

Fresh-Pak Chilled Foods Limited

**Directors' report and financial
statements**

Registered number 01616444

For the period ended 28 December 2019



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Company information

Directors

RMA Patrick
S J Evans
PJ Macnish
JC L'Estrange
DA Green

Secretary

RMA Patrick

Registered office

Waterside Park
Valley Way
Wombwell
Barnsley
South Yorkshire
S73 0BB

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Directors' report

The directors present their report and the financial statements for the period ended 28 December 2019.

The business model, the development and performance during the period, the position at period end and prospects and the principal risks and uncertainties are discussed in detail in the Strategic Report.

Results and dividends

The profit for the period after taxation is £2,733,000 (2018: £2,940,000). No dividends were declared and paid during the period (2018: none).

Directors

The directors who held office during the period and up to the date of signing this report were as follows:

RMA Pattrick

S J Holding (resigned 4 September 2020)

S J Evans (appointed 1 September 2020)

PJ Macnish

JC L'Estrange

DA Green (appointed 6th April 2020)

The company has taken out insurance to indemnify the directors of the company, against third party proceedings whilst serving on the board of the company and of any subsidiary, associate or joint venture. These indemnity policies existed throughout the period and remain in place at the date of this report.

None of the directors had an interest in the share capital of the company as at 28 December 2019 (2018: £nil).

Employees

It is the policy of the Company to provide disabled persons, within the limitation of their abilities, with the same opportunities for training and promotion as are available to other employees.

The company encourages communication between employees and keeps all employees informed of matters affecting them. Regular meetings are held between employees and senior management to encourage the development of new ideas and to enable an open exchange of views when decisions are made which affect employees' interests.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 29 October 2020 and signed on its behalf by:



RMA Pattrick
Director

Waterside Park
Valley Way
Wombwell
Barnsley
S73 0BB

Strategic report

Business model

The company creates, prepares, and sells chilled food products to major retailers and the food service industry in the United Kingdom and Europe. The company employs skilled and enthusiastic people to create and prepare, from high quality ingredients, food products that are convenient to use, wholesome, and great to eat. We aim to delight our consumers by providing high quality, innovative convenience food products that are "as good as homemade" and offer good value for money.

Development and Performance during the period

The company's key financial and other performance indicators during the period were as follows:

	52 Weeks 2019 £'000	52 weeks 2018 £'000
Turnover	85,792	78,606
EBITDA (before exceptional costs)	5,529	5,102
Net funds	(1,977)	513

Position at period end and prospects

The company has retained its focus on product quality, development, and food provenance in what continues to be a very competitive and exceptionally price sensitive market. The company remains confident that in spite of the continuing pressure on industry margins, its strategy of strong and uncompromised technical standards combined with competitive manufacturing costs will place it in a favourable position in the year ahead.

Principal risks and uncertainties

Economic and market risk

In common with the food industry generally, the company's costs and revenues are subject to the effect of fluctuations in input prices, changes in consumer trends and the competitive environment. Exposure to raw material price fluctuations is managed by a central procurement function, agreeing forward prices where appropriate. Commodity prices could continue to rise and the company would seek to pass on costs, where possible, to its customers through price rises. However, constraints in achieving this could affect the company's results. The company seeks to manage changes in consumer trends through portfolio changes and new product innovation.

Operational continuity risk

A major incident, for example a fire, could present significant operational difficulties. The company has plans to manage the impact of such an event and has insurance programmes to mitigate the financial consequences.

Food safety risk

The quality and safety of our products is of the utmost importance. There is an associated risk if they are below standard. The company has strict controls in place and regularly reviews health and safety policies.

Strategic report (continued)

Principal risks and uncertainties (continued)

Credit risk

The company provides goods and services to well-established customers and consequently credit risk is intrinsically low, as is reflected in a generally low incidence of bad debt write-offs. The company manages this risk by normal credit control processes but to further reduce this risk the company has, during the period, maintained credit insurance on certain key customers.

The credit risk associated with trade creditors is managed by maintaining a list of alternative suppliers to ensure that the risk of interrupted supply is minimised.

Financing and liquidity risk

The company aims to mitigate liquidity risk by the close management of cash generation and utilisation by the business.

Foreign exchange risk

The company's policy is to reduce exposure to movements in foreign exchange rates on external cash flows. Where there is a forward commitment to purchase goods denominated in a currency other than Sterling then forward foreign contracts are taken out to provide partial protection against future movement in foreign exchange rates.

Covid-19

The government lock down implemented in March 2020 resulted in a reduction in turnover but the company remained fully operational throughout the period. There has been no long term detrimental impact on the company's supply chain or operational capability.

This report was approved by the board on 29 October 2020 and signed on its behalf by:



RMA Pattrick
Director

Waterside Park
Valley Way
Wombwell
Barnsley
S73 0BB

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

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 period. Under that law they have elected to prepare the company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members Of Fresh-Pak Chilled Foods Limited

Opinion

We have audited the financial statements of Fresh-Pak Chilled Foods Limited ("the Company") for the period ended 28 December 2019 which comprise the profit and loss account, balance sheet, statement of changes in equity, the cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members Of Fresh-Pak Chilled Foods Limited *(continued)*

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members Of Fresh-Pak Chilled Foods Limited (*continued*)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Phillipa Symington (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
29 October 2020

Profit and loss account

For the period ended 28 December 2019

	Note	For the period ended 28 December 2019			For the period ended 29 December 2018
		Before Exceptional items	Exceptional Items	After Exceptional items	£000
		£000	£000 Note 4	£000	
Turnover	1,2	85,792	-	85,792	78,606
Cost of sales		(73,959)	-	(73,959)	(66,601)
Gross profit		11,833	-	11,833	12,005
Selling and distribution costs		(4,975)	-	(4,975)	(4,865)
Administrative expenses		(2,152)	(1,104)	(3,256)	(3,266)
Operating profit	3	4,706	(1,104)	3,602	3,874
Interest receivable and similar income		1	-	1	5
Interest payable and similar charges	7	(203)	-	(203)	(190)
Profit/(loss) on ordinary activities before taxation		4,504	(1,104)	3,400	3,689
Tax on profit/(loss) on ordinary activities	8	(877)	210	(667)	(749)
Profit/(loss) on ordinary activities after taxation		3,627	(894)	2,733	2,940

All amounts relate to continuing operations.

There was no other comprehensive income for 2019 or 2018 other than that included in the profit and loss account.

The notes on pages 13 to 23 form part of these financial statements.

Balance sheet

At 28 December 2019

	Note	As at 28 December 2019 £000	As at 29 December 2018 £000
Fixed assets			
Tangible fixed assets	9	10,046	8,937
Fixed asset investments	10	270	270
		<u>10,316</u>	<u>9,207</u>
Current assets			
Stocks	11	2,151	2,153
Debtors	12	29,057	25,483
Cash at bank		90	513
		<u>31,298</u>	<u>28,149</u>
Creditors: amounts falling due within one year	13	<u>(14,593)</u>	<u>(13,261)</u>
Net current assets		<u>16,705</u>	<u>14,888</u>
Total assets less current liabilities		<u>27,021</u>	<u>24,095</u>
Provision for liabilities	14	<u>(1,223)</u>	<u>(1,030)</u>
Net assets		<u>25,798</u>	<u>23,065</u>
Capital and reserves			
Called up share capital	15	2,864	2,864
Share premium account		131	131
Other reserve		35	35
Profit and loss account		22,768	20,035
Shareholders' funds		<u>25,798</u>	<u>23,065</u>

These financial statements were approved by the board of directors on 29 October 2020 and were signed on its behalf by:


RMA Patrick
Director

The notes on pages 13 to 23 form part of these financial statements.

Statement of changes in equity
 For the period ended 28 December 2019

	Called-up Share Capital	Share premium account	Other reserves	Profit and loss account	Total Capital and Reserves
	£000	£000	£000	£000	£000
At 31 December 2017	2,864	131	35	17,095	20,125
Profit for the period	-	-	-	2,940	2,940
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 December 2018	2,864	131	35	20,035	23,065
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Called-up Share Capital	Share premium account	Other reserves	Profit and loss account	Total Capital and Reserves
	£000	£000	£000	£000	£000
At 30 December 2018	2,864	131	35	20,035	23,065
Profit for the period	-	-	-	2,733	2,733
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 28 December 2019	2,864	131	35	22,768	25,798
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 23 form part of these financial statements.

Cash flow statement

At 28 December 2019

	Period ended 28 December 2019 £000	Period ended 29 December 2018 £000
Cash flows from operating activities		
Profit for the period	2,733	2,940
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	823	670
Interest receivable and similar income	(1)	(5)
Interest payable and similar expenses	203	190
Taxation	474	477
Increase in trade and other debtors	(105)	(1,454)
Decrease/(increase) in stocks	3	(281)
Increase in amounts owed by group undertakings	(3,608)	(2,121)
(Decrease)/increase in trade and other creditors	(483)	1,279
Increase in provisions	193	109
Tax paid	(532)	(337)
Net cash from operating activities	(300)	1,467
Cash flows from investing activities		
Interest received	1	5
Acquisition of tangible fixed assets	(1,988)	(4,141)
Net cash from investing activities	(1,987)	(4,136)
Cash flows from financing activities		
Interest paid	(203)	(190)
Net cash from financing activities	(203)	(190)
Net decrease in cash and cash equivalents	(2,490)	(2,859)
Cash and cash equivalents at start of period	513	3,372
Cash and cash equivalents at 28 December 2019	(1,977)	513

The notes on pages 13 to 23 form part of these financial statements.

Notes to the financial statements

(Forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about its group. Information in respect of Deli Fresh Chilled Foods Limited, the company's subsidiary undertaking, is included in Note 10 to the accounts.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 4.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company manages the treasury functions for the group referred to in note 18 ("the group"). The directors of the company have prepared cash flow forecasts for a period of 14 months from the date of approval of these financial statements.

In making this assessment the directors have considered the financial position of the company at the year end, and outlook over the next 14 months including severe but plausible downside scenarios. In particular, the directors have considered the severe plausible downside scenario of a 10% reduction in turnover. The specific downside cash forecast indicates that the group is expected to meet its working capital requirements through the invoice discounting facility of £7,500,000 (see note 13) before any mitigating actions are performed by the group.

The ability of the company to remain as a going concern is dependent on the invoice discounting facility mentioned above. In addition, the ability of the company to remain as a going concern is dependent on the company's intermediate parent company, Zara Holdings S.á.r.l not seeking repayment of the amounts currently owed to it by the group, which at the balance sheet date amounted to £15,867,000. Zara Holdings S.á.r.l has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 14 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied, exclusive of Value Added Tax and trade discounts.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	over 10 to 25 years
Plant and machinery	-	over 5 to 11 years
Motor vehicles	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Stocks

Stocks are valued at a lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Notes (continued)

2 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the period.

Turnover is attributable to one continuing activity, the manufacture of convenience chilled food products.

An analysis of turnover by geographical market is as follows:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
United Kingdom	85,587	78,501
Europe	205	105
	<u>85,792</u>	<u>78,606</u>

3 Operating profit

The operating profit is stated after charging:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Depreciation of tangible fixed assets - owned by the company	823	670
Auditor remuneration		
- Audit of these financial statements	26	20
- Taxation compliance services	6	5
Operating lease rentals – land and buildings	587	558
Operating lease rentals – plant and machinery	435	348
	<u>1,877</u>	<u>1,596</u>

4 Exceptional costs

The operating profit is stated after charging an exceptional item of £1,104,000 (2018: £558,000). The exceptional item relates to costs incurred in increasing the operational capacity of the business. The costs include those related to developing the manufacturing process for new product groups.

Notes (continued)

5 Staff costs

Staff costs were as follows:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Wages and salaries	11,506	10,418
Social security costs	1,015	923
Other pension costs	254	162
	<hr/> 12,775 <hr/>	<hr/> 11,503 <hr/>

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

	For the period ended 28 December 2019 No of employees	For the period ended 29 December 2018 No of employees
Production staff	374	339
Sales and distribution staff	6	5
Administration staff	118	108
	<hr/> 498 <hr/>	<hr/> 452 <hr/>

Pensions contributions outstanding at the period end amount to £49,736 (2018: £17,567).

Notes (continued)

6 Directors' remuneration

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Emoluments	824	999
Company pension contributions to money purchase pension schemes	36	29

During the period retirement benefits were accruing to 3 directors (2018: 2) in respect of money purchase pension schemes.

The amounts in respect of the highest paid director were as follows:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Emoluments	290	515
Pension contributions	14	20

7 Interest payable and similar charges

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Bank loans and overdrafts	203	190

Notes (continued)

8 Tax on profit on ordinary activities

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
<i>UK corporation tax</i>		
Current tax on profit for the period	327	487
Net payment for group relief	140	162
Adjustments in respect of prior periods	7	(9)
	<hr/>	<hr/>
Total current tax	474	640
<i>Deferred tax</i>		
Origination and reversal of timing differences		
- current period	192	99
- previous period	1	10
	<hr/>	<hr/>
Total tax on profit on ordinary activities	667	749
	<hr/>	<hr/>

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax 19% in the UK (2018: 19%).

The differences are explained below:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Profit on ordinary activities before tax	3,400	3,689
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19 % (2018: 19%)	646	701
<i>Effects of:</i>		
Expenses not deductible for tax purposes	17	18
Capital allowances	19	41
Effect of change of tax rate	(23)	(12)
Adjustment to tax in respect of prior periods	7	(9)
Adjustment to tax in respect of prior periods deferred tax	1	10
	<hr/>	<hr/>
Total tax charge for the period (see note above)	667	749
	<hr/>	<hr/>

Notes (continued)

8 Taxation (continued)

Deferred taxation

Deferred tax provided is as follows:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Liability at start of the period	630	521
Current period	193	109
	<hr/>	<hr/>
Liability at end of the period	823	630
	<hr/>	<hr/>

The deferred tax liability comprises:

	For the period ended 28 December 2019 £000	For the period ended 29 December 2018 £000
Accelerated capital allowances	823	630
	<hr/>	<hr/>
Total (note 14)	823	630
	<hr/>	<hr/>

Factors affecting the tax charge for future periods

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 budget it was announced that the UK tax rate will remain at the current rate of 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £97,000 to £920,000.

Notes (continued)

9 Tangible fixed assets

	Leasehold land and buildings £000	Plant and Machinery £000	Total £000
<i>Cost</i>			
At 29 December 2018	5,732	18,335	24,067
Additions	-	1,932	1,932
Transfers between categories	(750)	750	-
	<hr/>	<hr/>	<hr/>
At 28 December 2019	4,982	21,017	25,999
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 29 December 2018	2,892	12,238	15,130
Charge for the period	214	609	823
	<hr/>	<hr/>	<hr/>
At 28 December 2019	3,106	12,847	15,953
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 December 2019	1,876	8,170	10,046
	<hr/>	<hr/>	<hr/>
At 29 December 2018	2,840	6,097	8,937
	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

	Shares in group companies £000
<i>Cost</i>	
As at 29 December 2018 and 28 December 2019	550
	<hr/>
<i>Amount provided</i>	
As at 29 December 2018 and 28 December 2019	280
	<hr/>
<i>Carrying value</i>	
As at 29 December 2018 and 28 December 2019	270
	<hr/>

Under the provisions of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts. Therefore the accounts show information about the company as an individual entity.

The company holds 100% of the issued ordinary share capital of Deli Fresh Chilled Foods Limited, which is incorporated in England, and does not currently trade. The registered address of Deli Fresh Chilled Foods is Waterside Park, Valley Way, Wombwell, Barnsley, S73 0BB.

Notes (continued)

11 Stocks

	As at 28 December 2019 £000	As at 29 December 2018 £000
Raw material	1,836	1,813
Finished goods and goods for resale	315	340
	<u>2,151</u>	<u>2,153</u>

12 Debtors

	As at 28 December 2019 £000	As at 29 December 2018 £000
Trade debtors	10,414	10,642
Amounts owed by group undertakings	17,749	14,281
Other debtors	631	344
Prepayments and accrued income	263	216
	<u>29,057</u>	<u>25,483</u>

The company has formal documented intercompany loan agreements. Under the terms of these agreements no interest is charged. The loans are unsecured and repayable on demand.

13 Creditors: amounts falling due within one year

	As at 28 December 2019 £000	As at 29 December 2018 £000
Bank Loan	2,067	-
Trade creditors	8,103	7,578
Amounts owed to group undertakings	350	350
Corporation Tax	67	265
Social security and other taxes	284	256
Other creditors	170	112
Accruals and deferred income	3,552	4,700
	<u>14,593</u>	<u>13,261</u>

The company has formal documented intercompany loan agreements. Under the terms of these agreements no interest is charged. The loans are unsecured and repayable on demand.

The company's borrowings, excluding share capital, at the balance sheet date together with their principal terms were as follows:

	Invested capital outstanding at period end £'000	Repayment terms	Interest
Invoice discounting facility	2,067	£7.5m facility to 30 June 2022	3 Month LIBOR +2.50%

Notes (continued)

14 Provisions

	Property provisions	Deferred Tax	Total
	£000	£000	£000
At 29 December 2018	400	630	1,030
Charged during the period	-	193	193
	<hr/>	<hr/>	<hr/>
At 28 December 2019	400	823	1,223
	<hr/>	<hr/>	<hr/>

Property provisions comprise net future rents payable on onerous property leases and provision for terminal dilapidations. The majority of the provision is expected to be utilised over the remaining 22 years of the main lease provided for.

15 Called up equity share capital

	As at 28 December 2019 £000	As at 29 December 2018 £000
<i>Allotted, called up and fully paid</i>		
2,864,473 Ordinary shares of £1 each	2,864	2,864
	<hr/>	<hr/>

16 Commitments

a) Capital commitments at the end of the financial period for which no provision has been made, are as follows:

	As at 28 December 2019 £000	As at 29 December 2018 £000
Contracted	267	412
	<hr/>	<hr/>

b) Non-cancellable operating lease rentals are payable as follows:

	As at 28 December 2019 £000	As at 29 December 2018 £000
Less than one year	829	728
In the second to fifth years inclusive	1,885	2,320
Over five years	910	963
	<hr/>	<hr/>
	3,624	4,011
	<hr/>	<hr/>

Notes (continued)

17 Related party transactions

The company has taken advantage of the exemption from disclosing transactions with related parties that are part of the Upsilon Topco Limited group of companies.

During the period the company traded with the Coveris group of companies, which are under common ownership. The amount traded with the group during the period was £1,364,022 (2018: £2,894,631) and the amount outstanding at the period end was £223,672 (2018: £534,639).

The only other related party transactions are payments to directors under their service contracts. They are disclosed in the director's emoluments note (note 6).

18 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Chilled Foods (UK) Ltd and the company's ultimate parent undertaking and controlling entity is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

Upsilon Topco Limited is the smallest and largest company for which consolidated accounts including Fresh-Pak Chilled Foods Limited are prepared. The consolidated accounts of Upsilon Topco Limited are available from Companies House.

19 Non-adjusting post balance sheet events

Taxation

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 budget it was announced that the UK tax rate will remain at the current rate of 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £97,000 to £920,000.

Covid-19

The government lock down implemented in March 2020 resulted in a reduction in turnover but the company remained fully operational throughout the period. There has been no long term detrimental impact on the company's supply chain or operational capability.