BOPARAN HOLDINGS LIMITED

Annual report and financial statements

For the 52 weeks ended 30 July 2016

Company registration no. 03558065

BOPARAN HOLDINGS LIMITED

Contents

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	8
Directors’ responsibilities statement	10
Independent auditor's report	11
Consolidated profit and loss account	13
Consolidated statement of comprehensive income	14
Consolidated balance sheet	15
Consolidated statement of changes in equity	16
Consolidated cash flow statement	17
Company balance sheet	18
Company statement of changes in equity	19
Notes to the financial statements	20

BOPARAN HOLDINGS LIMITED

Officers and professional advisers

DIRECTORS

C L Allen	(Chairman)	
B K Boparan		
R S Boparan		
A G Cripps	(Non-executive)	
D S J T Gregory	(Non-executive)	
S P Leadbeater		
S E Murray	(Non-executive)	(appointed 1 August 2015)
R C Rivaz	(Non-executive)	(appointed 1 August 2015)

REGISTERED OFFICE

Trinity Park House
Fox Way
Wakefield
West Yorkshire
WF2 8EE

BANKERS

Barclays Bank plc
1 The Headrow
Leeds
LS1 1JS

BNP Paribas UK Ltd
10 Harewood Avenue
London
NW1 6AA

Goldman Sachs Bank USA
200 West Street
New York
NY 10282

HSBC Bank plc
8 Canada Square
London
E14 5HQ

JPMorgan Chase Bank
25 Bank Street
London
E14 5JP

The Royal Bank of Scotland plc
2 Whitehall Quay
Leeds
LS1 4HR

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and 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 2016.

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 food manufacture with diversified market positions in both own label and branded products. The Group reports its activities under three divisions of Protein, Chilled and Branded.

Key performance indicators

The Group uses a number of key performance indicators to manage the business:

	30 July 2016	1 August 2015
Turnover	**£3,129.8m**	£3,140.2m
Operating profit before exceptionals including share of operating profit from joint ventures	**£90.5m**	£57.2m
EBITDA*	**£181.0m**	£143.5m
Adjusted EBITDA**	**£180.7m**	£160.9m
EBITDA margin %	**5.8%**	4.6%
Net debt	**£706.4m**	£716.6m
Net debt to EBITDA ratio	**3.90x**	4.99x

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

** Prior year adjusted EBITDA excludes the one-off costs reported at Q2 relating to Avian Influenza (AI) and costs associated with a problematic IT system implementation, which totalled £17.4m.

Current year adjusted EBITDA excludes the impact of foreign exchange rate movements year on year.

***Net debt comprises bonds 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 (note 27).

In addition to financial key performance indicators the Group monitors and focuses on improving non-financial key performance indicators on an individual site basis, including customer service and quality levels, employee turnover, sickness absence rate, production waste levels, accident frequency rates, customer complaints and employee satisfaction.

Adoption of Financial Reporting Standard 102

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. As a consequence of adopting FRS102, a number of accounting policies have changed to comply with that standard. A summary of these changes and their impact are shown in Note 32. All prior year comparatives have been restated accordingly.

Business overview

During the period, the Group reported turnover of £3,129.8m (2015: £3,140.2m) and a pre-exceptional operating profit including operating profit from the Group's share of joint ventures of £90.5m (2015: £57.2m). The key drivers of performance during the period are set out in the trading performance section of this Strategic Report.

Following the launch of its "Better before Bigger" strategy, the Group has continued to evolve over the last 12 months and has made a number of significant changes focussed on costs, efficiency, investment, innovation and deepening customer relationships to build a better business.

The Group is constantly reviewing its operational activities to ensure they are conducted in the most efficient manner as the business transformation continues. The Group strives to attract the best talent to the business, realign its internal structures and drive through a manufacturing footprint review to maximise efficiencies and profitability. As part of this review opportunities were identified to improve operational effectiveness, reduce financial risk and generate additional cash flows.

During the year, footprint improvement projects have been implemented across a number of the poultry sites and factory efficiency developments have been made within the Chilled division.

Trading performance

The overall turnover reduction of 0.3% largely reflects a fall in like-for-like sales as a result of a difficult operating environment for the grocery industry, which has been characterised by continued food price deflation and a highly competitive grocery market in the current period.

The Group reported a profit before tax of £2.7m compared to a loss of £11.5m in the prior period, an improvement of £14.2m, largely driven by an improvement in gross margin from 15.1% to 15.9%.

Exceptional items increased by £15.6m to £27.1m (2015: £11.5m), predominantly as a result of an impairment charge of £16.8m to fixed assets in the Chilled division. Further details can be found in Note 5.

Group EBITDA of £181.0m (2015: £143.5m) increased by £37.5m in the period.

Protein

The Protein division has continued to feel the effects of the Avian Influenza outbreaks in prior years and the impact of food deflation throughout the period. Sales in the division were down 1.4% to £2,136.6m. However the division has reacted well to shifts in consumer sentiment, with for example changes in its footprint to facilitate the production of new Ready To Cook product ranges.

Operating profit before exceptional items of £35.7m (2015: £26.8m) was £8.9m higher than the previous period.

During the period, the division began to implement its £150m investment programme announced during the previous year, which will revolutionise the poultry supply-chain end-to-end and facilitate growth in the future.

The division has continued to cement its strong position with leading customers, as well as securing major new business wins in Poultry and Red Meat. Over the period, the protein division has won a number of awards. These included Ranjit Singh (CEO) being named as Poultry Person of the Year by the British Poultry Council and winning the Agriculture Innovation Award for its work on responsible antibiotic use within the poultry agriculture supply chain.

Strategic report (continued)

Trading performance (continued)

Chilled

Performance in the Chilled division has improved significantly during the year. Sales increased by 1.1% to £602.8m in the period, and Operating profit before exceptional items improved by 42.3% to £13.8m (2015: £9.7m).

The improvement in the quality of earnings generated by the division is primarily driven by new contract wins and relaunches in the ready meal and chilled pizza businesses, along with a refinement of the division's cost base.

In addition, the £55m investment programme to improve efficiency and support innovation within this division is well underway at the Meal Solutions business. This involves the rebuild and upgrade of four factories, and will be completed in 2018.

Branded

The Group has experienced a strong performance in the Branded division, with sales increasing by 3.8% for the period from £376.2m to £390.4m and operating profit before exceptional items increasing by 93.7% to £40.1m (2015: £20.7m).

Investments in price & quality and new premium ranges at Fox's Biscuits have helped to deliver this strong performance, with successful launches in the premium tier of the new Granola cookies and Viennese chocolate-dipped biscuits ranges.

Within the Frozen sector, the Goodfella's brand continues to grow strongly in the UK and Ireland, and the Donegal Creations brand has won an Irish Marine Seafood Award. The division has also seen an increase year-on-year in export orders for its Christmas puddings.

In the period, the division won a new major frozen pizza contract which has contributed to the business during the second half of this financial year. The regional TV campaign from Holland's Pies has assisted in driving store distribution, thus widening the brands' appeal.

Goodfella's Gluten Free Pizzas were launched into the UK in the period, outselling the competition and winning the 2016 'Product of The Year' in the gluten free category.

Financing

Long term funding for the Group is provided primarily through Senior Loan Notes. The Group has sterling notes totalling £580m, with £250m maturing in 2019 and £330m maturing in 2021, and a euro note of €300m maturing in 2021. The Group holds a cross currency swap against 85% of the euro denominated Senior Loan Notes, which together with cash flow from European businesses, has significantly reduced exchange rate exposure.

In addition, the Group also has a £60m Revolving Credit Facility.

Net debt decreased during the period to £706.4m (2015: £716.6m) with a cash balance of £134.6m (2015: £118.7m). The net debt:EBITDA ratio also decreased to 3.90 times from 4.99 times at 1 August 2015.

Strategic report (continued)

Pensions

The net deficit for Group post retirement schemes calculated under FRS102 increased from £333.0m to £339.6m. Under FRS102, the net pension scheme deficit in the balance sheet is now stated before deduction of the associated deferred tax asset of £59.9m (2015: £65.8m), with the deferred tax asset shown separately within current assets. The increase in the deficit is predominately driven by the valuation assumptions which have been updated as at 30 July 2016 to reflect market conditions. Cash contributions to the defined benefit pension schemes in the period were £17.6m (2015: £17.9m).

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 £11.3m (2015: £9.0m) for the period and a further £4.0m (2015: £3.3m) was charged in scheme administration costs including PPF levy.

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

Outlook

Good progress and performances across the Group's business show that its commitment to customer partnerships, efficiency, innovation and investment to drive profitable sales is continuing to pay off. Despite the uncertainty arising from the UK's decision to exit the EU, continuing cost pressures and the tough grocery market, the Group remains well placed to continue to deliver in its new financial year.

Principal risks and uncertainties

The Group has robust internal control and risk management processes, which are designed to provide assurance but which cannot avoid all risks. 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.

	Risk area and description of risks	**Measures to reduce risks**
	Industry risks	
Economic uncertainty	Our business could be adversely affected by global business conditions and a worsening of the economy both generally and specifically in the UK, Ireland, the Netherlands and Poland. Factors such as Brexit, consumer demand, taxation, interest rates, inflation, the availability and cost of credit, and the liquidity of the global financial markets could significantly affect the activity level of customers and impact the Group.	Whilst general economic conditions are outside the Group's control, the Group is responding to the current economic conditions by adjusting its product portfolio in those markets where this is considered to be appropriate. A number of value products have been introduced to adapt to current consumer trends towards economy products, whilst maintaining acceptable margins. The Group continues to closely manage costs and cash.
Customer relationships	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.	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. The Group also monitors customer credit risk to manage exposure in the current challenging environment.

BOPARAN HOLDINGS LIMITED

Strategic report (continued)

Principal risks and uncertainties (continued)

	Industry risks (continued)	
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 increased convenience and value. Providing or developing modified or alternative products to meet changing consumer trends may increase our costs.	The Group seeks to manage changes in customer preference by investing in consumer insight to understand trends in the market and then adjusting existing product mix or developing new products to address these trends.
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.
	Operational risks	
Product Safety	As a reputable food manufacturer, product quality and safety issues are paramount to the Groups' success. Failure to maintain the quality of our products may result in damage to the reputation of our business, this in turn could adversely impact our market share and our financial results.	The Group has established strict standards and protocols 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 and the Food Standards Agency (FSA) in the UK.
Change management, recruitment and 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 robust succession planning, strong recruitment processes and effective management incentives. We continue to invest in talent and capability by recruiting the best in the industry and by providing training for all employees.
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 impact on the business.	The Group maintains a programme of controls to protect the confidentiality, integrity and availability of information across the business. There has also been significant investment in improving the Group's core reporting software and KPI analysis.
	Financial risks	
Pensions	The Group has defined benefit pension plans that are currently in deficit (on an actuarial basis). 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 agrees 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. No breaches to the Group's borrowing covenants have occurred or are forecast to occur. Board policy is to maintain reasonable headroom of unused committed bank facilities with maturity at least 12 months beyond the period end.

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 year.

Interest rate risk - The Senior Loan Notes which comprise the Group's core funding are fixed interest.

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.

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 long term bond debt denominated in euros is monitored by the Board. Arrangements have been put in place to mitigate the currency exposure on the euro element of the bond by way of cross currency swaps. In addition, a portion of the euro element of the bond is organically hedged by way of internal loans to euro denominated subsidiaries. The Group seeks to minimise its exposure to these risks by using derivative financial instruments where applicable. The use of derivative financial instruments is governed by Group policies which have been approved by the Board. The Group only enters into trades of financial instruments for specific purposes. Speculative purchases are not made.

Going concern

Having considered the Group's prospects and reasonably foreseen risks over the next twelve months, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 21.

By order of the board

S P Leadbeater
Director

2 November 2016

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 July 2016.

Directors

The directors of the Company who served during the period ended 30 July 2016 and up to the date of signing the financial statements are those listed on page 1.

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

Dividends

Following the period end, the directors recommended and paid a dividend of £20.0m (£25.87 per share) to ordinary shareholders in respect of the period ended 30 July 2016 (2015: £nil).

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 7 and form part of this report by cross-reference.

Donations

The Group made £0.2m of charitable donations during the period (2015: £0.3m) to charities which the directors deem it appropriate to support and which serve the communities in which the Group operates.

Future Developments

Details of future prospects of the Group can be found in the Strategic Report on page 5 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 on page 36.

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 all 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.

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

The Group-wide Sustainability Plan, Feeding Our Future, continues to be at the heart of the business, focussing on environment, people, customers and raw materials. Implemented across the business and operations, the plan is delivering improvements and mitigation against key risks the company faces. This financial year the Group has increased its understanding of its supply chain risk profile and engaged with retailers, industry and civil society on pre-competitive collaborations to develop mitigation plans and activities to enhance sustainability. The business operations continue to deliver savings in water, energy and carbon emissions as well as meeting key customer requirements around ethical, environmental and corporate social responsibility standards.

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 £4.4m (2015: £5.0m) 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.

Auditor

Deloitte LLP acted as auditor for the 52 weeks ended 30 July 2016 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.

By order of the board

S P Leadbeater
Director

2 November 2016

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

We have audited the financial statements of Boparan Holdings Limited for the 52 weeks ended 30 July 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 parent 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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 July 2016 and of the group's loss for the 52 week period 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.

Opinion on other matters 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.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Chris Powell FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK

2 November 2016

BOPARAN HOLDINGS LIMITED

Consolidated profit and loss account
For the 52 weeks ended 30 July 2016

	Note	52 weeks ended 30 July 2016 £m	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m	52 weeks ended 1 August 2015 £m
Turnover	3		**3,129.8**		3,140.2
Cost of sales			**(2,633.7)**		(2,666.1)
Gross profit			**496.1**		474.1
Distribution costs			**(200.5)**		(204.8)
Administrative expenses					
- before exceptional items		**(206.0)**		(212.1)	
- exceptional items	5	**(27.1)**		(11.5)	
			(233.1)		(223.6)
Operating profit – before exceptional items		**89.6**		57.2	
- exceptional items		**(27.1)**		(11.5)	
Operating profit			**62.5**		45.7
Share of operating profit from associate and joint venture	14		**0.9**		-
Net finance charge	4		**(60.7)**		(57.2)
Profit / (loss) before taxation	6		**2.7**		(11.5)
Taxation on profit / (loss)	9		**(4.1)**		8.6
Loss for the financial period			**(1.4)**		(2.9)

All amounts in the current and prior periods relate to continuing activities.

BOPARAN HOLDINGS LIMITED

Consolidated statement of comprehensive income
For the 52 weeks ended 30 July 2016

	Note	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Loss for the financial period		**(1.4)**	(2.9)
Cash flow hedges			
Losses arising during the period		**(3.3)**	(2.3)
Less: reclassified to profit and loss		**(2.9)**	0.5
Remeasurement of net defined benefit pension liability	29	**(9.2)**	(102.0)
Currency translation difference on foreign currency net investments		**12.8**	(8.2)
		(2.6)	(112.0)
Tax relating to components of other comprehensive income	9	**(15.8)**	24.6
Other comprehensive expense for the period		**(18.4)**	(87.4)
Total comprehensive loss for the period		**(19.8)**	(90.3)
(Loss) / profit for the period attributable to:			
Non-controlling interest		**0.4**	0.3
Equity shareholders of the Company		**(1.8)**	(3.2)
		(1.4)	(2.9)
Total comprehensive (loss) / profit for the period attributable to:			
Non-controlling interest		**0.2**	0.1
Equity shareholders of the Company		**(20.0)**	(90.4)
		(19.8)	(90.3)

BOPARAN HOLDINGS LIMITED

Consolidated balance sheet
At 30 July 2016

	Note	30 July 2016 £m	1 August 2015 £m
Fixed assets			
Intangible fixed assets	12	**428.3**	455.2
Tangible fixed assets	13	**430.4**	379.9
Investment in associate	14	**3.5**	2.2
Investment in joint venture	14	**1.8**	1.6
		864.0	838.9
Current assets			
Stock	15	**154.1**	146.4
Debtors due within one year	16	**231.1**	254.2
Deferred tax asset	17	**96.8**	111.6
Cash at bank and in hand		**134.6**	118.7
		616.6	630.9
Creditors: amounts falling due within one year	18	**(551.7)**	(533.0)
Net current assets		**64.9**	97.9
Total assets less current liabilities		**928.9**	936.8
Creditors: amounts falling due after more than one year	19	**(858.1)**	(852.3)
Provisions for liabilities	21	**(12.0)**	(12.5)
Net assets excluding pension liability		**58.8**	72.0
Pension scheme net deficit	29	**(339.6)**	(333.0)
Net liabilities		**(280.8)**	(261.0)
Capital and reserves			
Called up share capital	24	**-**	-
Share premium account		**132.6**	132.6
Cash flow hedge reserve		**(9.4)**	2.6
Profit and loss account		**(405.2)**	(397.2)
Shareholders' deficit		**(282.0)**	(262.0)
Non-controlling interest		**1.2**	1.0
Total capital employed		**(280.8)**	(261.0)

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 2 November 2016. They were signed on its behalf by:

S P Leadbeater
Director
Company Number 03558065

BOPARAN HOLDINGS LIMITED

Consolidated statement of changes in equity
At 30 July 2016

	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
At 3 August 2014 as previously stated	-	132.6	-	(286.9)	0.9	(153.4)
Changes on transition to FRS 102 (note 32)	-	-	0.2	(17.5)	-	(17.3)
At 3 August 2014 as restated	-	132.6	0.2	(304.4)	0.9	(170.7)
(Loss) / profit for the financial period				(3.2)	0.3	(2.9)
Cash flow hedges						
Losses arising during the period	-	-	(2.3)	-	-	(2.3)
Less: reclassified to profit and loss	-	-	0.5	-	-	0.5
Remeasurement of net defined benefit pension liability	-	-	-	(102.0)	-	(102.0)
Currency translation difference on foreign currency net investments	-	-	-	(8.0)	(0.2)	(8.2)
Tax relating to components of other comprehensive income	-	-	4.2	20.4	-	24.6
Total comprehensive income / (expense)	-	-	2.4	(92.8)	0.1	(90.3)
At 1 August 2015	**-**	**132.6**	**2.6**	**(397.2)**	**1.0**	**(261.0)**
(Loss) / profit for the financial period	-	-	-	(1.8)	0.4	(1.4)
Cash flow hedges:						
Losses arising during the period	-	-	(3.3)	-	-	(3.3)
Less: reclassified to profit and loss	-	-	(2.9)	-	-	(2.9)
Remeasurement of net defined benefit pension liability	-	-	-	(9.2)	-	(9.2)
Currency translation difference on foreign currency net investments	-	-	-	13.0	(0.2)	12.8
Tax relating to components of other comprehensive income	-	-	(5.8)	(10.0)	-	(15.8)
Total comprehensive income / (expense)	-	-	(12.0)	(8.0)	0.2	(19.8)
At 30 July 2016	**-**	**132.6**	**(9.4)**	**(405.2)**	**1.2**	**(280.8)**

BOPARAN HOLDINGS LIMITED

Consolidated cash flow statement
For the 52 weeks ended 30 July 2016

	Note	**52 weeks ended 30 July 2016 £m**	52 weeks ended 1 August 2015 £m
Cash flows from operating activities			
Cash generated from operations	25	**181.2**	78.7
Taxation paid		**(4.8)**	(10.3)
Net cash flows from operating activities		**176.4**	68.4
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		**0.3**	1.7
Purchase of intangible fixed assets		**(1.6)**	-
Purchase of tangible fixed assets		**(111.5)**	(87.9)
Capital grants received		**0.8**	0.2
Net cash flows from investing activities		**(112.0)**	(86.0)
Cash flows from financing activities			
Repayments of obligations under finance leases		**(6.1)**	(4.9)
Receipts from finance leases		**4.4**	11.3
Interest received		**0.2**	0.4
Interest paid		**(51.9)**	(33.6)
Net cash flows from financing activities		**(53.4)**	(26.8)
Net increase / (decrease) in cash and cash equivalents	26, 27	**11.0**	(44.4)
Cash and cash equivalents at the beginning of the period		**118.7**	168.3
Net increase / (decrease) in cash and cash equivalents during the period		**11.0**	(44.4)
Effect of foreign exchange rate changes		**4.9**	(5.2)
Cash and cash equivalents at the end of the period	27	**134.6**	118.7
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		**134.6**	118.7
Cash equivalents		**-**	-
Cash and cash equivalents		**134.6**	118.7

BOPARAN HOLDINGS LIMITED

Company balance sheet
At 30 July 2016

	Note	30 July 2016 £m	1 August 2015 £m
Fixed assets			
Investments	14	**145.6**	145.6
Current assets			
Debtors due within one year	16	**1,419.8**	1,473.9
Deferred tax asset		**1.5**	8.6
Cash at bank and in hand		**30.3**	13.7
		1,451.6	1,496.2
Creditors: amounts falling due within one year	18	**(541.1)**	(764.8)
Net current assets		**910.5**	731.4
Total assets less current liabilities		**1,056.1**	877.0
Creditors: amounts falling due after more than one year	19	**(845.7)**	(841.4)
Net assets		**210.4**	35.6
Capital and reserves			
Called up share capital		**-**	-
Share premium account		**132.6**	132.6
Cash flow hedge reserve		**(9.5)**	2.9
Profit and loss account		**87.3**	(99.9)
Shareholders' funds		**210.4**	35.6

The profit for the financial year dealt with in the financial statements of the parent Company was £187.2m (2015: loss of £7.6m).

The financial statements of Boparan Holdings Limited were approved by the board of directors and authorised for issue on 2 November 2016. They were signed on its behalf by:

S P Leadbeater
Director
Company Number 03558065

BOPARAN HOLDINGS LIMITED

Company statement of changes in equity
At 30 July 2016

	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	Total capital employed £m
At 3 August 2014 as previously stated	-	132.6	-	(97.5)	35.1
Changes on transition to FRS 102 (note 32)	-	-	0.2	5.2	5.4
At 3 August 2014 as restated	-	132.6	0.2	(92.3)	40.5
Loss for the financial period	-	-	-	(7.6)	(7.6)
Cash flow hedges					
Losses arising during the period	-	-	(2.0)	-	(2.0)
Less: reclassified to profit or loss	-	-	0.5	-	0.5
Tax relating to components of other comprehensive income	-	-	4.2	-	4.2
Total comprehensive income / (expense)	-	-	2.7	(7.6)	(4.9)
At 1 August 2015	**-**	**132.6**	**2.9**	**(99.9)**	**35.6**
Profit for the financial period	-	-	-	187.2	187.2
Cash flow hedges					
Losses arising during the period	-	-	(3.6)	-	(3.6)
Less: reclassified to profit or loss	-	-	(2.9)	-	(2.9)
Tax relating to components of other comprehensive income	-	-	(5.9)	-	(5.9)
Total comprehensive income / (expense)	-	-	(12.4)	187.2	174.8
At 30 July 2016	**-**	**132.6**	**(9.5)**	**87.3**	**210.4**

Notes to the financial statements
For the 52 weeks ended 30 July 2016

1. Accounting policies

Basis of accounting

Boparan Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. 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 and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 32.

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

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- 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's shareholder, Boparan Midco Limited, has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company is consolidated in the financial statements of its ultimate parent, Boparan Holdco Limited, which may be obtained from the Company's registered office.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings at 30 July 2016 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.

1. Accounting policies (continued)

Going concern

In determining whether the Group's annual consolidated 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 financial statements and the application of sensitivities to those forecasts;
- the implications of the 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 or margins are worse than expected, to ensure that operating profit and cash flows are protected; and
- the Group has access to undrawn overdraft facilities and a committed bank facility to meet day to day working capital requirements.

As at the date of this report, the directors have a reasonable expectation that the Company and 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, the annual report and financial statements for the 52 weeks ended 30 July 2016 have been prepared on the going concern basis.

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.

Net financing charges

Interest income is accrued on a time basis, 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 pension scheme liabilities and the expected return on pension scheme assets is charged / credited to interest payable or interest receivable in the profit and loss account as appropriate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of the assets, until such time as the assets are substantially ready for their intended use. Borrowing costs which do not meet these criteria are charged to the profit and loss account as incurred.

1. Accounting policies (continued)

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

Government grants in respect of capital expenditure are credited to deferred income within creditors and are released to the income statement over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to 'other income' within the income statement so as to match them with the expenditure to which they relate.

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 by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

1. Accounting policies (continued)

Taxation (continued)

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax balances are not recognised in respect of permanent differences, except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets/ (liabilities) acquired and the future tax deductions / (taxable amounts available).

Deferred tax is measured at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply to the reversal of the timing differences.

With the exception of changes arising on the initial recognition of a business combination, the tax expense / (income) is presented either in the profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense / (income).

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 buildings	2% - 5%
Leasehold improvements	20%
Leasehold land and buildings	2% - 5%
Plant and machinery	6.66% - 20%
Fixtures, fittings and equipment	10% - 25%
Motor vehicles	10% - 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

Leases are classified as finance leases whenever the terms of the lease involve the substantial transfer of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases and other similar contracts are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term 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 to produce a constant rate on the capital balance outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

1. Accounting policies (continued)

Leased assets (continued)

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from ‘wear and tear’, the provision is accrued as the ‘wear and tear’ occurs.

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.

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.

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.

Impairment of tangible and intangible fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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;

1. Accounting policies (continued)

Software (continued)

- 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.

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.

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. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

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.

Stock

Inventories are stated at the lower of cost and net realisable value. Cost 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 stock where appropriate.

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.

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.

1. Accounting policies (continued)

Financial assets and 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).

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.

1. Accounting policies (continued)

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.

Hedge accounting

The Group designates its derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge, the Group determines and documents causes for hedge ineffectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

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

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.

Defined benefit pension schemes

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

1. Accounting policies (continued)

Defined benefit pension schemes (continued)

For those defined benefit schemes that remain open, the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, 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.

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, 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.

The significant estimates and assumptions used in the preparation of the Group's Financial Statements are outlined below:

The Group provides rebate arrangements or other incentive arrangements, to its customers. In assessing provisions required for these arrangements, the Group carefully monitors the sales levels and ensures that provisions are in line with all agreements in place with each customer.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The Group uses derivative financial instruments to reduce its exposure to foreign exchange movements. As there is no active market for these derivative financial instruments to determine the fair value, the Group have engaged an independent external specialist to calculate their fair value using recognised market equivalent valuation techniques.

As part of the valuation exercise, assumptions have been made regarding foreign exchange rates, interest rates and credit risk. These assumptions are closely monitored by the Group and benchmarked against valuations from the respective banks providing each derivative.

The Group operates a number of defined benefit schemes. The actuarial valuations of these schemes are reliant on a number of assumptions, including the discount rate and the mortality rate. The assumptions applied as part of these valuations 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 2016 by independent qualified actuaries.

3. Turnover and segmental information

52 weeks ended 30 July 2016	**Turnover £m**	**Operating profit (pre-exceptional items) £m**
Protein	**2,136.6**	**35.7**
Chilled	**602.8**	**13.8**
Branded	**390.4**	**40.1**
	3,129.8	**89.6**
Unallocated amounts:		
Exceptional items (note 5)		**(27.1)**
Share of operating profit from associate and joint venture		**0.9**
Net finance charge (note 4)		**(60.7)**
Profit before taxation		**2.7**
Taxation on profit		**(4.1)**
Loss for the financial period		**(1.4)**

52 weeks ended 1 August 2015	Turnover £m	Operating profit (pre-exceptional items) £m
Protein	2,167.5	26.8
Chilled	596.5	9.7
Branded	376.2	20.7
	3,140.2	57.2
Unallocated amounts:		
Exceptional items (note 5)		(11.5)
Share of operating profit from associate and joint venture		-
Net finance charge (note 4)		(57.2)
Loss before taxation		(11.5)
Taxation on loss		8.6
Loss for the financial period		(2.9)

Intersegmental sales were charged at prevailing market prices. Intersegmental sales were: Protein £77.6m (2015: £72.6m), Chilled: £nil (2015: £nil) and Branded £0.2m (2015: £1.3m).

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

3. Turnover and segmental information (continued)

The following is a reconciliation of EBITDA from operating profit:

	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Operating profit	**62.5**	45.7
Exceptional items (note 5)	**27.1**	11.5
Pension scheme administration costs (note 29)	**4.0**	3.3
Share of operating profit from associate and joint venture	**0.9**	-
Depreciation	**56.5**	52.6
Amortisation of intangible assets	**30.0**	30.4
EBITDA	**181.0**	143.5

Other information - 52 weeks ended 30 July 2016	**Protein £m**	**Chilled £m**	**Branded £m**	**Group £m**
Depreciation	**30.2**	**13.9**	**12.4**	**56.5**
Impairment of tangible fixed assets	**-**	**16.8**	**-**	**16.8**
Amortisation of intangible assets	**7.2**	**13.3**	**9.5**	**30.0**

Other information - 52 weeks ended 1 August 2015	Protein £m	Chilled £m	Branded £m	Group £m
Depreciation	28.6	12.0	12.0	52.6
Impairment of tangible fixed assets	-	-	-	-
Amortisation of intangible assets	7.6	13.3	9.5	30.4

3. Turnover and segmental information (continued)

	Assets £m	**Liabilities £m**	**30 July 2016 Total £m**	Assets £m	Liabilities £m	1 August 2015 Total £m
Protein	**540.6**	**(297.4)**	**243.2**	499.2	(250.8)	248.4
Chilled	**381.7**	**(119.1)**	**262.6**	378.8	(120.5)	258.3
Branded	**310.3**	**(124.5)**	**185.8**	319.4	(118.5)	200.9
Operating assets/(liabilities)	**1,232.6**	**(541.0)**	**691.6**	1,197.4	(489.8)	707.6
Unallocated corporate assets:						
Cash at bank and in hand	**134.6**	**-**	**134.6**	118.7	-	118.7
Corporate other receivables	**15.0**	**-**	**15.0**	42.1	-	42.1
Deferred tax assets	**96.8**	**-**	**96.8**	111.6	-	111.6
Corporate intangible assets	**1.6**	**-**	**1.6**	-	-	-
Unallocated corporate liabilities:						
Total borrowings (note 20)	**-**	**(862.0)**	**(862.0)**	-	(820.1)	(820.1)
Retirement benefit obligations	**-**	**(339.6)**	**(339.6)**	-	(333.0)	(333.0)
Current taxation liabilities	**-**	**(3.1)**	**(3.1)**	-	(2.4)	(2.4)
Corporate other payables	**-**	**(4.0)**	**(4.0)**	-	(37.6)	(37.6)
Derivatives	**-**	**(11.7)**	**(11.7)**		(47.9)	(47.9)
Total assets / (liabilities)	**1,480.6**	**(1,761.4)**	**(280.8)**	1,469.8	(1,730.8)	(261.0)

Geographical analysis	Turnover by destination		Turnover by origin		Profit / (loss) before tax		Net (liabilities)/ assets	
	52 weeks ended 30 July 2016 £m	52 weeks ended 1 Aug 2015 £m	**52 weeks ended 30 July 2016 £m**	52 weeks ended 1 Aug 2015 £m	**52 weeks ended 30 July 2016 £m**	52 weeks ended 1 Aug 2015 £m	**30 July 2016 £m**	1 August 2015 £m
United Kingdom	**2,643.4**	2,683.4	**2,539.8**	2,570.3	**(27.7)**	(31.1)	**(375.6)**	(320.8)
Rest of Europe	**467.0**	441.8	**590.0**	569.9	**30.4**	19.6	**94.8**	60.7
Rest of the World	**19.4**	15.0	**-**	-	**-**	-	**-**	(0.9)
Total	**3,129.8**	3,140.2	**3,129.8**	3,140.2	**2.7**	(11.5)	**(280.8)**	(261.0)

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

4. Net finance charge

	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Interest income and expense		
Bank interest receivable	**0.2**	0.4
Interest on loans and overdrafts	**(48.9)**	(48.8)
Interest on finance leases	**(0.8)**	(0.9)
	(49.5)	(49.3)
Foreign exchange on financial instruments		
Exchange (loss) / gain	**(2.8)**	1.6
Fair value gains / (losses)		
On derivative financial liabilities designated in an effective hedging relationship	**2.9**	(0.5)
Other finance costs		
Net charge on defined benefit pension liability	**(11.3)**	(9.0)
Net finance charge	**(60.7)**	(57.2)

Foreign exchange on financial instruments arose on the retranslation of the element of the Group's euro bond funding that was unhedged during the period.

5. Exceptional items

	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Restructuring costs	**10.3**	11.5
Impairment of fixed assets	**16.8**	-
Total exceptional items	**27.1**	11.5

Current period

Restructuring costs of £10.3m incurred in the current period, comprise redundancy costs of £4.0m, professional fees of £1.7m and disruption & associated costs of £4.6m.

In addition, impairment charges of £16.8m have been recognised during the period in respect of plant & machinery held within the Chilled division, in order to recognise a reduction in the fair value of these assets.

Prior period

In the prior period the Group restructured and re-modelled its operational footprint across a number of its sites in response to the loss of site specific key contracts and to improve production efficiency. The Group incurred £11.5m of redundancy and associated costs as a result of these restructuring and reorganisation activities. This included £4.3m relating to the closure of the Eye poultry processing site, £2.8m relating to redundancy and associated costs incurred at the Gunstones bakery site following the loss of a major contract, and £1.9m relating to the reorganisation of operations at the Group's three biscuit-manufacturing sites. The balance of £2.5m represents the summation of costs incurred in relation to a number of smaller restructuring projects carried out during the period.

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

	Taxation on loss	
	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Tax credit on exceptional items	**5.8**	2.1
Decrease in tax charge to profit and loss account	**5.8**	2.1

The credit of £5.8m (2015: £2.1m) relates to a corporation tax credit of £2.1m (2015: £2.1m) and a £3.7m deferred tax credit (2015: £nil).

6. Profit / (loss) before taxation

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

	Note	**52 weeks ended 30 July 2016 £m**	52 weeks ended 1 August 2015 £m
Auditors' remuneration for audit services		**0.5**	0.5
Operating lease rentals:			
- hire of plant and machinery		**9.2**	8.5
- other		**9.4**	8.7
Depreciation of tangible fixed assets:			
- owned	13	**52.7**	49.0
- leased	13	**3.8**	3.6
Impairment of tangible fixed assets			
- owned	13	**16.8**	-
Amortisation of goodwill	12	**30.0**	30.4
Research and development costs		**4.4**	5.0
Loss / (profit) on disposal of tangible fixed assets		**1.1**	(0.3)
Government grants (receivable)		**(2.6)**	(1.6)
Cost of stock recognised as an expense		**1,781.9**	1,839.3
Pension scheme administration costs	29	**4.0**	3.3
Defined contribution pension costs	29	**11.6**	12.5

The analysis of auditor's remuneration is as follows:

	52 weeks ended 30 July 2016 £000	52 weeks ended 1 August 2015 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**30**	30
Audit of the Company's subsidiaries pursuant to legislation	**516**	499
Total audit fees	**546**	529
Tax compliance services	**93**	2
Tax advisory services	**201**	236
Total tax services	**294**	238
Audit related assurance services	**-**	-
Corporate finance services	**809**	-
Other non-audit services	**-**	11
Total non-audit fees	**1,103**	249

7. Staff numbers and costs

Group

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

	52 weeks ended 30 July 2016 (Number)	52 weeks ended 1 August 2015 (Number)
Production	**18,905**	19,411
Administration and selling	**3,759**	3,563
	22,664	22,974

Staff costs (including directors), consists of:

	£m	£m
Wages and salaries	**465.5**	459.4
Social security costs	**41.3**	40.9
Defined contribution pension costs (note 29)	**11.6**	12.5
	518.4	512.8

In addition to the above, redundancy costs of £4.0m (2015: £7.3m) are included in exceptional items.

Company

The Company does not have any employees (2015: none). The directors are remunerated through other Group companies. During the period £0.7m (2015: £0.7m) was recharged to the Company in relation to directors.

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

8. Directors' remuneration

Emoluments of Company's directors:	**52 weeks ended 30 July 2016 £m**	52 weeks ended 1 August 2015 £m
Salaries, bonuses and benefits	**3.1**	3.1
Compensation for loss of office	**-**	-
Company contributions to money purchase pension scheme	**-**	-
	3.1	3.1
Emoluments of highest paid director:		
Salaries, bonuses and benefits	**1.2**	1.7
Compensation for loss of office	**-**	-
Company contributions to money purchase pension scheme	**-**	-
	1.2	1.7

Bonuses, which are not guaranteed, are accruing to the directors based on pre-determined performance targets.

An incentive plan (the Growth Securities Ownership Plan (GSOP)) commenced in 2013, whose value related to growth in EBITDA. GSOP securities with a market value of £350,000 were issued to the Chairman in the two years ended 1 August 2015 but performance hurdles were not met and the plan was cancelled.

Directors' advances, credits and guarantees

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

9. Taxation on profit / (loss)

	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
United Kingdom corporation tax		
Current tax on income for the period	**(0.1)**	-
Adjustment in respect of prior periods	**-**	1.4
Total (charge) / credit	**(0.1)**	1.4
Overseas taxation		
Current tax on income for the period	**(5.2)**	(4.0)
Adjustment in respect of prior periods	**0.2**	0.7
Total charge	**(5.0)**	(3.3)
Deferred taxation		
Net origination of timing differences	**1.1**	1.3
Adjustment in respect of prior periods	**0.1**	10.6
Change in corporation tax rate	**0.6**	-
Deferred tax on pension scheme	**(0.8)**	(1.4)
Total credit	**1.0**	10.5
Current taxation	**(5.1)**	(1.9)
Deferred taxation	**1.0**	10.5
Tax (charge) / credit on profit / (loss)	**(4.1)**	8.6
Tax relating to components of other comprehensive income	**(15.8)**	24.6
	(19.9)	33.2

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 30 July 2016.

In addition, Finance Bill 2016 was substantively enacted on 6 September 2016 which introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. As this had not been substantially enacted at the balance sheet date these rates do not apply to the deferred tax position at 30 July 2016 or to the above expected reversal.

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

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

The corporation tax charge is different to the standard UK corporation tax rate of 20.0% (2015: 20.67%). The differences are analysed below:

	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Current tax reconciliation		
Profit / (loss) before taxation	**2.7**	(11.5)
Taxation on profit / (loss) at the standard UK corporation tax rate of 20.00% (2015: 20.67%)	**(0.5)**	2.4
Effects of:		
- Expenses not deductible for tax purposes	**(6.3)**	(7.9)
- Differences between UK and overseas tax rates	**1.8**	1.4
- Effect of decrease in tax rate on deferred tax asset	**0.6**	-
- Adjustment in respect of prior periods	**0.3**	12.7
Tax (charge) / credit for the period	**(4.1)**	8.6

10. Profit / (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 profit / (loss) attributable to the Company is disclosed in the footnote to the Company's balance sheet.

11. Dividends on equity shares

No dividends were declared or became payable during the period.

Following the period end, the directors recommended and paid a dividend of £20.0m (£25.87 per share) to ordinary shareholders in respect of the period ended 30 July 2016 (2015: £nil).

12. Intangible fixed assets

Group

	Goodwill	Software	Total
Cost	£m	£m	£m
At 1 August 2015	591.8	-	591.8
Additions	-	1.6	1.6
Foreign currency translation	2.9	-	2.9
At 30 July 2016	**594.7**	**1.6**	**596.3**
Amortisation			
At 1 August 2015	136.6	-	136.6
Charge for the period	30.0	-	30.0
Foreign currency translation	1.4	-	1.4
At 30 July 2016	**168.0**	-	**168.0**
Net book value			
At 30 July 2016	**426.7**	**1.6**	**428.3**
At 1 August 2015	455.2	-	455.2

13. Tangible fixed assets

Group	Freehold properties	Long / short leasehold properties	Plant, fixtures and motor vehicles	Total
	£m	£m	£m	£m
Cost				
At 1 August 2015	119.5	19.3	347.1	485.9
Additions	6.9	0.1	105.6	112.6
Impairment	-	-	(17.9)	(17.9)
Disposals	(1.6)	-	(18.0)	(19.6)
Translation difference	10.0	-	35.4	45.4
At 30 July 2016	**134.8**	**19.4**	**452.2**	**606.4**
Depreciation				
At 1 August 2015	10.9	2.6	92.5	106.0
Charge for the period	6.4	0.6	49.5	56.5
Impairment	-	-	(1.1)	(1.1)
Disposals	(0.7)	-	(17.5)	(18.2)
Translation difference	2.6	-	30.2	32.8
At 30 July 2016	**19.2**	**3.2**	**153.6**	**176.0**
Net book value				
At 30 July 2016	**115.6**	**16.2**	**298.6**	**430.4**
At 1 August 2015	108.6	16.7	254.6	379.9

13. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes £19.5m (2015: £22.0m) in respect of assets held under finance leases. Depreciation charged in the period on those assets amounted to £3.8m (2015: £3.6m).

Borrowing costs of £nil (2015: £nil) have been included in the cost of tangible fixed assets.

There were £nil fixed assets held by the Company (2015: £nil).

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*	Chicken processing	Scotland
2 Sisters Red Meat Limited*	Red meat processing	Scotland
Amber Foods Limited*	Chicken processing	Jersey
BH Acquisitions Limited*	Holding company	England
Boparan Finance plc*	Group financing	England
Five Star Fish Limited*	Food processing	England
Cavaghan & Gray Limited	Food processing	England
Convenience Foods Limited	Food processing	England
F W Farnsworth Limited	Food processing	England
Green Isle Foods Limited	Food processing	Republic of Ireland
Northern Foods Grocery Group Limited	Food processing	England
Solway Foods Limited	Food processing	England
Hook 2 Sisters Limited	Chicken growing	England
2 Sisters Europe B.V.*	Holding company	Netherlands
2 Sisters Hamrol Sp. Z.o.o.	Chicken processing	Poland
2 Sisters Storteboom B.V.	Chicken processing	Netherlands
Noblesse Proteins Investments B.V.	Chicken processing	Netherlands
Storteboom Agri B.V.	Chicken processing	Netherlands
Storteboom Brink B.V	Chicken processing	Netherlands
Storteboom Fresh B.V.	Chicken processing	Netherlands
Storteboom Kornhorn B.V.	Chicken processing	Netherlands
Storteboom Nijkerk B.V.	Chicken processing	Netherlands
Storteboom Sprundel B.V.	Chicken processing	Netherlands
Storteboom Cujik B.V.	Dormant	Netherlands
Cavaghan & Gray Group Limited	Holding company	England
Green Isle Food Group Limited	Holding company	Republic of Ireland
Northern Foods Limited	Holding company	England
Solway Foods Holdings Limited	Holding company	England
R & K Wise Limited	Pension holder	England
2 Sisters Food Services Limited*	Non-trader	England
Beverley House (9000) Limited	Non-trader	England
Beverley House Investments Limited	Non-trader	England
Boparan Foods Limited*	Non-trader	England
Challenger Foods Limited	Non-trader	England
Dreamphoto Limited	Non-trader	England
Dreamplayer Limited	Non-trader	England

14. INVESTMENTS (continued)

Company name	Principal activity	Country of incorporation
Dressadmire Limited	Non-trader	England
Ethnic Cuisine Limited	Non-trader	England
Farnsworth Investments Limited	Non-trader	England
Green Isle Foods (Boyle) Limited	Non-trader	Republic of Ireland
Green Isle Foods Portumna Limited	Non-trader	Republic of Ireland
Green Isle Group Services Limited	Non-trader	Republic of Ireland
Green Isle Holdings ApS	Non-trader	Denmark
Hulcay Limited	Non-trader	Cayman Islands
Island Wharf (100) Limited	Non-trader	England
Island Wharf (300) Limited	Non-trader	England
John Rannock Limited	Non-trader	England
Joseph Mitchell (Letham) Limited	Non-trader	England
Lloyd Maunder Limited	Non-trader	England
Melwood Investments Limited	Non-trader	England
Norcay Limited	Non-trader	Cayman Islands
Northern Foods American Holdings Limited	Non-trader	England
Northern Foods Finance Limited	Non-trader	England
Poldy's Fresh Foods Limited	Non-trader	Republic of Ireland
Scot-Lad Limited	Non-trader	Scotland
2 Sister Food Processors Limited	Dormant	England
2 Sisters Food Group Inc.	Dormant	United States of America
2 Sisters Premier Division Limited*	Dormant	England
2 Sisters Site Certification Limited	Dormant	England
2 Sisters (Wolverhampton) Limited	Dormant	England
Amber Proteins Limited	Dormant	Jersey
Billcrest Products Limited	Dormant	Republic of Ireland
Boparan Holdings Inc.*	Dormant	United States of America
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
Fox's Biscuits Limited	Dormant	England
George Payne & Co Limited	Dormant	England
Hortonwood Bakeries Limited	Dormant	England
Island Wharf (600) Limited	Dormant	England

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

14. Investments (continued)

Company name	Principal activity	Country of incorporation
Mitchell (Game) Limited	Dormant	Scotland
Montgomery Bell Limited	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	Dormant	Scotland
Silverbeach Limited	Dormant	Jersey
Swiss Milk Products Limited	Dormant	England
The Salad Company Limited	Dormant	England
Today Ultra 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.

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.

14. Investments (continued)

Group	Associated undertaking £m	Joint venture £m	Total £m
At 1 August 2015	2.2	1.6	3.8
Profit for the year	0.7	0.2	0.9
Translation difference	0.6	-	0.6
At 30 July 2016	**3.5**	**1.8**	**5.3**

Company	Group undertakings £m
Cost and net book value	
At 1 August 2015	145.6
At 30 July 2016	**145.6**

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.

15. Stock

	Group	
	30 July 2016 £m	1 August 2015 £m
Raw materials and consumables	**44.5**	44.0
Work in progress	**12.5**	10.0
Finished goods and goods for resale	**97.1**	92.4
	154.1	146.4

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

16. Debtors

	Group		Company	
	30 July 2016 £m	1 August 2015 £m	**30 July 2016 £m**	1 August 2015 £m
Amounts falling due within one year:				
Trade debtors	**177.2**	179.8	**-**	-
Amounts owed by group undertakings	**-**	-	**1,411.8**	1,454.7
Amounts owed by joint ventures and associated undertakings	**2.3**	2.3	**-**	-
Other debtors	**36.0**	52.8	**-**	0.4
Corporation tax receivable	**-**	-	**7.2**	17.8
Prepayments and accrued income	**15.6**	19.3	**0.8**	1.0
	231.1	254.2	**1,419.8**	1,473.9

17. Deferred tax asset

	52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Deferred tax asset at the start of the period	**111.6**	76.5
Current period credit / (charge) to profit and loss account	**0.9**	(0.1)
Current period (charge) / credit to other comprehensive income	**(15.8)**	24.6
Adjustments in respect of prior periods	**0.1**	10.6
Deferred tax asset at the end of the period	**96.8**	111.6

Deferred tax assets recognised at 18% (2015: 20%) are analysed as follows:

	30 July 2016 £m	1 August 2015 £m
Accelerated capital allowances	**33.7**	24.9
Short term timing differences	**3.2**	20.9
Deferred tax arising in relation to retirement benefit obligations	**59.9**	65.8
	96.8	111.6

During the period commencing 31 July 2016, the net reversal of deferred tax assets is expected to decrease the corporation tax charge for the year by £8.4m. This is primarily due to the reversal of short term timing differences, and capital allowances being higher than depreciation.

The Group has an unrecognised deferred tax asset of £28.9m (2015: £31.4m) in respect of capital losses carried forward as at 30 July 2016. No deferred tax has been recognised on capital losses totaling £160.3m at 30 July 2016 (2015: £159.4m) as it is uncertain whether these losses will be utilised against future taxable gains.

18. Creditors: Amounts falling due within one year

	Group		Company	
	30 July 2016 £m	1 August 2015 £m	**30 July 2016 £m**	1 August 2015 £m
Obligations under finance leases (note 20)	**5.2**	5.7	**-**	-
Bond interest accrual (note 20)	**19.0**	18.4	**-**	-
Trade creditors	**341.1**	325.2	**-**	-
Amount owed to group undertakings	**-**	-	**539.4**	761.4
Amount owed to joint venture	**41.3**	41.5	**-**	-
Corporation tax	**3.1**	2.4	**-**	-
Other taxation and social security	**9.8**	10.6	**-**	-
Other creditors	**6.8**	6.1	**-**	-
Accruals and deferred income	**123.7**	120.0	**0.5**	2.2
Derivatives (note 23)	**-**	1.3	-	-
Government grants	**1.7**	1.8	**1.2**	1.2
	551.7	533.0	**541.1**	764.8

19. Creditors: Amounts falling due after more than one year

	Group		Company	
	30 July 2016 £m	1 August 2015 £m	**30 July 2016 £m**	1 August 2015 £m
Obligations under finance leases (note 20)	**13.1**	12.9	**-**	-
Bond notes (note 20)	**824.7**	783.1	**-**	-
Amount owed to group undertakings	**-**	-	**832.8**	792.4
Accruals and deferred income	**2.2**	2.4	**-**	-
Government grants	**6.4**	7.3	**1.2**	2.4
Derivative financial instruments (note 23)	**11.7**	46.6	**11.7**	46.6
	858.1	852.3	**845.7**	841.4

The amount owed to group undertakings comprises £250m of intercompany loans due 2019 at an interest rate of 5.25%; £330m of intercompany loans due 2021 at an interest rate of 5.50% and €300m of intercompany loans due 2021 at an interest rate of 4.375%.

The terms of the bond notes are disclosed within note 20.

20. Borrowings

	Group 30 July 2016 £m	Group 1 August 2015 £m
Bond notes	**822.7**	816.7
Foreign exchange on hedged portion of debt (note 23)	**10.1**	(24.3)
Bond interest accrual	**19.0**	18.4
Unamortised prepaid bond fees	**(8.1)**	(9.3)
Bond notes at amortised cost	**843.7**	801.5
Obligations under finance leases	**18.3**	18.6
Total borrowings	**862.0**	820.1
Due within one year	**24.2**	24.1
Due after more than one year	**837.8**	796.0
Total borrowings	**862.0**	820.1
Bank loans and bond notes:		
Within one year or less or on demand (note 18)	**19.0**	18.4
More than one year but not more than two years (note 19)	**-**	-
More than two years but not more than five years (note 19)	**824.7**	247.2
More than five years (note 19)	**-**	535.9
	843.7	801.5
Obligations under finance leases:		
Within one year or less or on demand (note 18)	**5.2**	5.7
More than one year but not more than two years (note 19)	**4.5**	4.3
More than two years but not more than five years (note 19)	**7.2**	6.8
More than five years (note 19)	**1.4**	1.8
	18.3	18.6
Total borrowings	**862.0**	820.1

The bond comprises £250m of Senior Loan Notes due 2019 at an interest rate of 5.25%; £330m of Senior Loan Notes due 2021 at an interest rate of 5.50% and €300m of Senior Loan Notes due 2021 at an interest rate of 4.375%. The Revolving Credit Facility (RCF) of £60m expires in January 2019.

There were no drawings under the RCF during the period or at period ended 30 July 2016. Interest on RCF drawings is calculated with reference to LIBOR and EURLIBOR plus applicable margin. 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.

21. Provisions for liabilities

	Onerous lease £m	Restructuring £m	Dilapidations £m	Other £m	Total £m
At 1 August 2015	5.5	2.5	0.9	3.6	12.5
Current period charge / (credit) to profit and loss account					
- exceptional (note 5)	-	10.3	-	16.8	27.1
- non-exceptional	-	-	-	0.1	0.1
Utilised in the period					
- exceptional	(0.4)	(8.6)	-	(17.3)	(26.3)
- non-exceptional	-	-	-	(1.5)	(1.5)
Foreign exchange movement	-	0.1			0.1
At 30 July 2016	**5.1**	**4.3**	**0.9**	**1.7**	**12.0**

Provisions of £12.0m (2015: £12.5m) comprise:

- £5.1m (2015: £5.5m) in respect of onerous leases costs at Haughley Park, Letham, Eye and Skelmersdale. These provisions are materially expected to be utilised over a period greater than 12 months.
- £4.3m (2015: £2.5m) relates to the restructuring of the Group's operations during the period. These provisions are expected to be utilised in the next 12 months.
- £0.9m (2015: £0.9m) in relation to dilapidations. These provisions are materially expected to be utilised over a period greater than 12 months.
- £1.7m (2015: £3.6m) of other provisions which largely relate to long term incentive plans and potential employer liability claims. These provisions are materially expected to be settled within 12 months.

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

22. Financial instruments

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

	Note	**30 July 2016 £m**	01 August 2015 £m
Financial assets			
Equity instruments measured at cost less impairment:			
Fixed asset unlisted investments	14	**5.3**	3.8
		5.3	3.8
Financial liabilities			
Measured at fair value and designated in an effective hedging relationship:			
Derivative financial liabilities	23	**11.7**	46.6
Measured at fair value through profit and loss:			
Derivative financial liabilities	23	**-**	1.3
Measured at amortised cost:			
Bond notes	20	**843.7**	801.5
Obligations under finance leases	20	**18.3**	18.6
		873.7	868.0

22. Financial instruments (continued)

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

		52 weeks ended 30 July 2016 £m	52 weeks ended 1 August 2015 £m
Interest expense			
Total interest expense for financial liabilities at amortised cost	4	**49.7**	49.7
		49.7	49.7
Fair value (gains) / losses			
On derivative financial liabilities designated in an effective hedging relationship	4	**(2.9)**	0.5
On derivative financial liabilities measured at fair value through profit and loss	23	**(1.3)**	0.8
		(4.2)	1.3
Other (income) / expense in respect of financial instruments			
Profit recognised in the period relating to unlisted equity investments	14	**(0.9)**	-
Total foreign exchange loss / (gain) on financial liabilities measured at amortised cost (Bond Notes)		**6.0**	(4.0)
		5.1	(4.0)

23. Derivative financial instruments

The Group has the following derivatives which are included at fair value in the balance sheet:

	Due within one year		Due after one year	
	30 July 2016 £m	1 August 2015 £m	**30 July 2016 £m**	1 August 2015 £m
Derivatives that are designated and effective as hedging instruments carried at fair value				
Liabilities				
Cross currency swaps (note 19)	**-**	-	**(11.7)**	(46.6)
Derivatives accounted for at fair value through profit and loss				
Liabilities				
Forward foreign currency contracts (note 18)	**-**	(1.3)	**-**	-

23. Derivative financial instruments (continued)

The Company has the following derivatives which are included at fair value in the balance sheet:

	Due within one year		Due after one year	
	30 July 2016 £m	1 August 2015 £m	**30 July 2016 £m**	1 August 2015 £m
Derivatives that are designated and effective as hedging instruments carried at fair value				
Liabilities				
Cross currency swaps (note 19)	**-**	-	**(11.7)**	(46.6)

The Group's cross currency swaps are 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 is calculated by reference to current forward exchange contracts with similar maturity profiles.

Cash flow hedges

Cross currency swaps

The following table details the notional principal amounts and remaining terms of the Group's cross currency swap contracts outstanding as at the reporting date:

	Fixed interest rate		Notional value GBP €255m at £1:€1.245		Fair value	
Receive fixed euro pay fixed GBP contracts	**Euro receive**	**GBP pay**	**2016 £m**	2015 £m	**2016 £m**	2015 £m
2 to 5 years	4.375%	7.767%	**204.8**	-	**11.7**	-
5 years +	4.375%	7.767%	-	204.8	**-**	46.6
			204.8	204.8	**11.7**	46.6

The Group's borrowings include €300m of Senior Loan Notes due 2021 (note 20). The Group has entered into cross currency swaps (the Hedging Instrument) to hedge against the exchange rate risk arising from the future interest and principal repayments on €255m of the €300m Senior Loan Notes (the Hedged Item).

These cross currency swaps are designated as cash flow hedges. Under the terms of the cross currency swaps the Group's repayment of the principal and interest payments are fixed in GBP at a GBP:Euro exchange rate of 1:1.245. The Group will settle the difference between the euro denominated interest payable on the Senior Loan Note and the GBP denominated fixed interest due on the SWAP on a bi-annual basis, and on the principal repayment in July 2021. The hedged cash flows are expected to occur over the period to maturity of the cross currency swap.

The net loss recognised in other comprehensive income relating to cash flow hedges amounted to £3.3m (2015: £2.3m). This comprised of gains of £31.1m (2015: losses of £25.3m) on the Hedging Instrument disclosed above, and foreign exchange losses on the Hedged Item of £34.4m (note 20) (2015: gain of £23.0m).

Hedge ineffectiveness resulting in a loss of £2.9m (2015: gain of £0.5m) was reclassified and recognised into profit and loss for the period.

23. 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	
	2016	2015	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Outstanding contracts						
Buying Euro's:						
In less than 3 months	**-**	1.2707	**-**	10.2	**-**	**(0.8)**
In 3 months to 1 year	**-**	1.3405	**-**	15.8	**-**	**(0.5)**
				26.0		**(1.3)**

The group has entered into contracts to purchase goods from suppliers in Europe. At the prior period end 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. Fair value gains of £1.3m were recognised through operating profit in the period (2015: losses of £0.8m). At the current period end, the Group had no open forward exchange contracts.

24. Share capital

	30 July 2016 £m	1 August 2015 £m
Allotted, called up and fully paid	-	-

The nominal value of the share capital issued at the end of the period was £7,730 (2015: £7,730).

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

	No of shares	Nominal value	Price paid	Issued share capital £m	Share premium £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
				-	**132.6**

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

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

25. Reconciliation of operating profit to net cash inflow from operating activities

	30 July 2016 £m	1 August 2015 £m
Operating profit	**62.5**	45.7
Adjustments for:		
Depreciation (note 13)	**56.5**	52.6
Amortisation of goodwill (note 12)	**30.0**	30.4
Impairment of plant & machinery (note 13)	**16.8**	-
Loss / (profit) on disposal of plant & machinery	**1.1**	(0.3)
Defined benefit pension scheme administration costs (note 29)	**4.0**	3.3
Grants and other non-cash movements	**(2.6)**	(1.6)
Operating cash flow before movement in working capital	**168.3**	130.1
Increase in stocks	**(4.1)**	(0.3)
Decrease in debtors	**39.6**	13.3
Increase / (decrease) in creditors and provisions	**7.2**	(28.0)
Cash impact of exceptional items	**(9.5)**	(16.8)
Payments made in respect of defined benefit pension schemes (note 29)	**(20.3)**	(19.6)
Cash generated from operations	**181.2**	78.7

26. Reconciliation of net cash flow to movement in net debt

	30 July 2016 £m	1 August 2015 £m
Increase / (decrease) in cash	**11.0**	(44.4)
Cash outflow / (inflow) from debt and lease financing	**1.7**	(6.4)
Change in net debt resulting from cash flows	**12.7**	(50.8)
Effect of foreign exchange rates	**(2.5)**	(1.2)
Movement in net debt	**10.2**	(52.0)
Net debt brought forward	**(716.6)**	(664.6)
Net debt carried forward	**(706.4)**	(716.6)

27. Analysis of net debt

	1 August 2015 £m	Cash flow £m	Other Movements £m	Foreign exchange £m	**30 July 2016 £m**
Cash balances	**118.7**	11.0	-	4.9	**134.6**
Debt due within one year	**(18.4)**	41.0	(41.0)	(0.6)	**(19.0)**
Debt due after more than one year	**(783.1)**	-	(1.6)	(40.0)	**(824.7)**
Finance leases	**(18.6)**	1.7	-	(1.4)	**(18.3)**
Total borrowings (note 20)	**(820.1)**	42.7	(42.6)	(42.0)	**(862.0)**
Prepayment of bond fees	**(9.3)**	-	1.6	(0.4)	**(8.1)**
Foreign exchange on bond notes	**(24.3)**	-	-	34.4	**10.1**
Interest accrual	**18.4**	(41.0)	41.0	0.6	**19.0**
Adjusted borrowings	**(835.3)**	1.7	-	(7.4)	**(841.0)**
Net debt	**(716.6)**	12.7	-	(2.5)	**(706.4)**

Net debt comprises bonds 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 £1.6m on debt due after more than one year is amortisation of the prepayment of bond 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 £9.5m (2015: £11.3m).

27. Analysis of net debt (continued)

	2 August 2014 £m	Cash flow £m	Other Movements £m	Foreign exchange £m	**1 August 2015 £m**
Cash balances	**168.3**	(44.4)	-	(5.2)	**118.7**
Debt due within one year	**(2.8)**	25.1	(41.0)	0.3	**(18.4)**
Debt due after more than one year	**(808.2)**	-	(1.6)	26.7	**(783.1)**
Finance leases	**(12.2)**	(6.4)	-	-	**(18.6)**
Total borrowings	**(823.2)**	18.7	(42.6)	27.0	**(820.1)**
Prepayment of bond fees	**(11.2)**	-	1.6	0.3	**(9.3)**
Foreign exchange on bond notes	**(1.3)**	-	-	(23.0)	**(24.3)**
Interest accrual	**2.8**	(25.1)	41.0	(0.3)	**18.4**
Adjusted borrowings	**(832.9)**	(6.4)	-	4.0	**(835.3)**
Net debt	**(664.6)**	(50.8)	-	(1.2)	**(716.6)**

The other movement of £1.6m on debt due after more than one year is amortisation of the prepayment of bond fees.

28. Financial commitments

Capital commitments

There were capital commitments of £0.5m at 30 July 2016 (2015: £0.4m) provided for at the period end and £37.2m (2015: £6.8m) capital commitments contracted for but not provided for.

Operating lease commitments

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

	30 July 2016 £m	1 August 2015 £m
Land and buildings leases expiring:		
Within one year	**9.9**	9.0
Between one and five years	**23.6**	23.7
After five years	**39.1**	38.6
	72.6	71.3
Other leases expiring:		
Within one year	**9.9**	8.1
Between one and five years	**14.6**	13.6
After five years	**0.4**	0.5
	24.9	22.2

29. Pension arrangements

DEFINED CONTRIBUTION SCHEMES

The Group contributes to defined contribution schemes for all qualifying employees. The total cost charged to income of £11.6m (2015: £12.5m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. At 30 July 2016 contributions of £0.5m (2015: £0.4m) 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, R & K Wise Scheme and 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 Foods 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. 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, which ended the link to salaries.

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 2016 by independent qualified actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost 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 and sensitivity analysis is 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:

	30 July 2016	1 August 2015
Rate of increase in salaries	**n/a**	n/a
Inflation assumption	**2.65%**	3.10%
Discount Rate	**2.55%**	3.50%
Rate of increase in pension payments	**2.60%**	2.90%
Mortality	**CMI_2015**	CMI_2014

The Group has adopted the SAPS tables with scaling factors appropriate for each section of the membership with the core CMI 2015 projections with a long-term rate of improvement of 1.0% per annum.

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

29. Pension arrangements (continued)

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

		30 July 2016 (years)	1 August 2015 (years)
Current pensioner	- male	**21.0**	20.8
	- female	**22.6**	22.5
Future pensioner	- male	**22.1**	21.1
	- female	**24.3**	23.5

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 defined benefit pension schemes detailed above. The main actuarial assumptions are the underlying medical cost inflation of 4.65% per annum (2015: 5.1%) and the discount rate of 2.55% per annum (2015: 3.5%).

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	
	30 July 2016 £m	01 August 2015 £m	**30 July 2016 £m**	01 August 2015 £m	**30 July 2016 £m**	01 August 2015 £m
Net interest cost	**11.2**	8.9	**0.1**	0.1	**11.3**	9.0
Scheme Administration expenses	**1.5**	1.7	**-**	-	**1.5**	1.7
Charge to profit and loss account	**12.7**	10.6	**0.1**	0.1	**12.8**	10.7
Change in limitation of pension asset	**(0.4)**	(0.1)	**-**	-	**(0.4)**	(0.1)
Actuarial losses / (gains)	**9.7**	102.2	**(0.1)**	(0.1)	**9.6**	102.1
Recognised in other comprehensive income	**9.3**	102.1	**(0.1)**	(0.1)	**9.2**	102.0
Total cost relating to defined benefit schemes	**22.0**	112.7	**-**	-	**22.0**	112.7

29. 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 2016 £m	01 August 2015 £m	**30 July 2016 £m**	01 August 2015 £m	**30 July 2016 £m**	01 August 2015 £m
Present value of obligations	**(1,424.5)**	(1,235.9)	**(2.2)**	(2.4)	**(1,426.7)**	(1,238.3)
Fair value of scheme assets	**1,087.2**	905.8	**-**	-	**1,087.2**	905.8
	(337.3)	(330.1)	**(2.2)**	(2.4)	**(339.5)**	(332.5)
Limitation of pension asset	**(0.1)**	(0.5)	**-**	-	**(0.1)**	(0.5)
Net liability recognised in the balance sheet	**(337.4)**	(330.6)	**(2.2)**	(2.4)	**(339.6)**	(333.0)

Under FRS102, the net pension scheme deficit in the balance sheet is now stated before deduction of the associated deferred tax asset of £59.9m (2015: £65.8m), with the deferred tax asset shown separately within current assets (note 17).

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 2016 £m	01 August 2015 £m	**30 July 2016 £m**	01 August 2015 £m	**30 July 2016 £m**	01 August 2015 £m
Scheme liabilities at the start of the period	**1,235.9**	1,115.3	**2.4**	2.5	**1,238.3**	1,117.8
Interest cost	**42.1**	44.4	**0.1**	0.1	**42.2**	44.5
Actuarial losses	**184.6**	120.3	**(0.1)**	(0.1)	**184.5**	120.2
Benefits paid	**(44.6)**	(40.7)	**(0.2)**	(0.1)	**(44.8)**	(40.8)
Exchange	**6.5**	(3.4)	**-**	-	**6.5**	(3.4)
Scheme liabilities at the period end	**1,424.5**	1,235.9	**2.2**	2.4	**1,426.7**	1,238.3

29. Pension arrangements (continued)

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

	Defined benefit schemes	
	30 July 2016 £m	1 August 2015 £m
Scheme assets at start of the period	**905.8**	878.8
Interest income	**30.9**	35.5
Contributions by the employer	**17.6**	17.9
Benefits paid	**(44.6)**	(40.7)
Administration expenses	**(1.5)**	(1.7)
Actuarial gain / (loss) on scheme assets	**174.9**	18.1
Exchange	**4.1**	(2.1)
Fair value of scheme assets at the period end	**1,087.2**	905.8

Contributions by the employer of £17.6m (2015: £17.9m) include £16.1m (2015: £16.4m) funding contributions and £1.5m (2015: £1.5m) in respect of future administrative expenses.

The Group have agreed to make payments in respect of the shortfall in the Northern Foods Pension Scheme, until January 2031. The current funding rate under the agreement is £15.0m per annum until March 2017. The rate will increase to £20m for the subsequent 5 year period ending March 2022.

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

	30 July 2016 £m	1 August 2015 £m
Equities	**217.0**	248.2
Bonds	**508.8**	285.8
Cash	**71.1**	19.6
Hedge Funds	**96.7**	106.0
Other	**193.6**	246.2
Total fair value of assets	**1,087.2**	905.8

The other asset category includes derivatives and property assets.

29. Pension arrangements (continued)

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

	30 July 2016 £m	1 August 2015 £m
Scheme administrative expenses	**1.5**	1.7
PPF levies	**2.1**	1.7
Other	**0.4**	(0.1)
Total defined benefit pensions costs charged through administrative expenses (note 3 & 25)	**4.0**	3.3

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

	30 July 2016 £m	1 August 2015 £m
Contributions	**17.6**	17.9
PPF levies	**2.1**	1.7
Other	**0.6**	-
Total cash payments in respect of defined benefit pension schemes during the year (note 25)	**20.3**	19.6

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

30. Contingent liabilities

Boparan Holdings Limited and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes due 2019 and 2021, 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 £60m Revolving Credit Facility which is a facility of Boparan Holdings Limited. This facility was undrawn at the balance sheet date. The total bond value as at 30 July 2016 per the Group financial statements was £843.7m net of fees (2015: £801.5m) (note 20), where the main driver of the increase year-on-year is the impact of changing foreign exchange rates on the euro-denominated bonds. The individually guaranteed amount is not readily available.

Northern Foods Limited is the guarantor in respect of the obligations of several subsidiary undertakings with Allied Irish Bank. As at 30 July 2016 Northern Foods Limited guaranteed £nil (2015: £nil).

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 year ended on the 30th July 2016, 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 year 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 year ended on 30th July 2016, are already included within the Group's consolidated balance sheet.

Billcrest Products Limited

Green Isle Foods (Boyle) Limited

Green Isle Food Group Limited

Green Isle Foods Limited

Green Isle Foods Portumna Limited

Green Isle Group Services Limited

Poldy's Fresh Foods Limited

31. 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 2016 and the 52 weeks ended 1 August 2015 are shown below:

The Group incurred rental charges of £6.2m (1 August 2015: £5.2m) and associated service charges of £0.9m (1 August 2015: £1.0m) from Amber Real Estate Investments Limited (AREIL), a related party by virtue of common ownership. Group service charges to AREIL were £0.1m (1 August 2015: £nil).

At the period end the total outstanding creditor was £0.9m (1 August 2015: £0.7m) and outstanding debtor was £0.1m (1 August 2015: £0.1m).

On 4th December 2015, the Group purchased plant & machinery relating to the Derby manufacturing facility (a site which the Group rents from AREIL) for consideration of £1.5m from that entity.

The Group incurred equipment rental charges of £0.1m (1 August 2015: £nil) and associated service charges of £0.1m (1 August 2015: £nil) from Amber Food Machinery Limited, a related party by virtue of common ownership.

At the period end the total outstanding creditor was £nil (1 August 2015: £nil)

The Group did not incur any rental charges in the period (1 August 2015: £0.4m) from W&WE (Wales & West England) Limited, a related party by virtue of common ownership. At the period end the total outstanding debtor balance was £nil (1 August 2015: £nil). A total creditor outstanding balance was reported at £nil (1 August 2015: £nil).

Hook 2 Sisters Limited is a related party by virtue of the Group's 50% investment in the Company. A loan made to Hook 2 Sisters Limited of £1.3m was repayable on 9 February 2012 however remains outstanding at 30 July 2016. A further loan of £1.0m was made to Hook 2 Sisters Limited in August 2014, which is due in August 2019.

Total purchases by the Group from Hook 2 Sisters Limited during the period were £534.3m (1 August 2015: £568.4m). Total Group recharges from the Group to Hook 2 Sisters Limited during the period were £1.2m (1 August 2015: £0.2m).

At the period end the total creditor outstanding was £41.3m (1 August 2015: £41.5m). At the period end the total debtor outstanding was £0.1m (1 August 2015: £nil).

The Group made purchases of £0.3m (1 August 2015: £2.0m) from 2 Agriculture Limited, a related party by virtue of common ownership. There were no rental charges incurred by the Group from 2 Agriculture Limited in the period (1 August 2015: £0.3m). Total sales by the Group to 2 Agriculture Limited during the period were £0.3m (1 August 2015: £0.3m). At the period end the total debtor outstanding was £nil (1 August 2015: £nil). At the period end, the total creditor outstanding was £0.1m (1 August 2015: £nil).

During the period the Group traded with Storteboom Hamrol Sp. Z o.o, of which Boparan Holdings Limited indirectly owns 96%. The Group made purchases of £0.9m (1 August 2015: £1.7m) during the period. At the period end there was an outstanding creditor balance of £nil (1 August 2015: £nil).

Group service charges to Letham Poultry Limited, a related party by virtue of common ownership were £2.6m (1 August 2015: £6.4m). Total sales by the Group to Letham Poultry Limited were £0.7m (1 August 2015: £nil). Total purchases by the Group from Letham Poultry Limited were £25.8m (1 August 2015: £18.4m). At the period end the total creditor outstanding was £0.2m (1 August 2015: £0.3m) and the outstanding debtor was £0.9m (1 August 2015: £0.3m).

The Group sales to Noblesse Proteins Investments B.V., a company in which the Group holds a 26% interest were £1.5m for the period (1 August 2015: £1.6m). At the end of the period there was an outstanding loan balance of £0.2m (1 August 2015: £0.2m) and outstanding trade receivables of £0.2m (1 August 2015: £0.2m).

Notes to the financial statements (continued)
For the 52 weeks ended 30 July 2016

31. Related party transactions (continued)

Group sales to Food Utopia Limited, a related party by virtue of common ownership were £2.5m (1 August 2015: £3.5m). At the period end the total debtor outstanding was £0.8m (1 August 2015: £0.2m).

Group sales to subsidiaries of Booker Group plc, a related party by virtue of common directorship were £3.4m (1 August 2015: £2.6m). At the period end the total debtor outstanding was £0.3m (1 August 2015: £0.5m).

During 2013, a director, Lord Allen of Kensington, took a loan in relation to his participation in the Growth Securities Ownership Plan. There was no outstanding balance at the period end (1 August 2015: £0.4m).

The Company donated £0.2m during the period (1 August 2015: £0.3m) to the Boparan Charitable Trust, a related party by virtue of common ownership. The outstanding creditor at the period end was £nil (1 August 2015: £0.1m).

Group purchases were £nil (1 August 2015: £0.1m) from Pargat & Co Limited, a related party by virtue of common ownership. At the period end the total debtor outstanding was £nil (1 August 2015: £0.1m).

Group sales to Grove Turkeys Limited, a related party by virtue of common ownership were £0.4m (1 August 2015: £nil). At the period end the total debtor outstanding was £0.2m (1 August 2015: £nil).

Group purchases from Buffaload Ltd, a related party by virtue of common ownership were £0.6m (1 August 2015: £nil). At the period end the total creditor outstanding was £0.4m (1 August 2015: £nil).

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 £8.4m (2015: £8.1m).

32. First time adoption of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the 52 weeks ended 1 August 2015 and the date of transition to FRS 102 was therefore 3 August 2014.

As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

A summary of these changes and their impact on the Group's balance sheet and profit for the 52 weeks ended 1 August 2015 ("the comparative period") is set out below:

Reconciliation of equity	**Note**	**Group**		**Company**	
		3 August 2014 £m	**1 August 2015 £m**	**3 August 2014 £m**	**1 August 2015 £m**
Equity reported under previous UK GAAP		(153.4)	(248.1)	35.1	27.2
Short-term compensated absences	(i)	(2.2)	(2.2)	-	-
External bond notes	(ii)	2.6	29.1	2.8	28.8
Derivative financial instruments	(iii)	(2.1)	(30.5)	(1.7)	(29.0)
Fixed assets	(iv)	(24.5)	(22.0)	-	-
Inventories	(v)	2.0	2.0	-	-
Current assets	(vi)	(2.0)	(2.0)	-	-
Taxation	(vii)	8.9	12.7	4.3	8.6
Equity reported under FRS 102		(170.7)	(261.0)	40.5	35.6

Reconciliation of profit and loss for the period ended 1 August 2015	**Note**	**Group £m**	**Company £m**
Loss for the 52 weeks ended 1 August 2015 under previous UK GAAP		(4.6)	(7.9)
External bond notes	(ii)	26.5	26.0
Derivative financial instruments	(iii)	(26.6)	(25.8)
Fixed assets	(iv)	2.5	-
Defined benefit pension scheme	(viii)	(0.3)	-
Taxation	(vii)	(0.4)	0.1
Loss for the 52 weeks ended 1 August 2015 under FRS 102		(2.9)	(7.6)

32. First time adoption of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (continued)

Notes to reconciliations

i. Short-term compensated absences

Under previous UK GAAP, the Group did not recognise a provision for short-term compensated absences (i.e. holiday earned but not taken prior to the year-end) for indirect staff. FRS 102 requires the Group to accrue for short-term compensated absences for all employees as holiday entitlement earned but not taken at the balance sheet date. The impact is to increase the holiday pay provision by £2.2m for the Group (£nil for the Company) at 3 August 2014 and 1 August 2015 respectively.

ii. External bond notes

The Group's external bond notes comprise £250m of Senior Loan Notes due 2019; £330m of Senior Loan Notes due 2021 and €300m of Senior Loan Notes due 2021. The Group has entered into a cross currency swap on €255m of the euro denominated notes to hedge against movements in the GBP:Euro exchange rate. Under previous UK GAAP the bond notes were held in the balance sheet at their face value, with the hedged element of euro denominated notes being translated to GBP at the hedged exchange rate through the application of synthetic hedging under SSAP 20.

Under FRS 102 the Group has elected to hold the bond notes at amortised cost. This requires capitalised bond fees to be released over the life of the notes at the effective interest rate and the euro denominated bond to be translated at the closing exchange rate at the balance sheet date. The effect of this change is to decrease the Group's liabilities by £2.6m and £29.1m and the Company's liabilities by £2.8m and £28.8m at 3 August 2014 and 1 August 2015 respectively.

This change in accounting policy has resulted in the recognition of exchange gains in the profit and loss account, which has increased the profits of the Group by £26.5m and the Company by £26.0m for the comparative period ended 1 August 2015.

iii. Derivative financial instruments

The Group was not previously required to recognise the fair value of derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in profit or loss when the instruments were settled. At 3 August 2014 and 1 August 2015 the Group had the following types of derivatives, which were held off balance sheet:

- forward foreign currency contracts to buy euro's; and
- a cross currency principal and interest rate swap relating to €255m of the €300m Senior Loan Notes. Note 23 sets out further information on the terms of the swap.

Under FRS 102 the Group must record its derivative financial instruments on the balance sheet at their fair value and account for movements in their fair value through profit and loss, subject to the application of hedge accounting. Consequently, derivative financial liabilities of £47.9m and £22.2m have been recognised in the balance sheet of the Group, as at 1 August 2015 and 3 August 2014 respectively. On transition, the Company has recognised derivative financial liabilities of £46.6m and £21.7m as at 1 August 2015 and 3 August 2014 respectively.

The cross currency swap has been designated in a hedging relationship with €255m of the €300m Senior Loan Notes. The net effect on the equity of the Group of recognising its derivatives at fair value after the application of hedge accounting is a reduction of (£30.5m) and (£2.1m) as at 1 August 2015 and 3 August 2014 respectively. The net effect on equity of the Company is a reduction of (£29.0m) and (£1.7m) as at 1 August 2015 and 3 August 2014 respectively. Profit for the comparative period has decreased by (£26.6m) for the Group and (£25.8m) for the Company as a result of this change in accounting policy.

32. First time adoption of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (continued)

iv. *Fixed assets*

On transition to FRS 102 the Group has elected to use the fair value as the deemed cost for its property, plant and equipment. The effect of this fair value exercise has resulted in the Group recognising adjustments, which reduce the carrying value of its fixed assets by £24.5m and £22.0m, as at 3 August 2014 and 1 August 2015. The effect on the Group's profit is to reduce the depreciation charge in the comparative period, which increases profit by £2.5m in the 52 weeks ended 1 August 2015.

v. *Inventories*

As a result of the adoption of FRS 102 the Group has changed how it assesses the cost of its inventories and recognises the cost of its inventories in the profit and loss account. Certain periodic rebates and subsidies the Group receive from suppliers of its raw materials are now included in the assessment of cost, and engineering stocks are capitalised and written off over the period they are consumed rather than at the point of purchase as was the case under previous UK GAAP. Upon transition to FRS 102 the impact of this change in accounting policy, is to increase the value of the Group's inventories by £2.0m as at 3 August 2014 and 1 August 2015.

vi. *Current assets*

On transition to FRS 102 the Group has elected to fair value its trade receivables. The effect of this fair value assessment has resulted in the Group recognising a reduction in the value of its current assets of £2.0m as at 3 August 2014 and 1 August 2015.

vii. *Taxation*

Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognised on all fair value remeasurements, which has resulted in increasing the Group's deferred tax asset by £8.9m and £12.7m at 3 August 2014 and 1 August 2015 respectively.

A deferred tax asset has been recognised in respect of the derivative financial liabilities recognised on transition to FRS 102, included in the above restated balances.

viii. *Defined benefit pension scheme*

Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS 102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the schemes and that scheme administration costs are recognised within operating profit. As such there was a decrease in profit of £0.3m in the comparative period arising from these adjustments which was offset by a corresponding increase in other comprehensive income. In addition, the net pension scheme deficit in the balance sheet is now stated before deduction of the associated deferred tax asset (£59.9m; 2015: £65.8m), with the deferred tax asset shown separately within current assets (note 17).

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. Copies of the Group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.