

COMPANY REGISTRATION NUMBER: 02094670

ABERGAVENNY FINE FOODS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2021



ABERGAVENNY FINE FOODS LIMITED

FINANCIAL STATEMENTS

Period from 1 April 2021 to 31 December 2021

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ABERGAVENNY FINE FOODS LIMITED

STRATEGIC REPORT

Period from 1 April 2021 to 31 December 2021

Business Review

During the 9-month period, year ending 31 December 2021 the company continued to demonstrate growth, with sales increasing from £24.2m to £26.7m - increase of 10.3% (For the 9-month period respectively).

Despite having a challenging 9-month period where the business had to continue to navigate continuing challenges because of Brexit and Covid, the directors are pleased to report gross margin during the period was 28.06% and profit before tax of £2.1m.

The directors are confident that a continuation on customer and targeted market focused activities, along with leveraging the innovative capabilities of the company will continue to deliver growth and profitability in years ahead.

Principal risks and uncertainties

Brexit risk

The Directors have conducted a review of the risk posed by Brexit and identified the following risks with continued trade within the EU

a) Purchases of raw materials

- Although we do import some raw materials from Europe, the majority are substitutable from within the UK;

b) Sales to EU countries

- Current trade to EU countries is 1.3% of turnover (£352k), however the business is working closely with customers to minimise the disruption and make a smooth transition with new regulations coming into force;

c) Labour

- A large portion of direct labour pool is made up of EU nationals, however the business is working closely with workforce and temporary labour agencies to identify and minimise any potential future risk, especially around temporary labour requirements for peak seasonal requirements;

Covid risk

The increased prevalence of Covid-19 provides a potential risk to the company. It could affect employees, sales and service from our suppliers. Our primary focus will always be the health and safety of our employees. In consultation with various government agencies, we have developed a system of safe working practices to ensure the wellbeing of our staff. This will be constantly reviewed as the pandemic continues. We have not seen demand from our customers materially alter from that previously forecast before the presence of the virus and they have not suggested that is likely to change. We have been in regular contact with our supplier base and are confident that the risks are being adequately managed to date

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources, together with various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

ABERGAVENNY FINE FOODS LIMITED

STRATEGIC REPORT *(continued)*

Period from 1 April 2021 to 31 December 2021

Interest rate risks

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by use of both fixed and floating facilities.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The company policy throughout the year has been to ensure flexibility is achieved by overdraft facilities.

This report was approved by the board of directors on 28/04/2022 and signed on behalf of the board by:



Mrs T Brownlee
Director

ABERGAVENNY FINE FOODS LIMITED

DIRECTORS' REPORT

Period from 1 April 2021 to 31 December 2021

The directors present their report and the financial statements of the company for the period ended 31 December 2021.

Directors

The directors who served the company during the period were as follows:

Mrs T Brownlee
Mr P Mortimer
Mr J J Rees
Mr M A Bross
Mr F L F Dervieux
Mr A M Lord (Resigned 1 June 2021)

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

ABERGAVENNY FINE FOODS LIMITED

DIRECTORS' REPORT *(continued)*

Period from 1 April 2021 to 31 December 2021

This report was approved by the board of directors on 28/04/2022 and signed on behalf of the board by:



Mrs T Brownlee
Director



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERGAVENNY FINE FOODS LIMITED

Period from 1 April 2021 to 31 December 2021

Opinion

We have audited the financial statements of Abergavenny Fine Foods Limited (the 'company') for the period ended 31 December 2021 which comprise the profit and loss account, balance sheet, statement of cash flows 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 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 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERGAVENNY
FINE FOODS LIMITED (continued)**

Period from 1 April 2021 to 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the audit:

- the information given in the strategic report and the directors' report for the financial period 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.



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERGAVENNY FINE FOODS LIMITED *(continued)*

Period from 1 April 2021 to 31 December 2021

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERGAVENNY
FINE FOODS LIMITED (continued)**

Period from 1 April 2021 to 31 December 2021

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Simon Tee
Simon Tee (Senior Statutory Auditor)

28th April 2021

For and on behalf of
Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

ABERGAVENNY FINE FOODS LIMITED

PROFIT AND LOSS ACCOUNT

Period from 1 April 2021 to 31 December 2021

		31 Dec 21			31 Mar 21		
	Note	Continuing operations £	Discont'd operations £	Total £	Continuing operations £	Discont'd operations £	Total £
TURNOVER	5	26,666,333	–	26,666,333	30,351,084	1,758,817	32,109,901
Cost of sales		(19,182,088)	–	(19,182,088)	(21,067,443)	(1,707,753)	(22,775,196)
GROSS PROFIT		7,484,245	–	7,484,245	9,283,641	51,064	9,334,705
Distribution costs		(529,366)	–	(529,366)	(523,887)	(30,974)	(554,861)
Administrative expenses		(4,606,627)	–	(4,606,627)	(5,411,220)	(194,329)	(5,605,549)
Other operating income	6	71,962	–	71,962	85,583	–	85,583
OPERATING PROFIT	7	2,420,214	–	2,420,214	3,434,117	(174,239)	3,259,878
Interest payable and similar expenses	11	(322,920)	–	(322,920)	(336,482)	–	(336,482)
PROFIT BEFORE TAXATION		2,097,294	–	2,097,294	3,097,635	(174,239)	2,923,396
Tax on profit	12	(615,320)	–	(615,320)	72,179	–	72,179
PROFIT FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME		<u>1,481,974</u>	–	<u>1,481,974</u>	<u>3,169,814</u>	<u>(174,239)</u>	<u>2,995,575</u>
RETAINED EARNINGS AT THE START OF THE PERIOD				10,472,747			7,477,172
RETAINED EARNINGS AT THE END OF THE PERIOD				<u>11,954,721</u>			<u>10,472,747</u>

The notes on pages 12 to 23 form part of these financial statements.

ABERGAVENNY FINE FOODS LIMITED

BALANCE SHEET

31 December 2021

	Note	31 Dec 21 £	31 Mar 21 £
FIXED ASSETS			
Tangible assets	13	7,572,997	7,285,103
CURRENT ASSETS			
Stocks	14	4,937,277	4,844,254
Debtors	15	10,333,099	4,992,142
Cash at bank and in hand		1,461,747	2,553,039
		<u>16,732,123</u>	<u>12,389,435</u>
CREDITORS: amounts falling due within one year	16	(6,331,705)	(3,773,841)
NET CURRENT ASSETS		<u>10,400,418</u>	<u>8,615,594</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,973,415</u>	<u>15,900,697</u>
CREDITORS: amounts falling due after more than one year	17	(5,064,083)	(5,064,043)
PROVISIONS	18	(954,511)	(363,807)
NET ASSETS		<u>11,954,821</u>	<u>10,472,847</u>
CAPITAL AND RESERVES			
Called up share capital	22	100	100
Profit and loss account		<u>11,954,721</u>	<u>10,472,747</u>
SHAREHOLDERS FUNDS		<u>11,954,821</u>	<u>10,472,847</u>

These financial statements were approved by the board of directors and authorised for issue on 28/04/22 and are signed on behalf of the board by:



Mrs T Brownlee
Director

Company registration number: 02094670

The notes on pages 12 to 23 form part of these financial statements.

ABERGAVENNY FINE FOODS LIMITED

STATEMENT OF CASH FLOWS

Period from 1 April 2021 to 31 December 2021

	31 Dec 21 £	31 Mar 21 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	1,481,974	2,995,575
<i>Adjustments for:</i>		
Depreciation of tangible assets	616,944	713,896
Government grant income	(2,517)	(85,583)
Interest payable and similar expenses	322,920	336,482
Loss on disposal of tangible assets	–	54,936
Tax on profit	615,320	(72,179)
Accrued (income)/expenses	(207,240)	282,698
<i>Changes in:</i>		
Stocks	(93,023)	(842,951)
Trade and other debtors	(5,324,634)	(237,494)
Trade and other creditors	473,464	(822,095)
Cash generated from operations	(2,116,792)	2,323,285
Interest paid	(322,920)	(114,114)
Tax received	–	60,113
Net cash (used in)/from operating activities	<u>(2,439,712)</u>	<u>2,269,284</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(904,838)	(899,576)
Proceeds from sale of tangible assets	–	163,321
Government grants	–	4,139
Net cash used in investing activities	<u>(904,838)</u>	<u>(732,116)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	–	(595,336)
Proceeds from loans from group undertakings	2,275,357	5,065,063
Government grant income	2,517	81,444
Payments of finance lease liabilities	–	(450,774)
Movements on invoice discounting	–	(2,481,166)
Interest paid	–	(222,368)
Net cash from financing activities	<u>2,277,874</u>	<u>1,396,863</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,066,676)</u>	<u>2,934,031</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,553,039</u>	<u>(380,992)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,486,363</u>	<u>2,553,039</u>

The notes on pages 12 to 23 form part of these financial statements.

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 April 2021 to 31 December 2021

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 6 Castle Meadows Park, Merthyr Road, Abergavenny, Monmouthshire, NP7 7RZ.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Abergavenny Holdings Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Changes in accounting estimates

During the period the directors have reviewed the accounting basis used to absorb production overheads into stock. As a result of the change, an additional £100,710 has been included in closing stock increasing current assets and profit for the period by the same amount.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

3. ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Dairy	-	6% straight line
Plant and machinery	-	6-33% Straight line
Fixtures, fittings and equipment	-	6-33% Straight line
Motor vehicles	-	25% straight line
Tenant improvements	-	10% Straight line

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

3. ACCOUNTING POLICIES *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

3. ACCOUNTING POLICIES *(continued)*

Government grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. *Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

3. ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Depreciation

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual lives over their estimates lives.

Recoverability of trade debtors and stock

Provisions are made against irrecoverable assets. These provisions are estimates and the actual costs and timing of future cash flows are dependant on future events. The difference between expectation and the actual future liability will be accounted for in the period which such determination is made.

5. TURNOVER

Turnover arises from:

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Sale of goods	<u>26,666,333</u>	<u>32,109,901</u>

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

5. TURNOVER *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
United Kingdom	24,082,384	25,176,536
Overseas	2,583,949	6,933,365
	<u>26,666,333</u>	<u>32,109,901</u>

6. OTHER OPERATING INCOME

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Government grant income	2,517	85,583
Other operating income	69,445	—
	<u>71,962</u>	<u>85,583</u>

7. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Depreciation of tangible assets	616,944	713,896
Loss on disposal of tangible assets	—	54,936
Impairment of trade debtors	(43,326)	12,574
Foreign exchange differences	<u>(14,200)</u>	<u>(18,303)</u>

8. AUDITOR'S REMUNERATION

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Fees payable for the audit of the financial statements	<u>13,500</u>	<u>13,500</u>

ABERGAVENTNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

9. STAFF COSTS

The average number of persons employed by the company during the period, including the directors, amounted to:

	31 Dec 21	31 Mar 21
	No.	No.
Production staff	179	152
Distribution staff	27	23
Administrative staff	35	15
	<u>241</u>	<u>190</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 1 Apr 21 to 31 Dec 21	Year to 31 Mar 21
	£	£
Wages and salaries	5,028,771	5,649,346
Social security costs	417,587	460,947
Other pension costs	129,812	114,159
	<u>5,576,170</u>	<u>6,224,452</u>

10. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 1 Apr 21 to 31 Dec 21	Year to 31 Mar 21
	£	£
Remuneration	190,434	229,016
Company contributions to defined contribution pension plans	48,533	17,016
	<u>238,967</u>	<u>246,032</u>

The number of directors who accrued benefits under company pension plans was as follows:

	31 Dec 21	31 Mar 21
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	Period from 1 Apr 21 to 31 Dec 21	Year to 31 Mar 21
	£	£
Aggregate remuneration	<u>97,649</u>	<u>113,968</u>

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Interest on banks loans and overdrafts	46,543	222,369
Interest on obligations under finance leases and hire purchase contracts	–	107,337
Interest due to group undertakings	276,377	1,020
Other interest payable and similar charges	–	5,756
	<u>322,920</u>	<u>336,482</u>

12. TAX ON PROFIT

Major components of tax expense/(income)

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Current tax:		
UK current tax income	–	(60,113)
Deferred tax:		
Origination and reversal of timing differences	615,320	(12,066)
Tax on profit	<u>615,320</u>	<u>(72,179)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the period is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Period from 1 Apr 21 to 31 Dec 21 £	Year to 31 Mar 21 £
Profit on ordinary activities before taxation	2,097,294	2,923,396
Profit on ordinary activities by rate of tax	398,486	555,445
Adjustment to tax charge in respect of prior periods	(221)	(21,032)
Effect of expenses not deductible for tax purposes	4,252	14,563
Effect of capital allowances and depreciation	21,205	27,456
Effect of different UK tax rates on some earnings	234,990	–
R&D Claim	(2,679)	(60,113)
Share deduction	–	(588,498)
Super-deduction	(40,713)	–
Tax on profit	<u>615,320</u>	<u>(72,179)</u>

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

13. TANGIBLE ASSETS

	At 1 April 2021 £	Additions £	At 31 December 2021 £
Cost			
Dairy	1,390,412	–	1,390,412
Leasehold Property	171,426	–	171,426
Plant and machinery	5,622,098	738,498	6,360,596
Fixtures and fittings	403,063	127,703	530,766
Motor vehicles	3,600	–	3,600
Equipment	338,256	38,637	376,893
Tenant Improvements	3,253,182	–	3,253,182
	<u>11,182,037</u>	<u>904,838</u>	<u>12,086,875</u>

	At 1 April 2021 £	Charge for the period £	At 31 December 2021 £
Depreciation			
Dairy	755,439	37,690	793,129
Leasehold Property	171,426	–	171,426
Plant and machinery	1,557,927	260,697	1,818,624
Fixtures and fittings	280,961	22,843	303,804
Motor vehicles	3,600	–	3,600
Equipment	166,027	50,869	216,896
Tenant Improvements	961,554	244,845	1,206,399
	<u>3,896,934</u>	<u>616,944</u>	<u>4,513,878</u>

	At 31 December 2021 £	At 31 Mar 2021 £
Carrying amount		
Dairy	597,283	634,973
Leasehold Property	–	–
Plant and machinery	4,541,972	4,064,171
Fixtures and fittings	226,962	122,102
Motor vehicles	–	–
Equipment	159,997	172,229
Tenant Improvements	2,046,783	2,291,628
	<u>7,572,997</u>	<u>7,285,103</u>

14. STOCKS

	31 Dec 21 £	31 Mar 21 £
Raw materials and consumables	<u>4,937,277</u>	<u>4,844,254</u>

ABERGAVENTNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

15. DEBTORS

	31 Dec 21	31 Mar 21
	£	£
Trade debtors	8,558,782	3,741,097
Amounts owed by group undertakings	586,747	604,519
Prepayments and accrued income	686,941	445,669
Corporation tax repayable	104,942	65,235
Other debtors	395,687	135,622
	<u>10,333,099</u>	<u>4,992,142</u>

16. CREDITORS: amounts falling due within one year

	31 Dec 21	31 Mar 21
	£	£
Trade creditors	3,298,756	2,355,076
Amounts owed to group undertakings	2,276,337	1,020
Accruals and deferred income	469,914	660,831
Social security and other taxes	196,976	133,157
Other creditors	89,722	623,757
	<u>6,331,705</u>	<u>3,773,841</u>

17. CREDITORS: amounts falling due after more than one year

	31 Dec 21	31 Mar 21
	£	£
Amounts owed to group undertakings	<u>5,064,083</u>	<u>5,064,043</u>

18. PROVISIONS

	Deferred tax (note 19) £
At 1 April 2021	363,807
Additions	590,704
At 31 December 2021	<u>954,511</u>

ABERGAVENNY FINE FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Period from 1 April 2021 to 31 December 2021

19. DEFERRED TAX

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

	31 Dec 21	31 Mar 21
	£	£
Included in provisions (note 18)	<u>954,511</u>	<u>363,807</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	31 Dec 21	31 Mar 21
	£	£
Accelerated capital allowances	1,252,771	873,004
Unused tax losses	(273,644)	(509,197)
Unused tax credits	<u>(24,616)</u>	<u>-</u>
	<u>954,511</u>	<u>363,807</u>

20. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £129,812 (2021: £114,159).

21. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	31 Dec 21	31 Mar 21
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	2,517	81,444
Government grants released to profit or loss	<u>-</u>	<u>4,139</u>
	<u>2,517</u>	<u>85,583</u>

22. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	31 Dec 21	31 Mar 21
	No £	No £
Ordinary shares of £1 each	<u>100 100</u>	<u>100 100</u>

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	2,553,039	(1,091,292)	1,461,747
Debt due within one year	(1,020)	(2,275,317)	(2,276,337)
Debt due after one year	<u>(5,064,043)</u>	<u>(40)</u>	<u>(5,064,083)</u>
	<u>(2,512,024)</u>	<u>(3,366,649)</u>	<u>(5,878,673)</u>

ABERGAVENNY FINE FOODS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT *(continued)*

Period from 1 April 2021 to 31 December 2021

24. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	31 Dec 21	31 Mar 21
	£	£
Not later than 1 year	59,500	30,140
Later than 1 year and not later than 5 years	145,022	60,802
	<u>204,522</u>	<u>90,942</u>

25. RELATED PARTY TRANSACTIONS

The company paid property rentals to the director's pension fund amounting to £350,574 (March 2021: £351,250) and at year end there was an amount of £35,124 (March 2021: £26,163 due from the pension fund in relation to the rentals, included in trade creditors.

26. CONTROLLING PARTY

In the opinion of the directors the company's ultimate parent company is Mozzaxx Co-Invest GmnH & Co.KG a limited partnership registered in Germany.

The immediate parent is Frostkrone UK Limited which owns 100% of the share capital of Abergavenny Holdings Limited and for which group accounts are prepared. Copies of the group accounts can be obtained from Companies House, Crown Way, Cardiff.