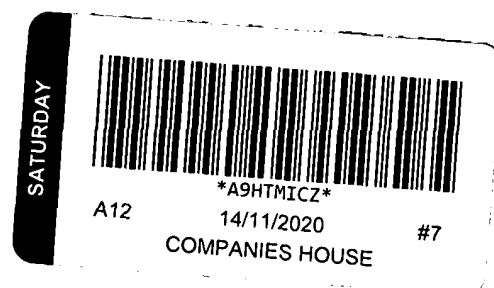


Company Registration No. 02723670
Registered Charity in England & Wales No. 1059879
Registered Charity in Scotland No. SC038199

FREEDOM FOOD LIMITED

Directors' and Trustees' Report and Accounts

31 December 2019



REPORT AND ACCOUNTS 2019

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS AND TRUSTEES

Mr W Hamilton (Resigned 3 July 2020)
Mr P Baxter
Mr R Baylis
Mr D Main (Resigned 18 May 2020)
Mrs M Crawley
Mr D Smith (Appointed 21 November 2019)
Mr R Oliveri (Appointed 21 November 2019)
Ms J Tredgett (Resigned 6 September 2019)
Ms R Layton (Appointed 3 July 2020)

CHIEF EXECUTIVE

Mr C Brazier

SECRETARY

Chalfen Secretaries Limited

REGISTERED OFFICE

Wilberforce Way
Southwater
Horsham
West Sussex
RH13 9RS

BANKERS

National Westminster Bank plc
48 Carfax
Horsham
West Sussex
RH12 1EJ

INDEPENDENT AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

DIRECTORS' AND TRUSTEES' REPORT

The directors and trustees of Freedom Food Limited present their annual report and the audited financial statements for the year ended 31 December 2019.

OBJECTS OF THE COMPANY

Freedom Food Limited is a subsidiary charitable company of the Royal Society for the Prevention of Cruelty to Animals (RSPCA). The primary object of the company is to prevent cruelty to animals by the promotion of humane farming, transportation, transfer and slaughter of farm animals by implementing a set of rearing and handling standards approved from time to time by the RSPCA. Further, the company seeks to promote consumer preference for produce from livestock producers that conform to the RSPCA Welfare standards for farmed animals by identifying as many products as possible with a unique trademark and encouraging retailers to market these products. There have been no major changes to these activities during the year.

ABOUT THE ORGANISATION

Freedom Food Limited is a private company limited by shares (registered number 02723670) and the RSPCA is the sole member. The company is also a charity registered by the Charity Commission in England and Wales (registered number 1059879) and in Scotland (SC038199). It is governed by a Memorandum and Articles of Association, the contents of which have been approved by the Directors' of the RSPCA. The company was first incorporated in 1992 and began trading in 1994 and is in the beneficial ownership of the RSPCA. The company became a charity in December 1996 and has charitable tax status with HMRC.

THE DIRECTORS AND TRUSTEES AND THEIR INTERESTS

There are generally eight directors. Since Freedom Food Limited is also a charitable company, the directors are also trustees of the charity. The Memorandum requires that the trustees of the parent organisation, the RSPCA, nominate four of their number, as directors of Freedom Food Limited. The Chairman and Vice Chairman of Council are given first option on two Board places. The remaining three directors have been appointed to the Board of Directors of the company because of their particular experience and are non executive Directors, there is currently one vacancy. There has been a non executive director vacancy throughout 2019, and we are continuing to recruit a suitable candidate for the role, there was also a trustee vacancy between January and November 2019.

The Trustees and Directors meet a minimum of four times a year and are responsible for the finance, governance and overall objectives of Freedom Food Limited. The Board of Trustees and Directors appoints the chief executive, currently Clive Brazier, who leads the senior management team. The management team is responsible for the implementation of strategy and day-to-day management of the operation and finances of the company.

Training is provided to every Trustee and Director. Each prospective member is provided with information about the company's constitution, policies and activities.

The policy for remuneration of all staff, including senior management is decided by the RSPCA. The policy is a bespoke job evaluation scheme to assess each role. New benchmarking information was introduced to underpin a new framework in the year. The Board of Directors shall form a remuneration committee that decides the salary of the Chief Executive.

The membership of the Board of Freedom Food Limited who held office during the year and to date of signing:

Mr W Hamilton (Resigned 3 July 2020)

Mr P Baxter

Mr R Baylis

Mr D Main (Resigned 18 May 2020)

Mrs M Crawley

Mr D Smith (Appointed 21 November 2019)

Mr R Oliveri (Appointed 21 November 2019)

Ms J Tredgett (resigned 6 September 2019)

Ms R Layton (Appointed 3 July 2020)

RESULTS AND ACTIVITIES

The results for 2019 show a surplus of £2,057 (2018, £295,132). Income from charitable activities being licence fees, membership fees and other income.

The products that are labelled RSPCA Assured increase the choice that the public can exercise when purchasing animal products. All Freedom Food labelling has now been completely replaced with the RSPCA Assured Label.

A total of in excess of 50 million terrestrial animals and 272 million fish benefited from the scheme (2018, 56 million terrestrial animals and 180 million fish).

The charity had a total of 3,691 members at the end of 2019. Total expenditure in 2019 was £3.7 million (2018, £3.2 million).

There were no new updated versions of RSPCA welfare standards produced in 2019.

SCOTLAND

In 2019 there were 68 new members joining the scheme in Scotland and 102 that left during the year, taking the membership total to 481 by the end of 2019.

RESERVES

The Charity's assets are available and adequate to fulfil the obligations of the charity. The charity maintains free reserves that represents sufficient funds to cover the standing costs of the assessment team in the event of serious disease outbreak restricting access to producers for up to twelve months, which could seriously affect income. The directors and trustees review the level of free reserves to ensure that they are sufficient to maintain the standing costs of the assessment team, and this will be increased to £1,146,000 (2018 £1,132,000), this change was approved by the board.

The current risks around COVID-19 are an example of why we hold such free reserves and these will be used accordingly to ensure that the Charity remains a going concern.

Free reserves are calculated as unrestricted funds less fixed assets and were £1,392,789 (2018, £1,388,871).

PUBLIC BENEFIT

In considering public benefit the directors and trustees have had regard to the guidance issued by the Charity Commission. It is not enough that Freedom Food Limited's work benefits animals. Richard Martin, one of the RSPCA's nineteenth century founders, identified the Society's prime aim as being to alter the moral feelings of the country. He recognised that taking care of animals is an essential part of any civilisation. This still resonates today. Preventing cruelty to animals promotes humane sentiments in humankind towards animals which involves moral benefit to the human community as a whole. Whilst this public benefit is clear, it is difficult to quantify and must be balanced against any detriment.

The Results and Activities section of this report demonstrate the achievements and performance of Freedom Food Limited and the benefit provided to the public. All our charitable activities focus on promoting kindness and preventing or suppressing cruelty to animals and are undertaken to further these charitable purposes for the public benefit.

RSPCA SUPPORT

Freedom Food Limited is not dependent on the services of volunteers in accomplishing its work, although RSPCA branch volunteers support the promotion of the scheme at a local level.

Freedom Food Limited and RSPCA staff also work closely in managing the most effective implementation of the RSPCA's objectives for farm animals. The RSPCA donates the services of its farm livestock officers provided to Freedom Food Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risk facing Freedom Food Limited is a possible disease outbreak that would lead to restricting access to farms that would potentially compromise our inspection regime and impact on brand integrity.

The Board of Freedom Food Limited reviews the operations and potential for any risk that face the ability of Freedom Food Limited to meet its objectives. These risks are reviewed annually.

The principal uncertainty currently facing the Charity is the impact of the ongoing global COVID-19 outbreak.

The trustees and executive team continue to monitor the outbreak, including UK Government advice, and acknowledge that the Charity faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the charity's activities and the effect this may have on the Charity's supporters and beneficiaries. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that we continue to provide our services.

PLANS FOR THE FUTURE

During the coming year Freedom Food Limited will continue to strive to achieve the RSPCA's objectives for farm animals through increased promotional activities to raise the awareness of producers, retailers, and consumers and increase the numbers of animals benefiting from the scheme. However, the effects of COVID-19 may affect much of this and, whilst our intention is to carry on with this work as much as we can, plans are continually reviewed and changed as circumstances dictate.

GOING CONCERN

The trustees reviewed Freedom Food Limited's financial plans in December 2019, as part of their normal annual review, as well as our principal financial risks. At that time, they were satisfied that Freedom Food Limited had sufficient resources to continue operating for the foreseeable future and accounts have been prepared in the knowledge that Freedom Food Limited is a financially viable Charity.

Since then, the effect of COVID-19 has been continually assessed by the Charity's executive team on a monthly basis, reviewing the Charity's ongoing forecasts and projections to ensure that the company remains financially viable.

With regard to the next accounting period, the year ending 31 December 2020, the most significant area that is likely to affect the Charity's net assets, is the level of income.

As a result, like most other charities, the trustees have made some difficult decisions to reduce costs. A number of staff have been put on furlough and we will be availing ourselves of Government support as much as possible in these difficult circumstances. We will ensure that we will continue to operate as normal, as much as we can, utilising technology to overcome the challenges of social distancing measures for the foreseeable future.

With these measures, the most recent forecasts show a small surplus for the year, without the necessity to cut into essential services, and if necessary additional significant cost savings could be made without impacting service delivery.

Income has remained in line with expectations and indications are that Qtr 3 could exceed our forecast due to a strong food retail performance. We have indications from several retailers that new RSPCA Assured ranges are being added to their portfolio. These have not been included in our projections.

The trustees will continue to review plans with the Charity's executive team to make the necessary changes to remain within free reserves level over the life of the 2 year plan, as per the free reserves policy. The charity has a strong balance sheet, with unrestricted liquid funds of around £1.4 million. This has increased to £1.8 million at the end of August 2020 which represents c. 6 month's expenditure.

The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

As such, they remain satisfied that Freedom Food Limited can continue operating for the foreseeable future and accounts have been prepared in the knowledge that Freedom Food Limited is a financially viable charity.

FUND RAISING

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities.

Although, Freedom Food Limited do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are presented in our accounts as "Donations".

In relation to the above the Trustees confirm that no fundraising approach has been taken by the company, or by anyone acting on its behalf, that no fundraising standards or scheme for fundraising regulation have been subscribed to by the company, or by anyone acting on its behalf, that no complaints in relation to fundraising activities have been received and that any solicitations are managed internally, without involvement of commercial participators or professional fundraisers.

AUDITORS

A resolution to reappoint BDO LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report has been prepared in accordance with special provisions of s419(2) of the Companies Act 2006 relating to small companies.

All of the current directors have taken all the steps to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The directors are not aware of any relevant audit information of which the auditors are unaware.

**Approved by the Trustees and Board of Directors
of Freedom Food Limited and signed on behalf of the Board**

A handwritten signature in black ink, appearing to be 'D. Smith', written over a horizontal line.

**Mr D. Smith
Chairman**

9th November 2020

DIRECTORS' AND TRUSTEES' STATEMENT OF RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees 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 charity and of the incoming resources and application of resources, including the income and expenditure of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF FREEDOM FOOD LIMITED**Opinion**

We have audited the financial statements of Freedom Food Limited ("the Charitable Company") for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

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 statement section of our report. We are independent of the Charitable Company in accordance with the ethical requirements 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 related to going concern

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

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

Other information

The other information comprises the information included in the Directors' and Trustees' Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: Directors' and Trustees' Report. The Trustees 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 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 of the other information, we are required to report the fact.

We have nothing to report in this regard.

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 Directors' and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' and Trustees' Report has 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Directors' and Trustees' Report.

We have nothing to report in respect to the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Charitable Company, 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report from the requirement to prepare a Strategic report.

Responsibilities of trustees

As explained more fully in the Directors' and Trustees' Statement of Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees determines 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 Trustees are responsible for assessing the Charitable 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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of financial statements

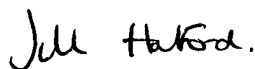
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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 Charitable Company, the Charitable Company's members as a body and the charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
United Kingdom

11th November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF FINANCIAL ACTIVITIES**Year ended 31 December 2019**

	Note	2019 £	2018 £
Income from:			
Donations	2a	380,000	378,000
Charitable activities	2b	3,336,150	3,116,251
Other trading activities	2c	3,756	3,367
Investments	2d	2,057	843
		<hr/>	<hr/>
Total income		3,721,963	3,498,461
Expenditure on:			
Charitable activities	3	3,719,906	3,203,329
		<hr/>	<hr/>
Net movement in funds		2,057	295,132
Reconciliation of funds:			
Funds brought forward at 1 January 2019		1,390,734	1,095,602
		<hr/>	<hr/>
Funds carried forward at 31 December 2019		1,392,791	1,390,734
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations. All gains and losses recognised in the current and preceding financial year are included in the statement of financial activities. This incorporates the income and expenditure account. All amounts relate to unrestricted funds.

The notes on pages 13 to 17 form part of these financial statements.

COMPANY NO. 02723670

FREEDOM FOOD LIMITED

BALANCE SHEET

As at 31 December 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	5	-	1,861
CURRENT ASSETS			
Debtors	6	761,808	774,089
Cash at bank and in hand		1,237,819	1,078,602
		1,999,627	1,852,691
CREDITORS: amounts falling due within one year	7	(606,836)	(463,818)
NET CURRENT ASSETS		1,392,791	1,388,873
TOTAL ASSETS LESS CURRENT LIABILITIES		1,392,791	1,390,734
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Unrestricted funds		1,392,789	1,390,732
TOTAL FUNDS		1,392,791	1,390,734

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Signed on behalf of the Board of Directors by



Mr D Smith
Chairman

9th November 2020

The notes on pages 13 to 17 form part of these financial statements.

FREEDOM FOOD LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2019

Year ended 31 December 2019	Note	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	157,160	361,505
Cash flows from investing activities:			
Dividends, interest and rents		2,057	843
Net cash provided by investing activities		2,057	843
Change in cash and cash equivalents in the reporting period		159,217	362,348
Cash and cash equivalents at the beginning of the reporting period		1,078,602	716,254
Cash and cash equivalents at the end of the reporting period		1,237,819	1,078,602

Notes to the consolidated cash flow statement

A) Reconciliation of net income to net cash flow from operating activities

Net Income for the reporting period	2,057	295,132
Depreciation charges	1,861	7,756
Dividends, interest and rents from investments	(2,057)	(843)
Decrease in debtors	12,281	72,407
Increase/(decrease) in creditors	143,018	(12,947)
Net cash provided by operating activities	A 157,160	361,505
	2019	2018
	£	£
Loans and overdrafts	-	-

The notes on pages 13 to 17 form part of these financial statements.

1 ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: accounting and reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Charities Act 2011 and UK Generally Accepted Practice as it applies from October 2019.

Accounting convention

The accounting statements are prepared under the historical cost convention.

Going concern

The executive team reviewed Freedom Food Limited's plans in May 2020 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the recent COVID-19 outbreak and its financial effect has meant that the executive team have been reviewing financial plans for the next 12 months to ensure Freedom Food Limited can continue its business-critical activities and remain a going concern.

The Government's decisions on social distancing is expected to have a significant effect on Freedom Food Limited's financial situation and an estimated £164,000 reduction in licence fee income.

The executive team have, therefore, decided to carry out a range of cost reductions and project delays to mitigate this impact.

This includes the furlough of staff who are not involved in business-critical work, and the postponement of the new management reporting system development. This work is ongoing but could allow savings of around £129,000 in 2020. The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cashflow on a monthly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of unrestricted reserves, totalling around £1.4m, the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

The potential effect on the balance sheet for 2020 is explained further in Note 12.

This Company is a wholly owned subsidiary of the RSPCA. The Trustees and Directors consider that the level of ongoing support from charitable activities, combined with the free reserves, secure Freedom Food Limited for the foreseeable future, and that whilst there is uncertainty the Trustees and Directors do not consider there to be material uncertainty. On this basis consider the company is a going concern.

Tangible fixed assets

Fixed assets are capitalised at cost. Provision is made for depreciation on a straight line basis over the useful economic life of each asset. Assets less than £1,000 are expensed in the year.

The useful economic lives have been estimated as follows:

Motor vehicles	4 years
Office and computer equipment	3 years

Income

Grant income is recognised when there is entitlement, probability of grant receipt and the amount can be measured with sufficient reliability.

Income from charitable activities is recognised when there is entitlement, any performance conditions have been met, receipt is probable and measurement reliable. Gifts in kind are included at fair value to the charity.

Expenditure

Included in the expenditure relating to Charitable activities are the direct costs of the Assessors and the support costs of the Administration and Marketing departments.

Governance costs consist of the auditors remuneration and the directors and trustees expenses.

During the year no costs were incurred in raising funds.

1 ACCOUNTING POLICIES (continued)

Operating Leases

Rental costs under operating leases are included in total expenditure in annual instalments over the period of the leases.

Funds

There were no restricted funds during the year. All funds at the balance sheet date are unrestricted.

Pension costs

The pension costs for the employees recharged to Freedom Food Limited are also recharged to Freedom Food Limited in the year of incurring the liability (see note 4).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Tax on ordinary activities

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 or Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

Financial Instruments

The financial instruments are financial assets which comprise cash and debtors and financial liabilities which comprise group creditors, trade creditors and other creditors, measured at amortised cost.

2 INCOME

a) Donations

	2019	2018
	£	£
Donated RSPCA Livestock officers' services	<u>380,000</u>	<u>378,000</u>
RSPCA Livestock officers numbered 6 during 2019 (2018, 6).		

b) Income from charitable activities

	2018	2018
	£	£
Membership scheme	957,952	926,292
Licence fees	<u>2,378,198</u>	<u>2,189,959</u>
	<u>3,336,150</u>	<u>3,116,251</u>

c) Other trading activities

	2019	2018
	£	£
Sale of goods and other income	<u>3,756</u>	<u>3,367</u>

d) Investments

	2019	2018
	£	£
Interest received	<u>2,057</u>	<u>843</u>

3 EXPENDITURE

	2019 Direct £	2019 Support £	2019 Total £
Charitable activities			
Farm animal welfare	1,184,870	2,526,559	3,711,429
Governance costs	-	8,477	8,477
	<u>1,184,870</u>	<u>2,535,036</u>	<u>3,719,906</u>
	2018 Direct £	2018 Support £	2018 Total £
Farm animal welfare	1,161,290	2,033,807	3,195,097
Governance costs	-	8,232	8,232
	<u>1,161,290</u>	<u>2,042,039</u>	<u>3,203,329</u>
Included in expenditure are fees payable in respect of:		2019 £	2018 £
Auditor's remuneration		8,477	8,232
Directors' and trustees' expenses		-	-
Hire of motor vehicles under operating leases		81,667	65,847

Certain administrative costs including operating costs, certain centrally charged overhead and administrative costs have been borne by the RSPCA but have not been recharged.

Travel and subsistence payments to the directors and trustees totalled £nil. (2018, £nil).

4 INFORMATION REGARDING EMPLOYEES AND DIRECTORS

Freedom Food Limited's staff are employed by the RSPCA and the full employment costs of these staff members are recharged to Freedom Food Limited by the RSPCA.

	2019 No.	2018 No.
Average number of persons employed		
Assessments, marketing and publicity	23	23
Support, management and administration	20	17
	<u>43</u>	<u>40</u>
	2019 £	2018 £
Staff costs during the year		
Wages and salaries	1,303,827	1,200,282
Social security costs	119,778	108,440
Pension costs	139,421	126,510
	<u>1,563,026</u>	<u>1,435,232</u>

In 2019 one employee earned between £80,000 and £89,999 (2018, one employee between £80,000 and £89,999). Contribution to the pension scheme for this highest paid member was £9,600 (2018, £9,600).

Freedom Food considers its key management personnel comprise the directors, the trustees and the chief executive officer. The total employment benefits including employer pension contributions to management personnel were £104,370 (2018, £104,399). The directors and trustees all give their time and expertise without any form of remuneration or other benefit in cash or kind (2018, £nil).

5 TANGIBLE FIXED ASSETS

	Office and computer equipment £	Total £
Cost		
At 1 January 2019	118,254	118,254
At 31 December 2019	<u>118,254</u>	<u>118,254</u>
Depreciation		
At 1 January 2019	116,393	116,393
Charge for the year	1,861	1,861
At 31 December 2019	<u>118,254</u>	<u>118,254</u>
Net Book Value		
At 31 December 2019	<u>-</u>	<u>-</u>
At 31 December 2018	<u>1,861</u>	<u>1,861</u>

6 DEBTORS

	2019 £	2018 £
Trade debtors	77,780	175,364
Other debtors	4,000	4,500
Prepayments and accrued income	680,028	591,457
Amounts owed by the RSPCA	-	2,768
	<u>761,808</u>	<u>774,089</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	167,484	135,327
Value added tax	84,360	53,887
Accruals and deferred income	353,236	274,604
Amounts owed to the RSPCA	1,756	-
	<u>606,836</u>	<u>463,818</u>

DEFERRED INCOME

The deferred income comprises membership scheme income receipts received prior to the year end and are released to the statement of financial activities in the following year.

	2019 £	2018 £
Deferred membership scheme income		
At 1 January 2019	50,344	40,755
Additions	46,173	50,344
Released	(50,344)	(40,755)
At 31 December 2019	<u>46,173</u>	<u>50,344</u>

8 OPERATING LEASE COMMITMENTS

The Company had total commitments at the year end under operating leases expiring as follows:

	Motor vehicles 2019 £	Motor vehicles 2018 £
Less than one year	63,272	69,996
One to five years	82,265	82,884
	145,537	152,880

9 CALLED UP SHARE CAPITAL

	2019 £	2018 £
Authorised :		
100 Ordinary Shares of £1 each	100	100
Called up, allotted and fully paid :		
2 Ordinary Shares of £1 each	2	2

10 ULTIMATE PARENT ENTITY AND CONTROLLING ENTITY

The company's ultimate parent entity and controlling entity is the Royal Society for the Prevention of Cruelty to Animals ('RSPCA'), a registered charity in Great Britain (registered charity no. 219099). The primary objectives of the RSPCA is the prevention of cruelty to animals, at the core of which is the Inspectorate who provide a wide range of rescue services for the most abused and vulnerable animals. These rescue services include the Inspectorate's preventative and educational work, enforcing the law, rehabilitation, rehoming and wildlife rescue. The range of Inspectorate work and its related support services are the core activity and are unique to the RSPCA.

Copies of consolidated accounts are available from The RSPCA, Wilberforce Way, Southwater, Horsham, West Sussex, RH13 9RS.

There are no intermediate parent companies.

11 RELATED PARTY TRANSACTIONS

Related party transactions are management fees charged in the year by RSPCA of £223,265 (2018, £165,312) and payroll and expenses of £1,585,479 (2018 £1,495,930) paid on behalf of Freedom Food by the RSPCA. The donated RSPCA Livestock officers' services were £380,000 (2018, £378,000) and the cost of the donated RSPCA Livestock officers' services were £380,000 (2018, £378,000).

12 POST BALANCE SHEET EVENTS

Since the 31 December 2019 to the date of signing these financial statements the outbreak of the pandemic COVID19 has had an economic effect across all sectors and Freedom Food Limited has considered the effect on the charity as a going concern, its resilience through this period and the effect on the assets and funds of Freedom Food Limited. The Charity's executive team have reviewed the revised financial plans and agreed a series of activities that should ensure financial stability in these difficult times. The estimated financial effect is mainly seen in an estimated £164,000 reduction in income, with a planned £129,000 reduction in expenditure to mitigate the effect and ensure that this does not affect our business-critical activities. The debtors at 31 December 2019 have been recovered within normal terms.