

DIRECT PRODUCE SUPPLIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

DIRECT PRODUCE SUPPLIES LIMITED

COMPANY INFORMATION

Directors

P Beaumont
D Price
J P Beynon
N Laister
R Moser
F Amores

Registered number

01336601

Registered office

14th Floor
33 Cavendish Square
London
W1G 0PW

Independent auditors

Simmons Gainsford LLP
Chartered Accountants & Statutory Auditors
33 Cavendish Square
London
W1G 0PW

DIRECT PRODUCE SUPPLIES LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Introduction

The directors present their strategic report, which is followed by the directors' report, together with the audited financial statements for the year ended 30 September 2021 for Direct Produce Supplies Limited "dps".

Business review

Having now operated during a pandemic for over 18 months it is prescient to recognise and congratulate the team who work in our organisation. Not only have they all worked incredibly hard and made innumerable personal sacrifices; their professionalism and commitment have allowed our group of companies to thrive through adversity. The core of the dps business is its people and they have shown more than ever that they are the difference between its success and failure.

These are unprecedented times in which to operate a global business. However, dps has continued to pursue its long-term strategy of diversifying its global interests coupled with risk mitigation; to deliver a long-term sustainable business structure. Despite the challenge of a fragmented and fractured global and local supply chain; dps has continued to succeed in its core activities and has continued to invest. By working in partnership with our customers we have maximised our integrated end to end supply chains to keep food availability at an exceptional level throughout the pandemic; whilst always ensuring the highest level of colleague safety in all our activities.

The current reporting period has seen the business once again grow rapidly in turnover, profit, cash generation and the delivery of an enhanced asset base.

Our transparent and fully integrated fresh produce supply model has had a very successful year as our open transparent, direct to grower model has been proven again to provide exceptional insight for our customers and our growers. This has allowed the dps to take increasing market share from its competition and has driven further and accelerated consolidation in the fresh produce market. The customer focused iterative model, aligned with our joint venture packing hubs has again seen industry leading service delivery for our customers and grower partners. We have now extended our product portfolio into other categories, and these should enhance the business value in the medium term. We continue to grow our supply chain capacity and look to improve our sustainability and efficiency as the global supply chain evolves at pace. The changes in supply, driven by supply security and robustness, will no doubt provide challenges as well as opportunities over the coming years.

Whilst risk is ever present in the markets and countries that the Group operates, we undertake continuous analysis of said risk and implement iterative processes to mitigate this. It is evident as previously stated that the portfolio of companies and our intrinsic values have proven to be intimately aligned with our customers and have served us incredibly well in a very challenging period. Whilst compiling this report Coronavirus has had no significant impact on the Group's activities. Demand for our services over the period have increased rapidly and this has continued post the year end and as of writing this report we continue to experience this. As always, our extremely talented management team is closely monitoring the situation and will act accordingly to mitigate any potential change in market conditions.

Dps has grown significantly in the period and its continued evolution is above the plan set by the board and this rate of growth continues post year end. The Group's financial position is very robust with excellent backing from the shareholders and financial institutions.

Dps continues to be run by a talented, focused, and dedicated team of management who continue to deliver exceptional performance. We are extremely positive about how the Group is positioned and that the current performance and outlook for the future remains very encouraging.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Principal risks and uncertainties

The Company's financial instruments principally comprise of trade debtors, cash at bank, trade creditors and intercompany loan facilities, the main purpose of which is to finance the company's operations. In addition, the Company has various other financial assets and liabilities arising directly from operations. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity, credit and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

Liquidity risk

The Company manages its cash requirements to ensure the company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

All debtors are subject to credit verification procedures by the Board. Debtors are reviewed on a regular basis and provisions are made for doubtful debts when necessary.

Foreign currency risk

The Company is exposed to exchange rate fluctuations particularly where goods are purchased in Euros. This is largely managed through hedging via use of currency forward contracts.

Section 172 Companies Act 2006 Statement

The directors consider that the decisions taken during the financial year comply with the requirements of s172(1) of the Companies Act 2006.

Directors' statement of compliance with duty to promote the success of the Company

The success of our business is dependent on the support of all our stakeholders. It is imperative that our stakeholders share and live our values, working towards our goals to deliver long-term sustainable success for the business.

The directors of dps are mindful of the impact their decision may have on all our stakeholders and the consequent actions that are undertaken. Dps has individual management and board meetings where applicable. These teams then report into the Group board either via their Group board director or via other stakeholders who regularly report to this board.

The board is well informed about the views of our stakeholders through many communication structures and uses this information to access the impact of the board decisions on each stakeholder Group.

The key stakeholders in the Group and how we engage with them is detailed in the directors' report.

Financial key performance indicators

The key performance indicators of the Company are turnover, gross profit, profit before tax and net assets.

A brief analysis of these is shown below:

DIRECT PRODUCE SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £'000	2020 £'000
Turnover	355,255	290,612
Gross profit	17,690	14,781
Profit before tax	4,930	4,233
Net assets	14,197	10,841

This report was approved by the board on 30 June 2022 and signed on its behalf.

P Beaumont
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The directors present their report and the financial statements for the year ended 30 September 2021.

Principal activity

The principal activity of the company is that of importer and wholesalers of fruit.

Directors

P Beaumont
D Price
J P Beynon
N Laister
R Moser
F Amores

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £3,356 thousand (2020 -£3,238 thousand).

The directors proposed and paid a dividend of £Nil (2020 - £2,500 thousand) during the year.

The directors have highlighted in the strategic report on pages 1 - 3, a review of the current year results, future outlook expectations, risks and key performance indicators for the Company.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Engagement with suppliers, customers and others

Customers

We build strong long-term relationships with our customers and when possible, spend considerable time with them to listen to their needs, demands and views so that we can continually improve our business models. It is essential that our customers' needs are intrinsic to the business models that operate through the Company as this is integral to evolve the long-term sustainable business we continually aspire to be. The nature of our business models mean that we see both the end consumer and our suppliers as equal and opposite ends of our supply chain. Consequently, they are all customers.

Communities

We are committed to operating responsibly and having a positive social impact within the communities in which we operate. As part of our commitment to ensure that no edible food is wasted in our supply chains, we have extended the scope of our redistribution partnerships to support those most at risk of food insecurity and to date have donated 6.7 million portions of fresh produce to redistribution charities FareShare and City Harvest. In addition, we continue to support communities through donations to cancer charities, use of the OLIO food sharing app and have coordinated several employee engagement activities, raising funds to develop a producer affiliated community organisation (Right to Care) in South Africa.

Environmental Impact

Through our commitment to the UN Sustainable Development goals and Champions 12.3 we aim to minimise our environmental impact wherever possible. We have committed to ambitious environmental targets focused on sustainably managing natural resources and eliminating waste. We regularly measure and monitor our performance against key metrics and continue to drive improvements, whilst recognising there is still much to do. Across the Group we have now removed 572,000 kg of hard to recycle or unnecessary packaging from our supply chain since 2018, reduced our annual food waste by 388,000 kg by sending inedible food to animal feed and reduced carbon emissions in manufacturing by 92% since 2016, through a transition to 100% renewable energy via REGO certificates.

Inclusion & Development

We are committed to ensuring trust, transparency, and the respect of human rights across the supply chain. The shareholders and stakeholders are implicit in their support of upholding the highest standards of ethical trade. We aim to fully understanding our supply chains, the human rights risks that may exist within them and take appropriate actions to ensure that all people are protected, respected, and treated fairly.

We are proud of our public commitment and annual statements that demonstrate a continually evolving, zero-tolerance approach to modern slavery and human trafficking in all of its forms. We are Stronger Together Advanced Business Partners, Food Network for Ethical Trade (FNET) members and 100% of our high-risk suppliers are SEDEX audited. We nurture talent at all levels to develop the best people and continue to support the MDS programme. This year have a new commitment to advocate for women in leadership, through transparency in gender reporting across the global supply chain.

Operating Responsibly

Our strategy to operate responsibly across the Group is aligned to three impact pillars that are at the core of our values and align to the international blueprint for sustainability the UN Sustainable Development Goals.

Product: We must protect food safety and integrity, whilst improving the impact of our product across the supply chain through innovation to eliminate food and packaging waste. We will collaborate and work in partnership to develop scalable solutions that can increase the circulatory of materials within the human consumption chain.

DIRECT PRODUCE SUPPLIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Plant: We must work towards a zero-carbon future and be net zero by 2035. We recognise the importance of protecting soil, water, and biodiversity as the building blocks of life on our planet and it is essential that we continue to optimise water efficiency and promote soil health. Where possible we will evolve to low carbon precision production systems and maximise the yield for every metre of the planet we use, coupled with the lowest impact possible.

People: We support healthy eating in local communities and encourage the team to be healthy and happier. We must nurture talent at all levels and work in partnership with customers and suppliers to advocate for 30% of leadership positions to be occupied by women by 2030. All of the team should share in our success and be rewarded accordingly. This is underpinned by being ethical and transparent throughout the Group activities or simply put, operating responsibly.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 June 2022 and signed on its behalf.

P Beaumont

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIRECT PRODUCE SUPPLIES LIMITED

Opinion

We have audited the financial statements of Direct Produce Supplies Limited (the 'Company') for the year ended 30 September 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 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 30 September 2021 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 at least twelve 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIRECT PRODUCE SUPPLIES LIMITED (CONTINUED)

Opinion 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 the 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 the 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 4, 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.

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIRECT PRODUCE SUPPLIES LIMITED (CONTINUED)

- the nature of the company, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the company's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation and distributable profits legislation;
- the timing of the recognition of commercial income;
- compliance with legislation relating to GDPR, health and safety and environmental legislation;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries; and
- recoverability of debtors;

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims;
- discussion with the same regarding any known or suspected instances of non-compliance with laws and regulation and fraud;
- inspection of relevant legal correspondence;
- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the relevant controls during the period;
- obtaining an understanding of the policies and controls over the recognition of income and testing their implementation during the year;
- review documentation relating to compliance with the regulations;
- challenging assumptions made by management in their specific accounting policies and estimates, in particular relation to purchase accruals and depreciation;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash;
- assessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- challenging key assumptions made by management
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- reviewing the minutes of Board meetings and correspondence with HMRC;
- evaluating the underlying business reasons for any unusual transactions; and
- considered the implementation of controls during the year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIRECT PRODUCE SUPPLIES LIMITED (CONTINUED)

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Daryush Farshchi-Heidari (FCA) (Senior statutory auditor)

for and on behalf of

Simmons Gainsford LLP

Chartered Accountants

Statutory Auditors

33 Cavendish Square

London

W1G 0PW

30 June 2022

DIRECT PRODUCE SUPPLIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	355,255	290,612
Cost of sales		(337,565)	(275,831)
Gross profit		<u>17,690</u>	<u>14,781</u>
Administrative expenses		(13,613)	(11,072)
Other operating income	5	828	459
Operating profit	6	<u>4,905</u>	<u>4,168</u>
Interest receivable and similar income		25	65
Profit before tax		<u>4,930</u>	<u>4,233</u>
Tax on profit	10	(1,574)	(995)
Profit for the year		<u><u>3,356</u></u>	<u><u>3,238</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 14 to 27 form part of these financial statements.

DIRECT PRODUCE SUPPLIES LIMITED
REGISTERED NUMBER: 01336601

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	11	404	196
		<u>404</u>	<u>196</u>
Current assets			
Stocks	13	2,187	1,766
Debtors Within One Year	14	28,095	22,533
Bank and cash balances		24,318	21,918
		<u>54,600</u>	<u>46,217</u>
Creditors: amounts falling due within one year	15	(40,767)	(35,532)
Net current assets		13,833	10,685
Total assets less current liabilities		<u>14,237</u>	<u>10,881</u>
Provisions for liabilities			
Deferred tax	16	(40)	(40)
		<u>(40)</u>	<u>(40)</u>
Net assets		<u><u>14,197</u></u>	<u><u>10,841</u></u>
Capital and reserves			
Called up share capital	17	136	136
Profit and loss account		14,061	10,705
		<u>14,197</u>	<u>10,841</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2022.

P Beaumont
Director

The notes on pages 14 to 27 form part of these financial statements.

DIRECT PRODUCE SUPPLIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 October 2019	136	9,967	10,103
Comprehensive income for the year			
Profit for the year	-	3,238	3,238
Dividends: Equity capital	-	(2,500)	(2,500)
	<hr/>	<hr/>	<hr/>
At 1 October 2020	136	10,705	10,841
Comprehensive income for the year			
Profit for the year	-	3,356	3,356
	<hr/>	<hr/>	<hr/>
At 30 September 2021	<u>136</u>	<u>14,061</u>	<u>14,197</u>

The notes on pages 14 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. General information

The company is a private company limited by shares, and is incorporated in England and Wales. The address of its registered office is 14th Floor, 33 Cavendish Square, London, W1G 0PW. The principal trading address is 57-63 Church Road, Wimbledon, London, SW19 5SB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Terradace Holdings Limited as at 30 September 2021 and these financial statements may be obtained from 14th Floor, 33 Cavendish Square, London, W1G 0PW.

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when goods have been dispatched.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line and reducing balance method.

The estimated useful lives range as follows:

Short-term leasehold property	- 8 or 10 years
Fixtures and fittings	- 10 years or 15% reducing balance
Computer equipment	- 1 to 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.8 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

The company contributes to the personal pension schemes of certain directors and employees and the pension charge represents the amounts payable by the company during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Forward contracts

The company uses derivative financial instruments, in particular forward currency contracts, to manage the financial risks associated with the company's activities and the financing of those activities. The company does not undertake any trading activities in financial instruments.

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. At maturity or when the contract ceases to be a hedge, gains and losses are taken to the profit and loss account.

At each period end forward foreign exchange contracts are fair valued by comparing the position of the contract to the market to market value. All material gains or losses are taken to the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. Actual results may differ from these estimates. 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.

The directors consider there to be no significant areas of judgments or key sources of estimation uncertainty.

4. Turnover

The total turnover of the company for the year has been derived from the sale of goods as per its principal activity.

All turnover arose within the United Kingdom.

5. Other operating income

	2021	2020
	£000	£000
Management fees receivable	476	459
Insurance claims receivable	352	-
	<u>828</u>	<u>459</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021	2020
	£000	£000
Depreciation of tangible fixed assets	169	151
Exchange differences	<u>(93)</u>	<u>105</u>

DIRECT PRODUCE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>60</u>	<u>50</u>
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	17	10
Taxation compliance services	20	20
All other services	<u>20</u>	<u>26</u>

8. Employees

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

	2021 £000	2020 £000
Wages and salaries	7,883	7,186
Social security costs	600	568
Company contributions to defined contribution pension schemes	330	210
	<u>8,813</u>	<u>7,964</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production and Distribution	49	49
Office Management	23	21
	<u>72</u>	<u>70</u>

DIRECT PRODUCE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	585	405
Company contributions to defined contribution pension schemes	18	17
	<u>603</u>	<u>422</u>

During the year retirement benefits were accruing to 2 directors (2020 -2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £300 thousand (2020 -£207 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9 thousand (2020 -£9 thousand).

10. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	1,450	775
Adjustments in respect of previous periods	124	(31)
Group relief payment	-	251
Total current tax	<u>1,574</u>	<u>995</u>

DIRECT PRODUCE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 -higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	<u>4,930</u>	<u>4,233</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	937	804
Effects of:		
Expenses not deductible for tax purposes	463	237
Capital allowances for year in excess of depreciation	(62)	8
Adjustments to tax charge in respect of prior periods	124	(31)
Group relief payment	-	251
Group relief received	-	(48)
Other differences leading to an increase in the tax charge	112	(226)
Total tax charge for the year	<u>1,574</u>	<u>995</u>

Factors that may affect future tax charges

On 3 March 2021, the Government announced an increase in the rate of corporation tax to 25% from 1 April 2023 on all profits when they exceed £250,000 and this change in rate was enacted on 10 June 2021. The effect of this change on the net deferred tax balances carried forward will not be material for the financial statements.

DIRECT PRODUCE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Tangible fixed assets

	Short-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 October 2020	3	92	906	1,001
Additions	9	46	325	380
Disposals	-	-	(19)	(19)
At 30 September 2021	12	138	1,212	1,362
Depreciation				
At 1 October 2020	-	71	733	804
Charge for the year on owned assets	1	14	154	169
Disposals	-	-	(16)	(16)
At 30 September 2021	1	85	871	957
Net book value				
At 30 September 2021	11	53	341	405
At 30 September 2020	2	21	173	196

DIRECT PRODUCE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Fixed asset investments

	Unlisted investments £000
Cost	
At 1 October 2020	260
	<hr/>
At 30 September 2021	260
	<hr/>
Impairment	
At 1 October 2020	260
	<hr/>
At 30 September 2021	260
	<hr/>
Net book value	
At 30 September 2021	-
	<hr/>
At 30 September 2020	-
	<hr/>

DIRECT PRODUCE SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. Stocks

	2021 £000	2020 £000
Finished goods and goods for resale	<u>2,187</u>	<u>1,766</u>

14. Debtors

	2021 £000	2020 £000
Trade debtors	25,818	20,276
Other debtors	1,703	1,609
Prepayments and accrued income	574	648
	<u>28,095</u>	<u>22,533</u>

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	28,232	21,643
Amounts owed to group undertakings	4,728	7,920
Amounts owed to joint ventures	2,273	2,600
Other taxation and social security	128	104
Accruals and deferred income	5,406	3,265
	<u>40,767</u>	<u>35,532</u>

16. Deferred taxation

	2021 £000	2020 £000
At beginning of year	40	40
At end of year	<u>40</u>	<u>40</u>

DIRECT PRODUCE SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

16. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	<u>40</u>	<u>40</u>

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
136,382 (2020 - 136,382) Ordinary A shares of £1.00 each	136,382	136,382
100 (2020 - 100) Ordinary B shares of £0.10 each	10	10
	<u>136,392</u>	<u>136,392</u>

All shares rank pari-passu. There are no restrictions on distribution of dividends and the repayment of capital.

18. Contingent liabilities

The company has entered into forward currency contracts amounting to £141,944,003 (2020 - £76,625,000) as at the balance sheet date.

At the balance sheet date the company had entered into group bank cross guarantees in respect of various loans and overdrafts. At the balance sheet date the total contingent liability attributable to this company amounted to £12,340,941 (2020 - £830,012).

19. Related party transactions

During the year fees of £73,113 (2020 - £99,681) were charged by a fellow subsidiary undertaking.

During the year purchases of £353,976 (2020 - £344,098) were made from a fellow subsidiary undertaking.

During the year, the company made purchases of £33,484,486 (2020 - £30,513,532) from a joint venture undertaking.

DIRECT PRODUCE SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

20. Controlling party

B Fresh Group Limited is considered to be the company's immediate parent undertaking in both the current and prior year.

P Beaumont is considered to be the ultimate controlling party by virtue of his shareholding in Terradace Holdings Limited during the current and prior year.

The results of the company are included within the consolidated accounts of Terradace Holdings Limited which are available to the public and may be obtained from 14th Floor, 33 Cavendish Square, London, W1G 0PW.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.