



## Browns Food Group (BFG) – Tax strategy

## BFG and the Tax Environment

BFG is moving into the account management process with HMRC for the first time as a result of strong growth in our business.

The group has always sought to be committed to ensuring that all decisions are taken with the care to ensure that risks are minimised and mitigated.

BFG has a tax strategy that focuses on key areas of risk in all forms of tax. These areas are:

- Delegation of authority and accountability
- Attitude of the group to tax planning
- Compliance
- Reporting
- Risk management
- Use of advisers
- People
- Systems

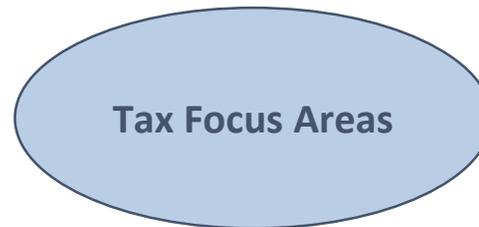
This tax strategy document outlines how BFG identifies and reacts to risk in the business around tax in these focus areas.

## BFG and the tax environment – tax working with the business

**Board endorsement** – the Board of BFG is committed to paying tax as it falls due and have a key role in ensuring tax risk is minimised

**Safeguard shareholders interests** – the reputation of the shareholders of BFG is safeguarded by our risk management process

**Maximising shareholder wealth sustainably** – BFG’s goal is to maximise the wealth of it’s shareholders but this cannot be sustainable without clarity on tax



**Adhere to applicable laws and regulations** - BFG’s risk strategy enables its stakeholders to have comfort that laws and regulations are being adhered to and any new legislation is discussed and it’s impact identified

**Commitment to periodic review** - we will review our risk annually as part of our year end audit and tax compliance process

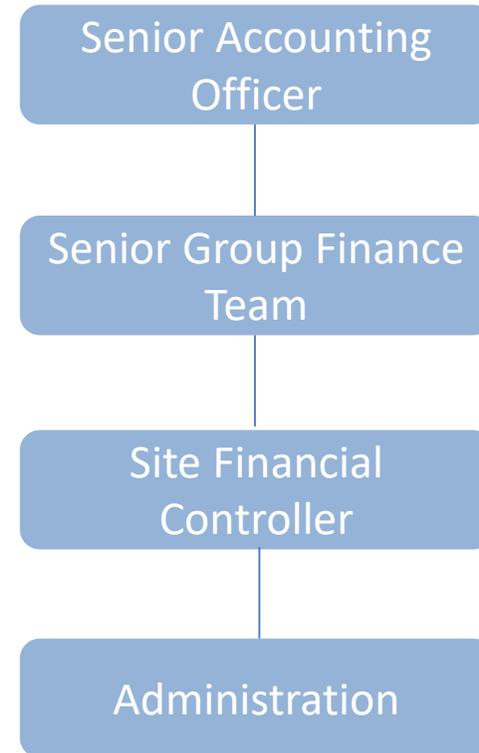
## Delegation of authority and accountability

The Senior Accounting Officer is our Group Finance Director Alan Hill.

The Senior Group Finance Team have authority to implement tax policy changes.

Where uncertainties around tax arise, we contact our advisers, KPMG or HMRC directly.

BFG is accountable to HMRC.



## Attitude of the group to tax planning

The Senior Group Finance Team is involved and consulted on any decision in the business which directly changes or has the potential to change the company's tax position, such as:

- Acquisition or disposal of subsidiaries or shares
- Refinancing arrangements
- Business restructuring
- Changes in reporting requirements (accounting standards changes)
- Other significant business transactions

BFG engages in appropriate tax planning that supports its business and reflects commercial and economic activity. Where it is appropriate and responsible to do so, BFG will take steps to reduce its tax liabilities. It will claim available reliefs and incentives properly and in accordance with tax law where it is beneficial to do so. Tax is one of the factors considered when making business decisions.

## Compliance

BFG understands that openness, timeliness, honesty and transparency are paramount in all dealings with HMRC.

BFG endeavours to file all relevant tax documents on time with full and timely payment of any liabilities.

All appropriate disclosures are made.

Relevant documentation is retained to support all filings.

BFG utilises HMRC's group relief process each year as losses arise.

## Reporting

BFG's annual accounts are prepared in accordance with UK accounting standards and are filed annually at Companies House

From 2015, BFG has adopted FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland

The Senior Accounting Officer is responsible for all tax reporting.

## Risk Management

At BFG, we are always transparent on our operations.

We are in the process of creating a tax risk document which will be reviewed and updated every 12 months. If any vital issues arise between the annual reviews, the Senior Group Finance Team will reconvene earlier. By holding these reviews, we ensure that any possible risks are identified and addressed in a timely manner.

If the Senior Group Finance Team ever need advice on a tax issue, we would contact out tax advisers, KPMG or HMRC.

BFG holds a dynamic process to mitigate tax risks and helps to run a reputable, reliable and responsible business.

## Use of advisers

Whilst the BFG team pride themselves in remaining up-to-date on tax legislation, we will take advice from our advisers for:

- Areas of uncertainty
- Complex matters
- Matters which require judgement
- Matters of significance to the business and it's stakeholders

As well as the use of our appointed advisers, KPMG, BFG has entertained visitors from HMRC's large business team and the strong relationship that has developed ensures excellent communication between both parties.

We work with HMRC wherever there is a change of circumstance which may pose potential tax risks and when the Senior Group Finance Team requires assistance in interpreting the law.

## People – Senior Group Finance Team

BFG's head office acts as a group accounting and shared service function, processing sales and purchase invoices for a large part of the group as well as submitting VAT and corporations tax returns. It also provides payroll services to a large part of the group.

The Senior Group Finance Team comprises senior accountants within the business:

Browns Food Group Limited – Group Financial Controller

Brown Brothers (Manufacturing) Limited – Financial Controller

Halls of Scotland Limited - Financial Controller

The team is sponsored by the Senior Accounting Officer and gives BFG transparency on tax risk around the business.

## People – ongoing training and development

The BFG Board of Directors is committed to the development of it's people in all key areas of the business and where appropriate staff are encouraged and sponsored to take training courses.

The Senior Group Finance Team at BFG takes seriously the development of the people involved and being up to date with tax laws and guidance.

## Systems

BFG operates SAGE 1000 financial management system throughout all sites.

BFG process all credit card and expense claims and utilises its finance team to ensure accurate tax reporting.

## BFG statement of tax policy

We will continue to execute our tax affairs honestly, transparently and timely.

All tax queries are submitted to the Senior Group Finance Team.

The Senior Group Finance Team raises significant compliance issues, uncertainties, irregularities and proceedings involving innovative interpretation of tax law with HMRC in real time.

We do not construct transactions in a way which gives a tax result inconsistent with the intentions of Parliament.

We are not involved with illicit trades.

We promptly provide full, accurate and helpful answers to HMRC requests and queries.

We are aware of our obligations across all taxes, seek assistance as necessary and provide appropriate resource to deal with these obligations.

We have clear accountabilities for the management of tax compliance risk and tax planning.

**Approved by the board of directors: 4<sup>th</sup> September 2018**