's
Historical cost	**36,810**	43,640
Historical accumulated depreciation	**19,096**	26,059

The Company held no tangible assets (2014: nil).

Capital commitments	**Group 2015 £000's**	Group 2014 £000's	**Company 2015 £000's**	Company 2014 £000's
Contracted for but not provided in the financial statements	**863**	-	-	-

13. Investments

	Group £000's	Company £000's
Investments at cost at 30 June 2014	16	1
Disposals in the year	(7)	-
Investments at cost at 28 June 2015	**9**	**1**
Impairment at 28 June 2015	-	-
Net book value at 28 June 2015	**9**	**1**
Net book value at 30 June 2014	16	1

The Directors believe that the carrying value of the investments is supported by the value of the businesses of the subsidiary undertakings.

The following information shows all subsidiaries and interests:

Name of subsidiary	Country of incorporation and operation	Class of shares held	Percentage of nominal value of issued shares held by Group	Company
Bernard Matthews Oldenburg GmbH	Germany	Ordinary	100	-
SáGa Foods RT	Hungary	Ordinary	100	-
Pannon Pulyka KFT	Hungary	Ordinary	100	-
Sabaker KFT	Hungary	Ordinary	100	-
Rabaho KFT	Hungary	Ordinary	60	-
BM Bidco Limited	United Kingdom	Ordinary	100	100
Bernard Matthews Holdings Limited	United Kingdom	Ordinary	100	-
Bernard Matthews Limited	United Kingdom	Ordinary	100	-
Lincs Turkeys Limited	United Kingdom	Ordinary	100	-
Holton Renewable Power Limited	United Kingdom	Ordinary	45	-
Bernard Matthews Green Energy Limited	United Kingdom	Ordinary	100	-
Turners Turkeys	United Kingdom	Ordinary	100	-
BM Green Energy Pickenham Limited	United Kingdom	Ordinary	100	-
BM Green Energy Halesworth Limited	United Kingdom	Ordinary	100	-
Farm Security Services Limited	United Kingdom	Ordinary	100	-
Bernard Matthews Beteiligungsgesellschaft mbH	Germany	Ordinary	100	-
Bernard Matthews BV	Netherlands	Ordinary	100	-
Bernard Matthews (Halesworth) Limited (Dormant)	United Kingdom	Ordinary	100	-
Norfolk Spring Limited (Dormant)	United Kingdom	Ordinary	100	-
Mini Turkeys Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews Aviation Limited (Dormant)	United Kingdom	Ordinary	100	-
L.B.T (Packers) Limited (Dormant)	United Kingdom	Ordinary	100	-
Ash Valley Farms Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews Fisheries Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews Foods Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews Kitchens Limited (Dormant)	United Kingdom	Ordinary	100	-
Bon Appetite Limited (Dormant)	United Kingdom	Ordinary	100	-
Economy Brands Poultry Limited (Dormant)	United Kingdom	Ordinary	100	-

Notes to the financial statements for the financial year ended 28 June 2015
continued

13. Investments - continued

Fine Foods (East Anglia) Limited (Dormant)	United Kingdom	Ordinary	100	-
Lake Spring Water Co Limited (Dormant)	United Kingdom	Ordinary	100	-
The Turkey Company (TTC) Limited (Dormant)	United Kingdom	Ordinary	100	-
Turkey Limited (Dormant)	United Kingdom	Ordinary	100	-
Vegetable Cuisine Limited (Dormant)	United Kingdom	Ordinary	100	-
Yummy Foods Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews GmbH (Dormant)	Germany	Ordinary	100	-
Sander Fleisch und Wurstwaren Vertriebs GmbH	Germany	Ordinary	100	-
Saga Foods Sp zoo (Dormant)	Poland	Ordinary	100	-

14. Stocks

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Raw materials and consumables	**11,830**	9,586	-	-
Work in progress	**21,725**	23,363	-	-
Finished goods and goods for resale	**26,058**	17,086	-	-
	59,613	50,035	-	-

The replacement cost of stocks does not differ materially from the numbers disclosed above.

15. Assets held for sale

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Plant and machinery	**1,258**	107	-	-

Assets held for sale are included within tangible assets until such time as it is expected that they will be disposed of within a period of one year of the balance sheet date, at which point they are transferred to current assets. Assets held for resale are not depreciated, but are reviewed for impairment in the event that net realisable value falls below carrying value.

16. Debtors

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Amounts falling due within one year				
Trade debtors	**29,737**	28,404	-	-
Amounts owed by group undertakings	-	-	**1**	1
Other debtors	**1,765**	1,736	-	-
Corporation tax	**260**	-	-	-
Prepayments and accrued income	**7,353**	6,724	-	-
	39,115	36,864	**1**	1
Amounts falling due after more than one year				
Deferred tax (note 20)	**7,839**	8,400	-	-

Amounts owed by group undertakings are unsecured and interest free and are repayable on demand.

17. Bank loans and overdrafts

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Amounts falling due within one year				
Bank loans	**29,857**	20,849	-	-
Bank overdrafts	**6,996**	7,280	-	-
Obligations under finance leases	**1,451**	526	-	-
	38,304	28,655	-	-
Amounts falling due after more than one year				
Bank loans and overdrafts falling due after more than one year are repayable as follows:				
One to two years	**15,971**	16,979	-	-
Two to five years	**464**	504	-	-
Over five years	**59**	154	-	-
	16,494	17,637	-	-
Loan notes falling due after more than one year are repayable as follows:				
Two to five years	**24,618**	-	-	-
Over five years	-	24,426	-	-
	24,618	24,426	-	-
Obligations under finance leases due after more than one year are repayable as follows:				
One to five years	**5,418**	1,271	-	-
	5,418	1,271	-	-
Total amount falling due after more than one year	**46,530**	43,334	-	-
Total borrowings	**84,834**	71,989	-	-

Bank loans and overdrafts are secured by a combination of fixed and floating charges over the Group's fixed and current assets.

Other loans falling due after more than one year comprise loan notes of £24,999,500 (less unamortised issue costs of £381,000; 2014: unamortised issue costs £573,000) due to private equity funds managed by Rutland, who are the ultimate controlling party of BM Topco Limited. The loan notes are repayable in August 2018 and attract interest of 20% per annum, which is rolled up into the balance of the loan notes (subject to a maximum ceiling of £49,999,000) through the annual issuance of PIK notes.

Overseas bank loans falling due after more than one year amounting to £1,747,000 are repayable in instalments over the period to December 2016. The interest rates are fixed each year, with the rate for the year ended 28 June 2015 being 3.21% (2014: 3.83%).

Notes to the financial statements for the financial year ended 28 June 2015
continued

18. Other creditors

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Amounts falling due within one year				
Trade creditors	**30,587**	32,671	-	-
Amounts owed to group undertakings	-	-	1	1
Taxation and social security	**1,381**	1,568	-	-
Other creditors	**1,938**	2,055	-	-
Accruals and deferred income	**16,172**	10,563	-	-
	50,078	46,857	**1**	1
Amounts falling due after more than one year				
Accruals and deferred income	**713**	892	-	-
Accrued loan note interest	**9,834**	4,135	-	-
	10,547	5,027	-	-
Total other creditors	**60,625**	51,884	**1**	1

19. Provisions for liabilities

	Onerous leases £000's
Group	
At 30 June 2014	6
Utilised during the year	(6)
At 28 June 2015	-

Onerous leases
Onerous lease provisions comprised undiscounted future rents payable on onerous property leases.

The Company held no provisions (2014:nil).

Notes to the financial statements for the financial year ended 28 June 2015
continued

20. Deferred taxation

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Provision for deferred taxation comprises:				
Accelerated capital allowances	**180**	(116)	-	-
Other timing differences	**5**	80	-	-
Tax losses carried forward	**7,654**	8,436	-	-
Deferred taxation asset	**7,839**	8,400	-	-

	Group	
	2015	2014
	£000's	£000's
At the beginning of the year	**8,400**	5,954
Deferred tax credited in profit and loss account (note 6)	**(478)**	2,521
Exchange adjustments	**(83)**	(75)
At the end of the year	**7,839**	8,400

Deferred taxation has been calculated 20% (2014: 20%) and at prevailing overseas taxation rates where applicable.

The Group has an unprovided deferred tax asset of £2,117,000 (2014: £3,100,000) relating to trading losses which the directors do not consider to be recoverable. Circumstances in which the asset would be recovered include future trading profits in excess of those currently predicted.

Deferred taxation asset relating to pension deficit

	Group and Company	
	2015	2014
	£000's	£000's
At the beginning of the year	**3,254**	3,181
Deferred tax charged in profit and loss account (note 6)	-	(539)
Deferred tax credited to the statement of total recognised gains and losses	**932**	612
At the end of the year	**4,186**	3,254

Notes to the financial statements for the financial year ended 28 June 2015
continued

21. Called up share capital

Group and Company

	2015	2014
	£	£
Allotted, called up and fully paid:		
41,071 (2014: 45,000) Ordinary A shares of £0.01 each	**411**	450
50,000 (2014: 50,000) Ordinary B shares of £0.01 each	**500**	500
5,000 (2014: 5,000) Ordinary C1 shares of £0.01 each	**50**	50
3,929 (2014: nil) Ordinary C2 shares of £0.01 each	**39**	-
	1,000	1,000

Voting rights between the share classes are weighted as follows:
65% Ordinary A shares
35% Ordinary B shares
5% Ordinary C1 shares

Any distribution of profits is subject to a ratchet mechanism based on the performance of the group, with up to 50% being made to the holders of Ordinary B shares, and the remainder across the other share classes.

22. Profit and loss account

	£000's
Group	
At 30 June 2014	**(8,966)**
Actuarial loss on pension scheme (note 10)	**(5,406)**
Movement on deferred tax relating to pension scheme	**932**
Currency translation differences	**(56)**
Loss for the financial year	**(5,566)**
At 28th June, 2015	**(19,062)**

The company had no reserves in the year (2014: nil).

Included in currency translation differences is a profit on exchange of £787,000 (2014: £310,000) arising on borrowings denominated in foreign currencies designated as hedges of net overseas investments.

Notes to the financial statements for the financial year ended 28 June 2015
continued

23. Reconciliation of movements in total shareholders' (deficit)/funds

Group	**2015 £000's**	2014 £000's
Issued share capital in the year/period	-	1
Loss for the financial year/period	**(5,566)**	(5,525)
Actuarial loss on pension scheme (note 10)	**(5,406)**	(3,059)
Movement in deferred tax relating to pension scheme liability (note 20)	**932**	612
Currency translation differences on foreign currency net investments	**(56)**	(994)
Net reduction in shareholders' deficit	**(10,096)**	(8,965)
Opening shareholders' deficit	**(8,965)**	-
Closing shareholders' deficit	**(19,061)**	(8,965)

Company	**2015 £000's**	2014 £000's
Issued share capital in the year/period	-	1
Net movement in shareholders' funds	-	1
Opening shareholder's funds	**1**	-
Closing shareholders' funds	**1**	1

24. Contingent liabilities

At 28 June 2015 the Company is guarantor with other Group companies of loans totalling £43,533,000 (2014: £32,260,000) made by the Group's bankers.

25. *Operating leases*

The Group had annual non-cancellable operating lease commitments of:

	Land and buildings 2015 £000's	**Other 2015 £000's**	Land and buildings 2014 £000's	Other 2014 £000's
Group				
Operating leases expiring:				
Within one year	**376**	**1,073**	693	353
In the second to fifth years inclusive	**530**	**1,947**	618	1,685
Five years or more	**262**	**187**	342	286
	1,168	**3,207**	1,653	2,324

26. Related party disclosure

The Group has taken advantage of the exemption provided within FRS 8, Related Party Disclosures not to disclose transactions with subsidiary undertakings, 100% of whose voting rights are controlled within the Group.

Saga Foods Zrt owns 60% of Rabaho KFT who provide Saga Foods Zrt with steam. Sales from Rabaho KFT to Saga Foods Zrt in the year amounted to £nil (2014: £3,000). Sales from Saga Foods Zrt to Rabaho KFT in the year amounted to £2,000 (2014: £14,000). The balance due from Rabaho KFT to Saga Foods Zrt at the year end amounted to £1,000 (due to Rabaho KFT 2014: £10,000).

27. Reconciliation of operating profit after exceptional costs to net cash (outflow)/inflow from operating activities

	2015 **£000's**	2014 £000's
Operating profit after exceptional operating (costs)/credit	**1,840**	223
Depreciation and amortisation of issue costs of loan notes	**8,839**	9,038
Amortisation of goodwill	**(4,074)**	(3,397)
Profit on sale of tangible assets	**(329)**	(236)
Amortisation of grants received	**(6)**	(120)
(Increase)/decrease in stocks and assets held for resale	**(11,475)**	3,210
(Increase)/decrease in debtors	**(4,229)**	6,726
Increase/(decrease) in creditors and provisions for liabilities and charges	**7,885**	(9,055)
Contributions to defined benefit pension scheme	**(800)**	(667)
Net cash (outflow)/inflow from operating activities	**(2,349)**	5,722

28. Reconciliation of net cash outflows to movement in net debt

	2015 **£000's**	2014 £000's
Decrease in cash in the financial year/period	**(238)**	(2,917)
Cash outflow from increase in debt	**(7,461)**	(4,244)
Change in net debt resulting from cash flows	**(7,699)**	(7,161)
Foreign exchange differences	**965**	282
Other non-cash changes	**(6,022)**	(2,102)
Movement in net debt in the financial year/period	**(12,756)**	(8,981)
Net debt at beginning of year	**(67,923)**	(58,942)
Net debt at end of year	**(80,679)**	(67,923)

29. Analysis of net debt

	Balance at 30 June 2014	Cash flow	Foreign exchange differences	Other non-cash changes	**Balance at 28 June 2015**
	£000's	£000's	£000's	£000's	**£000's**
Cash at bank and in hand	4,066	326	(237)	-	**4,155**
Bank overdrafts	(7,280)	(564)	848	-	**(6,996)**
	(3,214)	**(238)**	**611**	**-**	**(2,841)**
Debt:					
Bank debt due after one year	(17,637)	(1,576)	-	2,719	**(16,494)**
Bank debt due within one year	(20,849)	(7,025)	354	(2,337)	**(29,857)**
Finance leases due after one year	(1,271)	-	-	(4,147)	**(5,418)**
Finance leases due within one year	(526)	1,140	-	(2,065)	**(1,451)**
Loan notes	(24,426)	-	-	(192)	**(24,618)**
	(64,709)	**(7,461)**	**354**	**(6,022)**	**(77,838)**
Net debt	**(67,923)**	**(7,699)**	**965**	**(6,022)**	**(80,679)**

Non-cash changes comprise amortisation of issue costs on bank loans and new finance lease obligations.

30. Ultimate parent company and ultimate controlling party

The ultimate parent undertaking is BM Topco Limited, a company incorporated in England. BM Topco Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 28 June 2015. The consolidated financial statements of BM Topco Limited are available from c/o Company Secretary, Great Witchingham Hall, Great Witchingham, Norwich, NR9 5QD. Bernard Matthews Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The Bernard Matthews Limited financial statements are available from c/o Company Secretary, Great Witchingham Hall, Great Witchingham, Norwich, NR9 5QD

For the purposes of FRS 8, 'Related Party Disclosures', the Directors consider Rutland Partners LLP to be the ultimate controlling party at the balance sheet date.