

Company Registration No. 00896298 (England and Wales)

GROVE PET FOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

GROVE PET FOODS LIMITED

COMPANY INFORMATION

Directors	A R Turner J R Walgate
Company number	00896298
Registered office	Lodge Farm Wigsley Road North Scarle Lincoln England LN6 9HD
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
Bankers	The Royal Bank of Scotland plc 5 Church Street Sheffield S1 1HF

GROVE PET FOODS LIMITED

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GROVE PET FOODS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The principal activities of the company are the manufacture and sale of pet foods, under the Alpha, Vitalin and Richa brands, as well as under private label contracts.

During the year the company continued to make planned operational efficiency gains which resulted in improved profitability. There was capital investment in excess of £850,000 in new plant and machinery. This programme will continue in 2020 to enhance future capacity and productivity.

The focus of the business is on producing premium quality, higher margin products and lower value sales have been traded for higher value revenue streams. Turnover was £18,801,170 compared with the previous year £19,260,010 with the expectation for growth in the year ahead as new contracts come to fruition.

At the end of the financial year Balance Sheet net assets increased from £2,325,811 to £3,255,219.

The investment in improving the skill base of the workforce through training and engagement is having positive results and will continue in the year ahead.

Environmental issues have never been under more scrutiny. The company is actively examining every area of the business in order to secure a more sustainable future.

The directors consider the result for the year to be satisfactory and continue with the strategy to increase long term shareholder value.

Principal risks and uncertainties

The main risk facing the company is fluctuation in raw material costs. The company uses forward contracts to manage risk in purchasing.

Key performance indicators

	2019	2018
Gross profit margin	29.19%	23.86%
Operating profit margin	6.33%	4.32%
Debtor days	24 days	32 days

On behalf of the board

A R Turner

Director

4 June 2020

GROVE PET FOODS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be the manufacture and supply of animal and pet foods, under the Alpha, Vitalin and Richa brands, as well as under private label contracts.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A R Turner
J R Walgate

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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.

GROVE PET FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

A R Turner

Director

4 June 2020

GROVE PET FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GROVE PET FOODS LIMITED

Opinion

We have audited the financial statements of Grove Pet Foods Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

GROVE PET FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GROVE PET FOODS LIMITED

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 and the directors' report.

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, 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, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Lisa Leighton (Senior Statutory Auditor)
for and on behalf of BHP LLP

4 June 2020

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

GROVE PET FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	18,801,170	19,260,010
Cost of sales		(13,313,436)	(14,663,658)
Gross profit		5,487,734	4,596,352
Administrative expenses		(4,296,788)	(3,765,100)
Operating profit before exceptional costs	5	1,190,946	831,252
Bad debts	4	-	(85,967)
Operating profit after exceptional costs		1,190,946	745,285
Interest receivable and similar income	8	82	-
Interest payable and similar expenses	9	(91,620)	(107,066)
Profit before taxation		1,099,408	638,219
Tax on profit	10	(170,000)	127,747
Profit for the financial year		929,408	765,966
Other comprehensive income			
Revaluation of tangible fixed assets		(29,780)	(28,729)
Total comprehensive income for the year		899,628	737,237

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

GROVE PET FOODS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	12		93,844		106,285
Tangible assets	13		4,157,833		4,237,032
			<u>4,251,677</u>		<u>4,343,317</u>
Current assets					
Stocks	15	1,511,708		1,326,322	
Debtors	16	1,452,744		1,937,826	
Cash at bank and in hand		207,823		136,764	
		<u>3,172,275</u>		<u>3,400,912</u>	
Creditors: amounts falling due within one year	17	(3,014,117)		(4,207,949)	
Net current assets/(liabilities)			<u>158,158</u>		<u>(807,037)</u>
Total assets less current liabilities			<u>4,409,835</u>		<u>3,536,280</u>
Creditors: amounts falling due after more than one year	18		(1,093,616)		(1,210,469)
Provisions for liabilities	21		(61,000)		-
Net assets			<u><u>3,255,219</u></u>		<u><u>2,325,811</u></u>
Capital and reserves					
Called up share capital	24	2,000,000		2,000,000	
Revaluation reserve		125,311		155,091	
Profit and loss reserves		1,129,908		170,720	
Total equity			<u><u>3,255,219</u></u>		<u><u>2,325,811</u></u>

The financial statements were approved by the board of directors and authorised for issue on 4 June 2020 and are signed on its behalf by:

A R Turner
Director

Company Registration No. 00896298

GROVE PET FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	2,000,000	183,820	(623,975)	1,559,845
Year ended 31 December 2018:				
Profit for the year	-	-	765,966	765,966
Other comprehensive income:				
Transfer of excess depreciation on revalued tangible fixed assets	-	(28,729)	28,729	-
Total comprehensive income for the year	-	(28,729)	794,695	765,966
Balance at 31 December 2018	2,000,000	155,091	170,720	2,325,811
Year ended 31 December 2019:				
Profit for the year	-	-	929,408	929,408
Other comprehensive income:				
Transfer of excess depreciation on revalued tangible fixed assets	-	(29,780)	29,780	-
Total comprehensive income for the year	-	(29,780)	959,188	929,408
Balance at 31 December 2019	2,000,000	125,311	1,129,908	3,255,219

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Grove Pet Foods Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lodge Farm, Wigsley Road, North Scarle, Lincoln, England, LN6 9HD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

The financial statements of the company are consolidated in the financial statements of Holdco Alpha Limited. These consolidated financial statements are available from its registered office or can be obtained from Companies House.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the potential impact on the activities of the company of the COVID-19 pandemic as set out in note 27 and do not believe that any impact will be significant. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Branding	4 years
Goodwill	10 years

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	over 3 - 10 years
Fixtures, fittings & equipment	over 4 - 10 years
Motor vehicles	over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from connected companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Pet food	18,801,170	19,169,842
Animal food	-	90,168
	<u>18,801,170</u>	<u>19,260,010</u>

	2019	2018
	£	£
Turnover analysed by geographical market		
UK	18,372,658	18,816,486
Europe	247,421	247,777
Other	181,091	195,747
	<u>18,801,170</u>	<u>19,260,010</u>

4 Exceptional item

	2019	2018
	£	£
Bad debts	-	85,967

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(8,395)	19,822
Fees payable to the company's auditor for the audit of the company's financial statements	13,150	12,750
Depreciation of owned tangible fixed assets	383,860	547,847
Depreciation of tangible fixed assets held under finance leases	275,918	23,951
Impairment of owned tangible fixed assets	283,701	-
Profit on disposal of tangible fixed assets	(661)	(4,422)
Amortisation of intangible assets	45,908	45,645
Operating lease charges	169,429	131,163

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Production	67	66
Administration	19	21
Management	10	10
	96	97

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,727,343	2,790,571
Pension costs	67,497	47,817
	2,794,840	2,838,388

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	171,119	227,087

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	136,000
Company pension contributions to defined contribution schemes	n/a	10,408
	<u> </u>	<u> </u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Other interest income	82	-
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,863	23,299
Other finance costs:		
Interest on finance leases and hire purchase contracts	41,757	47,767
Other interest	36,000	36,000
	<u> </u>	<u> </u>
	91,620	107,066
	<u> </u>	<u> </u>

10 Taxation

	2019 £	2018 £
Current tax		
Adjustments in respect of prior periods	-	(18,747)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	170,000	(109,000)
	<u> </u>	<u> </u>
Total tax charge/(credit)	170,000	(127,747)
	<u> </u>	<u> </u>

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,099,408	638,219
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	208,888	121,262
Tax effect of expenses that are not deductible in determining taxable profit	668	3,159
Change in unrecognised deferred tax assets	(14,845)	(249,654)
Adjustments in respect of prior years	-	(18,747)
Other permanent differences	(2,965)	2,776
Deferred tax adjustments in respect of prior years	(21,746)	13,457
Taxation charge/(credit) for the year	170,000	(127,747)

The company has estimated losses of £1,325,000 (2018: £2,031,000) available for carry forward against future trading profits.

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Property, plant and equipment	13	283,701	-
Recognised in:			
Administrative expenses		283,701	-

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

	Total £
Cost	
At 1 January 2019	2,812,750
Additions - separately acquired	33,467
	<hr/>
At 31 December 2019	2,846,217
	<hr/>
Amortisation and impairment	
At 1 January 2019	2,706,465
Amortisation charged for the year	45,908
	<hr/>
At 31 December 2019	2,752,373
	<hr/>
Carrying amount	
At 31 December 2019	93,844
	<hr/>
At 31 December 2018	106,285
	<hr/>

13 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2019	5,741,312	489,796	133,093	6,364,201
Additions	850,532	18,731	-	869,263
Disposals	(4,968)	(3,040)	-	(8,008)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	6,586,876	505,487	133,093	7,225,456
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 January 2019	1,737,986	306,022	83,161	2,127,169
Depreciation charged in the year	573,172	58,749	27,857	659,778
Impairment losses	283,701	-	-	283,701
Eliminated in respect of disposals	(19)	(3,006)	-	(3,025)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	2,594,840	361,765	111,018	3,067,623
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 December 2019	3,992,036	143,722	22,075	4,157,833
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	4,003,326	183,774	49,932	4,237,032
	<hr/>	<hr/>	<hr/>	<hr/>

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and machinery	505,984	781,902
Depreciation charge for the year in respect of leased assets	275,918	23,951

Included within plant and machinery are certain assets which were revalued in 2014. If revalued assets were stated on a historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	802,523	802,523
Accumulated depreciation	(784,593)	(773,451)
Carrying value	17,930	29,072

More information on impairment movements in the year is given in note 11.

14 Financial instruments

All financial assets and liabilities are measured at amortised cost.

15 Stocks

	2019 £	2018 £
Raw materials and consumables	596,565	646,993
Finished goods and goods for resale	915,143	679,329
	1,511,708	1,326,322

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	1,223,177	1,639,341
Amounts owed by related party undertakings	32,754	-
Other debtors	14,932	19,847
Prepayments and accrued income	181,881	169,638
	<u>1,452,744</u>	<u>1,828,826</u>
Amounts falling due after more than one year:		
	£	£
Deferred tax asset (note 22)	-	109,000
	<u>-</u>	<u>109,000</u>
Total debtors	<u>1,452,744</u>	<u>1,937,826</u>

17 Creditors: amounts falling due within one year

	Notes	2019	2018
		£	£
Bank loans and overdrafts	19	121,428	528,334
Obligations under finance leases	20	190,600	323,680
Trade creditors		1,552,536	1,953,825
Amounts owed to related party undertakings		-	77,830
Other taxation and social security		240,171	294,699
Other creditors		552,786	747,581
Accruals and deferred income		356,596	282,000
		<u>3,014,117</u>	<u>4,207,949</u>

Included within other creditors are advances against invoices of £354,389 (2018: £729,952). The advances against invoices are secured by first charge over trade debtors.

For details of the bank loan security, please see note 19.

For details of the finance lease security, please see note 20.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	19	10,120	131,548
Obligations under finance leases	20	363,496	178,921
Other creditors		720,000	900,000
		<u>1,093,616</u>	<u>1,210,469</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	-	900,000
	<u>-</u>	<u>900,000</u>

19 Loans and overdrafts

	2019 £	2018 £
Bank loans	131,548	659,882
	<u>131,548</u>	<u>659,882</u>
Payable within one year	121,428	528,334
Payable after one year	10,120	131,548
	<u>131,548</u>	<u>659,882</u>

Bank loans of £131,548 remain outstanding at the year end. The bank loans are secured by way of a fixed and floating charge over the assets of the company, a personal guarantee provided by A R Turner of up to £500,000 and a guarantee of £850,000 provided by Holdco Alpha Limited.

20 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	190,600	323,680
In two to five years	363,496	178,921
	<u>554,096</u>	<u>502,601</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured against the assets to which they relate.

Included within finance leases is an amount outstanding to Close Brothers of £133,862 (2018: £194,394). A personal guarantee limited to £50,000 has been provided by A R Turner in respect of this finance lease.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	22	61,000	-

22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Balances:				
Accelerated capital allowances	61,000	-	-	-
Tax losses	-	-	-	109,000
	61,000	-	-	109,000

	2019 £
Movements in the year:	
Asset at 1 January 2019	(109,000)
Charge to profit or loss	170,000
Liability at 31 December 2019	61,000

23 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	67,497	47,817

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

24 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	201,215	123,779
Between two and five years	519,065	64,648
In over five years	224,583	-
	<u>944,863</u>	<u>188,427</u>

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>180,120</u>	<u>51,741</u>

27 Events after the reporting date

As part of their assessment of the going concern basis of preparation, the directors have considered the impact of the COVID-19 pandemic on the company's trade, workforce, supply chain and the wider economies in which it operates, as explained in note 1.2. It is the view of the directors that the events which have significantly impacted the company are the direct result of Government and international policy in response to the pandemic (for example restrictions on travel, trade and personal interactions) and such policy only arose after the balance sheet date. The directors therefore consider the impact of the COVID-19 pandemic on the business to be a non-adjusting post-balance sheet event.

GROVE PET FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

28 Related party transactions

H Turner & Son Limited

At the year end £302,000 (2018: £921,368) was due to H Turner & Son Limited (a company in which A R Turner is a director), of which £240,000 (2018: £900,000) is included in creditors due over one year, and £62,000 (2018: £21,368) is shown in creditors due within one year.

Holdco HTS Limited

At the year end £600,000 (2018: £nil) was due to Holdco HTS Limited (a company in which A R Turner is a director), of which £480,000 is included in creditors due over one year, and £120,000 is shown in creditors due within one year.

Darlington Hall Estates Ltd

At the year end a balance of £6,128 (2018: £87,606) was due to Darlington Hall Estates Ltd (a company in which A R Turner is a director).

Chestnut Bulk Bins Ltd

At the year end £40,883 (2018: £31,144) was due from Chestnut Bulk Bins Ltd (a company in which A R Turner is a director).

29 A R Turner has provided personal guarantees as disclosed in notes 19 and 20 of the accounts. Ultimate controlling party

The ultimate holding company is Holdco Alpha Limited, a company registered in England and Wales. The ultimate controlling party is A R Turner, a director of the company.

Copies of group financial statements may be obtained from Holdco Alpha Limited, Lodge Farm, Wigsley Road, North Scarle, England, LN6 9HD.

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