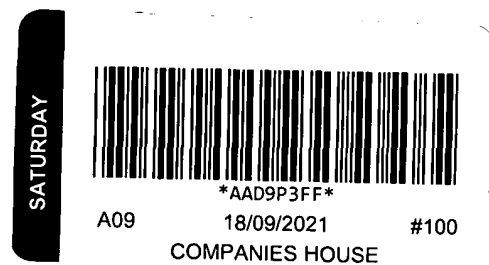


Registered No. 00156737

## **S&B Herba Foods Limited**

### **Report and Financial Statements**

31 December 2020



## Company information

### Directors

A Hernandez Callejas  
F Hernandez Callejas  
P J Cattaneo  
R L Holben  
R Lopez Relimpio

### Secretary

P J Cattaneo

### Registered Office

Central Court  
1B Knoll Rise  
Orpington  
Kent  
BR6 0JA

### Bankers

Citibank, N.A.  
Canada Square  
London  
EH14 5LB

### Solicitors

Clarkson Wright & Jakes Ltd  
Valiant House  
12 Knoll Rise  
Orpington  
Kent  
BR6 0PG

### Auditors

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## Strategic report

The Directors present their strategic report for the year ended 31 December 2020.

### Business review

The company is required by the Companies Act to set out in this report a fair review of the business of the company during the financial period ended 31 December 2020 and of the position of the company at that date and a description of the principal risks and uncertainties facing the company. This review is prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed, and the business review should not be relied on by any other party or for any other purpose.

The main activities of the Company are the milling of Rice, Rice Flour and Pulses, marketing and distribution of Couscous, Semolina, Tomato Paste and Dried Fruit.

Brexit has had a big impact on trade during the year with customers stock piling due to uncertainties of the impact of duties being enforced on rice. This uncertainty continued during the year with customers keeping stocks higher than normal which saw us with a stable business during the year. Currency was also impacted by Brexit with the pound volatile during the year which affected the prices of raw material coming from abroad.

The Company continues to invest in its operations at our two manufacturing sites in Cambridge and Liverpool. The Board has agreed that we will continue to invest where necessary at these locations during the coming year.

### Key performance indicators

The key performance indicators used by the directors to monitor the progress of the company are set out below. All turnover arises from continuing operations.

	2020 £'000	2019 £'000
Turnover	117,910	107,416
Gross profit	22,901	21,464
Gross profit percentage	19.4%	20%
Operating profit	6,085	4,936
Operating profit percentage	5.2%	4.6%

Turnover for the 12 month period ended 31 December 2020 was 9.8% higher than 2019 (2019: 11.4% higher than 2018). Operating profit percentage showed a 0.6% increase due to an increase in turnover.

There was a profit for the period after taxation amounting to £4,419k (2019: £3,143k) and the net assets of the company at 31 December 2020 were £23,678k (2019: £20,643k).

No dividends have been paid during the period £nil (2019: £47m). There were dividends paid in March 2019 and in December 2019.

### Principal risks and uncertainties

The directors have identified that a fluctuation in rice prices and the loss of key personnel are principal risks to the business. These risks are mitigated by constant review by the directors and senior management.

The directors have also considered the risks included within the Financial Risk Management section below to be principal risks of the business.

## Strategic report (continued)

### Financial risk management objectives and policies

The main risks arising from the company's financial instruments are currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### **Currency risk**

The Company's trading activities include the purchase of rice on international markets which bring exposures to foreign currency fluctuations. The company has strict policies to manage these risks and these policies have not changed in the year.

The company is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not hedge account.

About 6.7% of the company's sales are to customers in continental Europe. Sales are affected in local currencies based on sterling prices of goods. The company policy is to manage all currency exposures on any balance not expected to mature within 30 days of it arising through the use of forward currency contracts.

About 95% of the company's purchases are invoiced in Euros and US dollars. The company policy is to use forward currency contracts to minimise the risk associated with that exposure.

#### **Credit risk**

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by a group cash pooling system. The Citibank accounts are cleared on a daily basis, and the balance is recorded as a group debtor or creditor.

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

This section of the strategic report describes how the directors have addressed the matters set out in section 172 (1) (a) to (f), and forms the directors' statement required under Companies Act 2006.

All directors received guidance on their statutory duties including section 172 and were briefed on the reporting requirements by the Company Secretary to ensure relevant stakeholders' interests are articulated in the board discussions and decisions.

The Board identified the key stakeholders as shareholders, employees, customers and suppliers.

Several Board members represent Ebro Group directly in the Company's Board, so communication with shareholders is undertaken as part of regular meetings of the Board. Issues covered on the Board meetings are: review and approval of the Company's short-term and long-term strategy, budget, appointment of new production manager/director, approval of investments in new technologies and equipment, address issues with the customers and suppliers.

During the year the board received updates on key customer's issues through regular reports from management and meetings with customers which provided an opportunity to get insights of the customer's issues and challenges. As a result, there were agreements reached with the customers in relation to price, volumes, period and quality of supplies beneficial for both parties.

Most of the Company's supplies are coming from Ebro Group, so the Board members can directly monitor any issues with suppliers – other companies of the Group.

## Strategic report (continued)

The Board engaged with employees via visits to production sites in Cambridge and Liverpool, meetings in the office with office employees and regular conference calls on different matters. The Board regularly communicate with the Operations Team on employee matters. If employees wish to report any concerns related to wrong doing or misconduct, one of the ways to do that is via a whistleblowing procedure.

The Board also invests in employees by way of training, software and equipment updates to carry out their duties within the company.

By order of the Board



P J Cattaneo

Director

Date: 1 September 2021

## Directors' report

### Registered No. 00156737

The directors present their report for the year ended 31 December 2020.

### Directors

The directors who held office during the year were as follows:

A Hernandez Callejas  
F Hernandez Callejas  
P J Cattaneo  
R L Holben  
R Lopez Relimpio

### Dividends

The directors do not recommend the payment of a dividend in 2020 (2019: £47m). There were dividends paid in March 2019 and in December 2019.

### Future developments

The directors expect the general level of activity to be maintained for the foreseeable future.

### Financial Instruments

The company has chosen in accordance with section 414C (11) of the Companies Act 2006 to set out information related to Financial Risk Management Policies in its Strategic Report.

### COVID-19 impact on the business

The company continues to monitor the ongoing Covid-19 outbreak, assessing the advice given by the World Health Organisation and Public Health England to ensure the best practice precautions are being applied to our business and employees. The company's factories have continued to work at full capacity including during the lockdown period and management have implemented guidelines provided by the government and Public Health England to ensure that all staff have the appropriate protection to work safely. Where possible, staff have been allowed to work from home although the company's offices remain open for staff who are unable to do so but with appropriate safeguards. Accordingly, the company's business has continued to operate without any interruption with the supply chain (for deliveries and shipments) continuing to operate with some delays.

The directors have considered the impact of the Covid-19 crisis on the company's business operations and future prospects. They believe, that based on its most recent estimates, the company will remain profitable, and the ability to continue as a going concern will not be compromised. Therefore, the company proposes not to make any adjustment to its financial statements for the year ended 31<sup>st</sup> December 2020.

### Going concern

The directors have performed an assessment of the company's ability to continue as a going concern for a period of 12 months from the date when the financial statements are authorised for issue by considering the anticipated level of future trading activity and the associated cash flow requirements. Accordingly, the directors have updated their budgets and cash flow forecast as well as completing a stress test and reverse stress test to assess the liquidity requirements of the company for the twelve month period to September 2022. Based on their assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and to meet its liabilities as these fall due for a period of twelve months from the date these accounts were signed. On this basis the directors are satisfied that the financial statements should be prepared on a going concern basis.

Even with the continued impact of the Covid-19 pandemic, the directors have taken reasonable steps to minimise any operational and financial risks and do not see that this will impact the Company as a going concern.

## Directors' report (continued)

### Energy and emissions report

In accordance with UK Government requirements and Streamlined Energy & Carbon Reporting (SECR) frame work the directors have prepared the following report related to carbon emission.

UK energy use, kWh	8,311,516
UK natural gas use, GJ	235
UK natural gas use, transferred in kWh	65,347
UK fuel used on vehicles, diesel, litres	8,531
UK fuel used on vehicles, petrol, litres	2,366
Total Associate Greenhouse gas emissions, kg CO2 equivalent	2,127,404

Intensity ratio Emission, kg CO2 per £'000 of revenue: 18

The company has been working to improve energy efficiency and reduce carbon emissions by upgrading and replacement of lighting at both production sites with LED lighting. Energy & environmental protection investments were made on both plants into compressed air systems and exploring the increasing usage of recyclable packaging and the inclusion of hybrid cars to the company car listing.

Associated Greenhouse gases have been converted from energy consumption using *Greenhouse gas reporting: conversion factors 2020* published by UK government.

### Directors' indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Supplier payment policy

It is the company's policy to agree terms of trade in advance with all suppliers, both locally and, where applicable, on a global basis and adhere to them. The amount of trade creditor days outstanding at the year end was 40 days (2019 – 38 days).

### Disclosure of information to the auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



P J Cattaneo

Director

Date: 1 September 2021

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report**

**to the members of S&B Herba Foods Limited**

### **Opinion**

We have audited the financial statements of S&B Herba Foods Limited for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

*In our opinion, the financial statements:*

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

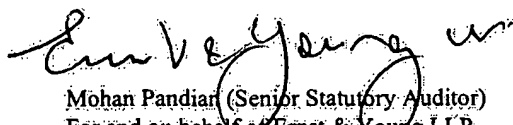
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is compliance with Companies act 2006. In addition, the company has to comply with laws and regulations related to its operations such as UK tax legislation, UK employment regulations, health and safety regulations, UK Bribery Act, Data Protection act and UK Food Hygiene Regulations.
- We understood how the entity is complying with those frameworks by understanding the oversight of those charged with governance by reviewing minutes of Board of Directors meetings.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by challenging the company's policies and procedures on identifying and mitigating fraud risks.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Consideration of fraud risk during the planning of and throughout our audit.
  - Inquiring of Management as to the risks of fraud and obtaining an understanding of the controls in place.
  - Understanding of the oversight by those charged with governance of Management's controls over fraud risk, including the whistleblowing processes.
  - Consideration of the effectiveness of Management's controls designed to address the risk of fraud.
  - Determining an appropriate audit strategy to address those identified risks of fraud, including the use of data analytics and obtaining independent third party balance confirmations.
  - Considering the key management estimates in respect of pensions for possible manipulation, or evidence of possible Management bias.
  - Use of data analytics tools to test revenue and journal entries including testing journals, outside of the normal course of business to detect and investigate unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Mohan Pandiar (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
London  
1 September 2021

## Income statement

for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
<b>Turnover</b>	3	117,910	107,416
Cost of sales		(95,009)	(85,952)
<b>Gross Profit</b>		22,901	21,464
Administrative expenses		(14,607)	(14,350)
Distribution costs		(2,271)	(2,235)
Other operating income		62	57
<b>Operating profit</b>	4	6,085	4,936
Interest receivable and similar income	7	1	82
Interest payable and similar charges	8	(534)	(1,096)
<b>Profit on ordinary activities before taxation</b>		5,552	3,922
Tax expense	9	(1,133)	(779)
<b>Profit for the financial year</b>		4,419	3,143

All activities are derived from continuing operations.

## Statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
<b>Profit for the financial year</b>		4,419	3,143
<b>Other comprehensive income:</b>			
<b>Items that cannot be reclassified to profit or loss:</b>			
Remeasurement loss on defined benefit pension plans	22	(1,842)	(984)
Deferred tax on defined benefit pension plan		350	167
Change in rate of deferred tax on defined benefit pension plan		108	-
<b>Other comprehensive loss for the year, net of tax</b>		(1,384)	(817)
<b>Total comprehensive income for the year</b>		3,035	2,326

**Balance sheet**

at 31 December 2020

	Notes	2020 £000	2019 £000
<b>Non current assets</b>			
Intangible assets	10	5,597	5,571
Tangible assets	11	6,580	5,920
Investment property	12	122	127
Investments	13	-	-
		<u>12,299</u>	<u>11,618</u>
<b>Current assets</b>			
Stocks	14	28,869	26,642
Trade and other receivables	15	23,158	19,355
Financial assets	17	1	20
Deferred tax asset	9	1,012	670
Cash at bank and in hand		241	62
		<u>53,281</u>	<u>46,749</u>
<b>Creditors: amounts falling due within one year</b>			
Trade creditors	16	3,803	3,386
Amounts owed to group undertakings		25,508	23,372
Income tax payable		(86)	288
Other taxes and social security		78	72
Financial liabilities	17	847	647
Accruals		4,125	4,001
		<u>34,275</u>	<u>31,766</u>
		19,006	14,983
<b>Net current assets</b>			
		31,305	26,601
<b>Total assets less current liabilities</b>			
Defined benefit pension plan deficit	22	(7,073)	(5,408)
Long Term Lease	21	(554)	(550)
		<u>23,678</u>	<u>20,643</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	18	1	1
Share premium account	19	8,230	8,230
Capital reserve	19	220	220
Retained earnings		15,227	12,192
		<u>23,678</u>	<u>20,643</u>
<b>Total equity</b>			

The financial statements were approved by the board of directors and authorised for issue on 1 September 2021.

P J Cattaneo

Director

Registered no: 00156737

## Statement of changes in equity

at 31 December 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Capital reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>As at 1 January 2019</b>	1	8,230	220	56,866	65,317
Profit for the year	-	-	-	3,143	3,143
Other comprehensive loss	-	-	-	(817)	(817)
<b>Total comprehensive income for the year</b>	-	-	-	2,326	2,326
Dividend payable	-	-	-	(47,000)	(47,000)
<b>At 31 December 2019</b>	1	8,230	220	12,192	20,643
Profit for the year	-	-	-	4,419	4,419
Other comprehensive loss	-	-	-	(1,384)	(1,384)
<b>Total comprehensive income for the year</b>	-	-	-	3,035	3,035
Dividend payable	-	-	-	-	-
<b>At 31 December 2020</b>	1	8,230	220	15,227	23,678

## Notes to the financial statements

at 31 December 2020

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of S&B Herba Foods Limited for the year ended 31 December 2020 were authorised for issue by the board of directors on 1 September 2021 and the balance sheet was signed on the board's behalf by Peter Cattaneo. S&B Herba Foods Limited is a private company limited by shares and is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair override in respect of the non-amortisation of goodwill (see Note 2).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Ebro Foods S.A. Accordingly, these financial statements are individual entity financial statements.

The results of S&B Herba Foods Limited are included in the consolidated financial statements of Ebro Foods S.A. which are available from Ebro Foods S.A., Paseo de Castellana, 20, 28046 Madrid, Spain.

The principal accounting policies adopted by the Company are set out in note 2.

### 2. Accounting policies

#### 2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (f) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1.
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (i) the requirements of paragraphs 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.
- (j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### **2.3 Going concern**

The directors have performed an assessment of the company's ability to continue as a going concern for a period of 12 months from the date when the financial statements are authorised for issue by considering the anticipated level of future trading activity and the associated cash flow requirements. Accordingly, the directors have updated their budgets and cash flow forecast as well as completing a stress test and reverse stress test to assess the liquidity requirements of the company for the twelve month period to September 2022. Based on their assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and to meet its liabilities as these fall due for a period of twelve months from the date these accounts were signed. On this basis the directors are satisfied that the financial statements should be prepared on a going concern basis.

Even with the continued impact of the Covid-19 pandemic, the directors have taken reasonable steps to minimise any operational and financial risks and do not see that this will impact the Company as a going concern.

#### **2.4 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

##### ***Taxation***

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

##### ***Pension benefits***

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the plan, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality rates. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 22.



## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

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

The accounting policies adopted are consistent with those of the previous financial years except for the following amendments to FRS 101 effective as of 1 January 2020:

- Definition of material - Amendments to IAS 1 and IAS 8; and
- Amendments to references to the Conceptual Framework in IFRS Standards.

No new standards, amendments, or interpretations, effective for the first time for the financial year beginning on or after 1 January 2020, have had a material impact on the Company.

The Company did not early adopt new or amended standards that have yet to become effective during the year.

#### **2.6 Significant accounting policies**

##### **Foreign currencies**

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

##### **Intangible assets**

###### **Goodwill**

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chose by the directors, its useful economic life. However, under FRS 101, goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 20 years would have been chosen as the useful life for goodwill. The profit for the year would have been £359k lower had goodwill been amortised in the year.

###### **Trademarks**

Trademarks are included at cost and are not amortised as they are deemed to have an indefinite useful economic life. Trademarks are reviewed annually for impairment and a provision booked where necessary.

###### **Computer software**

All computer software is initially recorded at cost.

Depreciation is provided in cost in equal annual instalments over the estimated useful lives of the assets. The rate of depreciation is over 3 years.

## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

#### ***Tangible fixed assets***

All fixed assets are initially recorded at cost.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	- over 25 years
Plant and machinery	- over 10-15 years
Computer equipment	- over 3-7 years
Office equipment	- over 10-15 years
Motor Vehicles	- over 5 years

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

#### ***Investment property***

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less provision for depreciation and impairment.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### ***Investments***

Investments in subsidiary undertakings are stated at historic cost less any applicable provisions for impairment. Investments are reviewed for impairment each year if events or changes in circumstances indicate the investment value may not be recoverable.

#### ***Impairment of non-financial assets***

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

#### *Financial assets and financial liabilities*

##### *Financial Assets*

Financial assets are classified in accordance with how they are measured on the basis of the corresponding business model and the characteristics of the contractual cash flows. A financial asset is only reclassified from one category to another when there is a change in the business model used to manage the financial assets.

Financial asset acquisitions and disposals are recognized at the trade date, i.e., on the date the Company undertakes to acquire or sell the asset. Upon acquisition they are classified into one of the following categories:

a) Financial assets at amortized cost.

These are non-derivative financial assets that are held in order to collect their contractual cash flows and those contractual cash flows represent solely payments of principal and interest. They are included in current assets, except for amounts maturing more than 12 months from the end of the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Interest income from these financial assets is recognized in finance income; any gain or loss arising on their derecognition and any impairment losses are recognized directly in profit and loss as they arise.

b) Financial assets at fair value through profit or loss

These are assets that are acquired for sale in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial assets are initially recognized and subsequently measured at fair value and any changes in fair value are recognized in profit and loss as they arise.

Equity instruments classified into this category are recognized at fair value and any gain or loss arising from changes in their fair value or as a result of their sale are similarly recognized in profit and loss as they arise.

The fair values of quoted investments are based on quoted prices (fair value hierarchy level 1). The fair value of investments in unlisted entities is established using valuation techniques, which include the use of recent arm's length transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same and discounted cash flow analysis (levels 2 and 3). In the event that the more recent information available is insufficient to measure fair value or there is a wide range of possible fair value measurements and cost represents the best estimate within that range, such investments are recognized at cost less any impairment losses.

The fair value measurements made in the accompanying financial statements are classified using a fair value hierarchy articulated around the relevance of the inputs used to make the corresponding measurements. The hierarchy categorizes the inputs used in valuation techniques into three levels:

- Level 1 inputs: Fair value measurements based on quoted prices in active markets for identical instruments. These measurements are based on quoted prices at the reporting date.
- Level 2 inputs: Fair value measurements based on inputs that are observable for the asset or liability. The fair value of financial assets included in this category is determined by using valuation techniques. Those valuation techniques maximize the use of available observable market-based inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to measure fair value are observable, the instrument is included in Level 2. If one or more of the significant inputs required to measure fair value are not observable market inputs, the instrument is included in Level 3.
- Level 3 inputs: Measurements based on inputs that are not based on observable market data.

## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

Financial assets are derecognized when the contractual rights to the related cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership of the assets. If substantially all the risks and rewards have been retained, the financial asset is not derecognized; instead the Company recognizes a financial liability in the amount of any consideration received in exchange for the transfer.

Agreements for the transfer of account receivables are considered non-recourse factoring agreements if the risks and rewards of ownership of the receivables have been transferred substantially.

The financial asset impairment model is based on expected credit losses. The Company accounts for expected credit losses, and any changes therein, at every reporting date, to reflect changes in credit risk since the date of initial recognition without waiting for an impairment event to occur.

The Company applies the general expected loss approach for all its financial assets except for trade and other account receivable that do not contain a significant financing component; it applies the simplified approach for those qualifying assets.

Under the general approach, the Company recognizes the expected loss from a financial asset default on either a 12-month or lifetime basis, depending on whether there has been a significant increase in credit risk since initial recognition. Under the simplified approach, the Company recognizes a loss allowance from the outset based on lifetime expected credit losses using available information about past events (such as historical customer default rates), current conditions and forward-looking estimates (macroeconomic factors such as the outlook for GDP, unemployment, inflation, interest rates, etc.) that could affect the creditworthiness of its debtors.

#### **Financial liabilities**

##### **a) Financial liabilities at amortized cost**

Trade and other current accounts payable are financial liabilities and are initially recognized at fair value; they do not explicitly accrue interest and are recognized at their face value.

##### **b) Financial liabilities at fair value through profit or loss**

These are liabilities that are acquired for sale in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial liabilities are initially recognized and subsequently measured at fair value and any changes in fair value are recognized in profit and loss as they arise.

#### **Stocks**

Stocks are stated for each consignment at the lower of actual cost and net realisable value. Cost includes insurance, freight and duty charges incurred to bring the produce to UK warehouses.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Forward purchases and sales of goods are entered into in the ordinary course of business. When the forward purchase is payable in foreign currency, the company, in general, hedges it by the forward purchase of foreign currency.

## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

#### *Trade and other receivables*

Trade and other debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### *Cash at bank and in hand*

Cash comprises cash at banks and in hand and short term deposits with an original maturity of three months or less.

#### *Revenue recognition*

##### *(a) Sale of goods*

The Company considers the time of revenue recognition to be the time at which control of goods passes to the customer. In general, this is the time at which the goods are delivered. The usual payment period is 30 days from delivery.

##### *(b) Volume discounts*

The Company retrospectively grants certain customers volume discounts as soon as a level of turnover during the period exceeds a contractually agreed level. In accordance with IFRS 15, retroactive volume discounts are recognised as variable consideration. The Company recognises revenue from the sale of goods at the fair value of the consideration received less any discounts that may be applied.

##### *(c) Significant financing arrangements*

The Company's contract with customers does not contain significant financing arrangements.

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of any variable considerations, rights of return, volume discounts, VAT and other sales related taxes. Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. This is usually at the point that goods are delivered to the customer. Revenue is measured at the fair value of the consideration received, excluding any variable considerations, rights of return, discounts, rebates, VAT and other sales tax or duty.

The Company's turnover and pre-tax result were wholly attributable to the Company's principal continuing activity in the United Kingdom.

#### *Income taxes*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences, carried forward tax credits or tax losses can be deducted.

## Notes to the financial statements

at 31 December 2020

### 2. Accounting policies (continued)

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

#### **Defined benefit pension scheme**

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on the scheme assets are included in other financial costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

#### **Defined contribution pension scheme**

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

### 3. Turnover

The Company's turnover and results were derived wholly from the Company's principal activity which is based solely in the United Kingdom. An analysis of turnover by classification is as follows:

	2020 £000	2019 £000
Sale of goods	117,910	107,416
Turnover by geographical area:		
United Kingdom	110,011	101,394
Rest of Europe	7,899	6,022
	117,910	107,416

## Notes to the financial statements

at 31 December 2020

### 4. Operating profit

This is stated after charging/(crediting):

	2020	2019
	£000	£000
Net foreign currency exchange differences	(1)	948
Depreciation of tangible fixed assets	503	520
Depreciation of intangible assets	3	7
Depreciation of investment property	5	4
Depreciation of leased assets	262	253
Loss on disposal of property, plant and equipment	1	-
Cost of stocks recognised as an expense (included in cost of sales)	94,537	85,616
Including:		
- Reversals of impairments in stocks	-	-

### 5. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2020	2019
	£000	£000
Audit of the financial statements	64	51

### 6. Staff costs and directors' remuneration

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	5,061	4,778
Social security costs	593	551
Other pension costs	538	501
	<u>6,192</u>	<u>5,830</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

The average monthly number of employees (including directors) during the year was made up as follows:

	2020	2019
	No.	No.
Sales	11	12
Administration	30	29
Production	68	65
	<u>109</u>	<u>106</u>

## Notes to the financial statements

at 31 December 2020

### 6. Staff costs and directors' remuneration (continued)

	2020	2019
	£000	£000
<i>Directors' remuneration</i>		
Emoluments	447	521
Contributions in defined contribution pension scheme	61	59
	<u>508</u>	<u>580</u>

During the year no directors (2019 – none) participated in the defined benefit pension scheme and 2 directors (2019 – 2) participated in the defined contribution scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2020	2019
	£000	£000
Emoluments	333	329
Contributions in defined contribution pension scheme	51	49
	<u>384</u>	<u>378</u>

### 7. Interest receivable and similar income

	2020	2019
	£000	£000
Interest receivable	-	82
Net exchange profit on retranslation of foreign currency balances	1	-
	<u>1</u>	<u>82</u>

### 8. Interest payable and similar charges

	2020	2019
	£000	£000
Bank loans and overdrafts	409	1
Interest on IFRS 16	15	18
Net exchange loss on retranslation of foreign currency balances	-	948
Net finance charge in respect of defined benefit pension scheme	110	129
	<u>534</u>	<u>1,096</u>



## Notes to the financial statements

at 31 December 2020

### 9. Taxation

#### (a) Tax charged in the income statement

	2020 £000	2019 £000
<b>Current income tax:</b>		
UK corporation tax	1,012	726
Adjustment in respect of prior years	5	(14)
Total current income tax	1,017	712
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	195	66
Adjustment in respect of prior years	-	1
Effect of change in tax rate	(79)	-
Adjustment in respect of defined benefit scheme	-	-
Total deferred tax	116	67
<b>Tax expense in the income statement</b>	<b>1,133</b>	<b>779</b>

#### (b) Tax relating to items charged or credited to other comprehensive income

	2020 £000	2019 £000
<b>Current income tax:</b>		
UK corporation tax	-	-
Total current income tax	-	-
<b>Deferred tax:</b>		
Adjustment in respect of defined benefit scheme	(458)	(167)
Effect of change in tax rate	-	-
Total deferred tax	(458)	(167)
<b>Tax expense in the statement of other comprehensive income</b>	<b>(458)</b>	<b>(167)</b>

#### (c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	5,552	3,922
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%)	1,055	745
<b>Effects of:</b>		
Fixed asset differences	41	49
Expenses not deductible for tax purposes	3	5
Rate change	(79)	12
Prior year adjustment	113	(32)
<b>Total tax expense reported in the income statement</b>	<b>1,133</b>	<b>779</b>

## Notes to the financial statements

at 31 December 2020

### 9. Taxation (continued)

#### (d) Change in Corporation Tax rate

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

#### (e) Deferred tax

The net deferred tax included in the balance sheet is as follows:

	2020	2019
	£000	£000
<b>Deferred tax asset</b>		
Defined benefit pension deficit	1,481	1,002
Other timing differences	-	-
	<u>1,481</u>	<u>1,002</u>
<b>Deferred tax liability</b>		
Accelerated capital allowances	469	332
Other timing differences	-	-
	<u>469</u>	<u>332</u>
<b>Net deferred tax asset</b>	<u>1,012</u>	<u>670</u>

The deferred tax in the income statement is as follows:

	2020	2019
	£000	£000
<b>Deferred tax in the income statement</b>		
Short-term temporary difference	97	-
Accelerated capital allowances	98	66
Adjustment in respect of prior year	-	1
Change in tax law and rates	<u>(79)</u>	<u>-</u>
Deferred tax expense	<u>116</u>	<u>67</u>

## Notes to the financial statements

at 31 December 2020

### 9. Intangible assets

	Computer Software £000	Goodwill £000	Trademarks £000	Total £000
Cost:				
At 1 January 2020	766	7,023	386	8,175
Additions	3	-	26	29
At 31 December 2020	769	7,023	412	8,204
Depreciation:				
At 1 January 2020	760	1,844	-	2,604
Charge for the year	3	-	-	3
At 31 December 2020	763	1,844	-	2,607
Net book value				
At 31 December 2020	6	5,179	412	5,597
At 1 January 2020	6	5,179	386	5,571

The goodwill arose following the hive up of Vogan & Co Limited and Joseph Heap & Sons Limited, and on the acquisition of the trade and assets of Moorhead & McGavin and relates to one cash generated unit (CGU). The recoverable amount of CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period.

## Notes to the financial statements

at 31 December 2020

### 10. Tangible assets

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Motor Vehicles</i>	<i>Computer Equipment</i>	<i>Office Equipment</i>	<i>IFRS 16 Leases</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 January 2020	4,634	6,682	47	372	310	1,041	13,086
Additions	-	1,086	-	18	11	311	1,426
Disposals	-	(18)	-	-	(3)	-	(21)
At 31 December 2020	4,634	7,750	47	390	318	1,352	14,491
<b>Accumulated depreciation</b>							
At 1 January 2020	1,874	4,414	38	336	251	253	7,166
Charged in the year	136	327	8	19	13	262	765
Disposals	-	(18)	-	-	(2)	-	(20)
At 31 December 2020	2,010	4,723	46	355	262	515	7,911
<b>Net book value</b>							
At 31 December 2020	2,624	3,027	1	35	56	837	6,580
At 31 December 2019	2,760	2,268	9	36	59	788	5,920

### 11. Investment Property

	<i>Freehold buildings</i>
	£'000
<b>Cost</b>	
At 1 January 2020	185
Additions	-
Disposals	-
At 31 December 2020	185
<b>Accumulated depreciation</b>	
At 1 January 2020	58
Charged in the year	5
Disposals	-
At 31 December 2020	63
<b>Net book value</b>	
At 31 December 2020	122
At 31 December 2019	127

## Notes to the financial statements

at 31 December 2020

### 12. Investments

	<i>Subsidiary undertakings</i>	<i>Other investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost or valuation:			
At 1 January 2020	-	-	-
Impairment:			
At 31 December 2020	-	-	-
Net book value			
At 31 December 2020	-	-	-
At 31 December 2019	-	-	-

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 31 December 2019 or 31 December 2020, are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Nature of business</i>
Joseph Heap & Sons Limited	England	100%	dormant
Vogan & Company Limited	England	100%	dormant
Riviana Foods Limited	England	99.9%	dormant

None of these companies traded in the year ended 31 December 2020.

### 13. Stocks

	<i>2020</i>	<i>2019</i>
	<i>£000</i>	<i>£000</i>
Raw materials	18,694	15,887
Work in progress	933	936
Finished goods	9,242	9,819
	<u>28,869</u>	<u>26,642</u>

## Notes to the financial statements

at 31 December 2020

### 14. Trade and other receivables

	2020 £000	2019 £000
Trade debtors	22,339	18,294
VAT	475	334
Other debtors	99	502
Prepayments	245	225
	<u>23,158</u>	<u>19,355</u>

An impairment analysis for trade and other receivables was performed at the reporting date in accordance with the simplified approach set out in accounting policy (Note 2.6) based on lifetime expected credit losses. As a result of calculations, loss allowance as at 31 December 2020 was £435k (2019: £1,025k).

### 15. Trade and other creditors

Trade creditors are non-interest bearing and are normally settled on 40 day terms.

Other creditors are non-interest bearing and have an average term of 1 month.

### 16. Financial assets and liabilities

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts. The fair values of these derivatives held at the balance sheet date are as follows:

	2020 £000	2019 £000
Forward foreign currency contracts – financial asset	1	20
Forward foreign currency contracts – financial liability	<u>847</u>	<u>647</u>

### 17. Authorised and issued share capital

	2020 £	2019 £
Allotted, called up and fully paid		
40,808 Ordinary shares of £0.01 each	<u>408</u>	<u>408</u>

## Notes to the financial statements

at 31 December 2020

### 18. Reserves

#### Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### Capital reserve

This reserve arose from the Company's purchase of its own shares.

### 19. Letters of credit and guarantees

In the normal course of business the company issues duty deferment guarantees to HM Revenue & Customs, and guarantees to indemnify ship owners for incomplete documentation. The value of the guarantees at the year end was £7,843,750 (2019: £6,518,750).

### 20. Financial commitments

The Company has lease contracts for office rent, warehouse rent, forklift trucks and cars. The lease terms vary between 4 and 10 years. Those assets were recorded as right of use assets.

The Company also has certain leases of office equipment with low value. The Company applies the "short term lease" and "lease of low value" recognition exemptions for these leases.

The carrying amounts of right of use assets recognised and movements during the year are set out below:

	2020 £000	2019 £000
1 January	788	1,041
Additions	311	-
Depreciation	(262)	(253)
31 December	<u>837</u>	<u>788</u>

The carrying amount of lease liabilities and movements during the year are set out below:

	2020 £000	2019 £000
1 January	792	1,041
Additions	311	-
Interest expense	15	18
Payments	(280)	(267)
31 December	<u>838</u>	<u>792</u>

## Notes to the financial statements

at 31 December 2020

### 21. Financial commitments (continued)

	2020 £000	2019 £000
Current lease liability	284	242
Non-current lease liability	554	550
	<u>838</u>	<u>792</u>

The following amounts are those recognised in profit or loss:

	2020 £000	2019 £000
Depreciation	262	253
Interest expense	15	18
	<u>277</u>	<u>271</u>

### 22. Pensions

#### Defined benefit pension scheme

The valuation used for the FRS 101 disclosures has been based on the most recent actuarial valuation at 31 December 2020 by a qualified independent actuary. Scheme assets are stated at their market values at the respective balance sheet dates. There were no outstanding contributions at either year end.

Main assumptions	2020 %	2019 %
Rate of salary increases	2.5	2.1
Rate of increase in pension in payment	2.8	2.9
Discount rate	1.3	2.1
Inflation assumption	2.8	2.9

	SINXA using CMI 2010 with a long-term rate of improvement of 1.25% per annum	SINXA using CMI 2010 with a long- term rate of improvement of 1.25% per annum
Mortality assumption		



## Notes to the financial statements

at 31 December 2020

### 22. Pensions (continued)

The assets and liabilities of the scheme and the expected rate of return at the balance sheet date were:

	31 December 2020	31 December 2019
	Value	Value
	£000	£000
Equities	7,513	7,057
Gilts	1,434	1,435
Bonds	1,513	1,405
Cash	21	53
	<u>          </u>	<u>          </u>
Total market value of assets	10,481	9,950
Present value of scheme liabilities	(17,554)	(15,358)
	<u>          </u>	<u>          </u>
Defined benefit pension plan deficit	(7,073)	(5,408)
	<u>          </u>	<u>          </u>

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2020	2019
	£000	£000
<i>Recognised in the Income Statement</i>		
Current service cost	-	-
Recognised in arriving at operating profit	<u>-</u>	<u>-</u>
Expected return on pension assets	(206)	(246)
Interest on pension scheme liabilities	316	375
Past service costs	43	-
Total other finance expense	<u>153</u>	<u>129</u>
<i>Recognised in the Statement of Comprehensive Income</i>		
Actual return less expected return on pension scheme assets	506	1,291
Loss arising from changes in assumptions underlying the present value of scheme liabilities	(2,664)	(2,275)
Experience gain on defined benefit obligation	358	-
Losses from changes to demographic assumptions	(42)	-
Past service cost	-	-
Total	<u>(1,842)</u>	<u>(984)</u>

## Notes to the financial statements

at 31 December 2020

### 22. Pensions (continued)

Changes in the present value of the defined benefit pension obligation are analysed as follows:

	2020	2019
	£000	£000
Defined benefit obligation at 1 January	15,358	13,982
Current service cost	-	-
Past Service Cost	43	-
Interest cost	316	375
Benefits paid	(511)	(1,274)
Experience gain on defined benefit obligations	(358)	-
Changes to demographic assumptions	42	-
Actuarial loss on liabilities	2,664	2,275
Member contributions	-	-
Defined benefit obligation at 31 December	<u>17,554</u>	<u>15,358</u>

Changes in the fair value of plan assets are analysed as follows:

	2020	2019
	£000	£000
Fair value of plan assets at 1 January	9,950	9,357
Expected gain on scheme assets	206	246
Actuarial gain on assets	506	1,291
Benefits paid	(511)	(1,274)
Employer contribution	330	330
Member contributions	-	-
Fair value of plan assets at 31 December	<u>10,481</u>	<u>9,950</u>

Analysis of movement in the scheme deficit during the year:

	2020	2019
	£000	£000
Scheme deficit at 1 January	(5,408)	(4,625)
Current service cost	-	-
Past service cost	(43)	-
Actuarial loss	(1,842)	(984)
Contributions paid	330	330
Other finance charge	(110)	(129)
Scheme deficit at 31 December	<u>(7,073)</u>	<u>(5,408)</u>

#### *Defined contribution scheme*

Pension contributions in respect of the defined contribution scheme to which S&B Herba Foods Limited is the principal employer totalled £527,229 (2019: £519,556).

## Notes to the financial statements

at 31 December 2020

### 23. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

The company purchased and sold goods with Boost Nutrition C.V., a company based in Belgium in which the company's ultimate parent company has a 49% stake. Goods supplied during the year under this arrangement amounted to £448,067 (2019: £668,678) and the balance due to the company at the financial period end was £19,129 (2019: £10,760). Goods sold during the year under this arrangement amounted to £11,493 (2019: £116,830) and the balance due from the company at the financial period end was £nil (2019: £335).

### 24. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is Ebro Foods S.A., which is incorporated in Spain.

The financial statements of Ebro Foods S.A., which represents the smallest and largest group in which the company is consolidated, are available from Ebro Foods S.A., Paseo de Castellana, 20, 28046 Madrid, Spain.