

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 2020

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REPORT AND ACCOUNTS 2020

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FREEDOM FOOD LIMITED
Company Registration No. 02723670
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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS AND TRUSTEES

Mr D Main
Mrs M Crawley
Ms R Layton
Mr R Olivieri
Mr D Smith (Chairman)

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 2020.

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 are currently vacancies for suitable candidates.

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 (Resigned 1 July 2021)
 Mr R Baylis (Resigned 1 July 2021)
 Mr D Main (Resigned 18 May 2020) (Appointed 17 June 2021)
 Mrs M Crawley
 Ms R Layton (Appointed 3 July 2020)
 Mr R Olivier
 Mr D Smith (Chairman)

RESULTS AND ACTIVITIES

The results for 2020 show a surplus of £230,470 (2019, £2,057). Income from charitable activities being licence fees, membership fees.

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 58 million terrestrial animals and 1,062 million fish benefited from the scheme (2019, 50 million terrestrial animals and 229 million fish).

The charity had a total of 3,959 members (2019, 3691). Total expenditure in 2020 was £3.5 million (2019, £3.7 million).

There were updated versions of RSPCA welfare standards for beef, sheep and trout produced in 2020.

SCOTLAND

In 2020 there were 123 new members joining the scheme in Scotland and 50 that left during the year, taking the membership total to 554 by the end of 2020 (2019, 481).

RESERVES

The Charity now holds two types of reserve, free reserves and designated funds. Designated funds have been set aside by the Trustees for a specific corporate project. An analysis of designated funds is provided in note 12.

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 remain at £1,146,000 (2019 £1,146,000)

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 £1,523,259 (2019, £1,392,789), and designated funds were £100,000 (2019 £nil).

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. Freedom Food Limited no longer relies on the RSPCA to donate the services of its farm livestock officers provided to the charity. 2020 £nil, (2019 £380,000).

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 2020, 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.

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 2021, the trustees are satisfied that the level of income will continue to grow as planned due to a strong retail performance and some expenditure will continue to be reduced due to the effects of the lockdown restrictions.

We will continue to ensure that we operate as normal, as much as we can, utilising technology to overcome the challenges of social distancing measures where required.

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 for quarter 1 2021 has exceeded expectations and indications are that the rest of the year will follow this trend.

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 £1.5 million. This has increased to £2 million at the end of April 2021 which represents circa 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 participants or professional fundraisers.

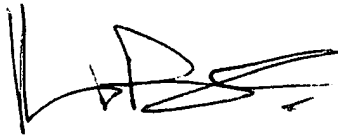
AUDITORS

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

13th September 2021

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 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 2020, 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 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010

We have audited the financial statements of Freedom Food Limited ("the Charitable Company") for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In auditing the financial statements, we have concluded that the Trustees' 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 Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Opinion Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the the financial statements; and
- the Directors' Report, which are included in the Trustees' Report has been prepared in accordance with applicable legal requirements.

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 trustees 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Auditor's responsibilities for the audit of financial statements continued

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.

Based on our understanding of the Charitable Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Charitable Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statement, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Employment Law, Fundraising Regulations, Health & Safety legislation and Data Protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

There are inherent limitations in the audit procedures performed 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 are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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, misrepresentations or through collusion.

Audit procedures capable of irregularities including fraud performed by the engagement team included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Discussions with management, including consideration of any performance incentives and remuneration arrangements, known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our audit testing;
- Reading minutes of meetings of those charged with governance; reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiries as to whether there have been any serious incident reports or correspondence with the Charity Regulator and reviewing and assessing the impact of any reports or correspondence;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to estimating and accounting for accruals;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and
- Carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported 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 charitable Company's 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 Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the 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.

DocuSigned by:

Jill Halford

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Jill Halford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

15 September 2021

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

FREEDOM FOOD LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2020

	Note	2020 £	2019 £
Income from:			
Donations	2a	0	380,000
Charitable activities	2b	3,627,008	3,336,150
Other trading activities	2c	11,970	3,756
Investments	2d	992	2,057
		<hr/>	<hr/>
Total income		3,639,970	3,721,963
Expenditure on:			
Charitable activities	3	3,409,500	3,719,906
		<hr/>	<hr/>
Net movement in funds		230,470	2,057
Reconciliation of funds:			
Funds brought forward at 1 January 2020		1,392,791	1,390,734
		<hr/>	<hr/>
Funds carried forward at 31 December 2020		1,623,261	1,392,791
		<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.

BALANCE SHEET

As at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	5		0
CURRENT ASSETS			
Debtors	6	1,000,629	761,808
Cash at bank and in hand		1,704,138	1,237,819
		2,704,767	1,999,627
CREDITORS: amounts falling due within one year	7	(1,081,506)	(606,836)
NET CURRENT ASSETS		1,623,261	1,392,791
TOTAL ASSETS LESS CURRENT LIABILITIES		1,623,261	1,392,791
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Unrestricted funds		1,523,259	1,392,789
Designated funds	12	100,000	-
TOTAL FUNDS		1,623,261	1,392,791

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

13th September 2021

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

CASH FLOW STATEMENT
Year ended 31 December 2020

FREEDOM FOOD LIMITED

	Note	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	465,327	157,160
Cash flows from investing activities:			
Dividends, interest and rents		992	2,057
Net cash provided by investing activities		992	2,057
Change in cash and cash equivalents in the reporting period		466,319	159,217
Cash and cash equivalents at the beginning of the reporting period		1,237,819	1,078,602
Cash and cash equivalents at the end of the reporting period		1,704,138	1,237,819

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		230,470	2,057
Depreciation charges		-	1,861
Dividends, interest and rents from investments		(992)	(2,057)
(Increase)/decrease in debtors		(238,821)	12,281
Increase/(decrease) in creditors		474,670	143,018
Net cash provided by operating activities	A	465,327	157,160

Loans and overdrafts

The Charity does not have any external debt or borrowings and as such a net debt reconciliation is not prepared.

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 March 2021 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The impact of the COVID-19 outbreak has had a positive financial impact, however, the executive team have continued 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 length of the COVID-19 outbreak and the measures yet to be taken by the Government to contain this are not known and are 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 £1.5m, 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 2021 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:

Office and computer equipment	3 years
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Income

Income from charitable activities is recognised when there is entitlement, any performance conditions have been met, receipt is probable and measurement reliable. Membership income is recognised in full, in the first month of membership. 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 or endowment funds during the year. All funds at the balance sheet date are unrestricted. Designated funds are part of the General Fund set aside for a specific purpose by the trustees. Details of designated funds are set out in note 12.

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.

Income recognition - The Charity recognises income on a receivable basis where the amount is measurable and there is adequate probability of receipt.

Fixed assets - The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life. The useful economic life of an asset is determined at the time the asset is acquired or brought into use and reviewed annually for appropriateness. The lives are based on historical experience together with anticipation of future events.

Accruals, provisions and contingencies - Expenditure incurred in the reporting period where there is uncertainty as to the final amount to be paid is accounted for on the basis of an estimate where this treatment is considered to be appropriate. An accrual is recognised when it is probable that an obligation exists for which a reliable estimate can be made. Matters that are either possible obligations or do not meet the criteria for a provision as disclosed as contingent liabilities. If the possibility of transferring economic benefit is considered to be remote, no reference is made.

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

	2020	2019
	£	£
Donated RSPCA Livestock officers' services	<u>-</u>	<u>380,000</u>

Freedom Food Limited is no longer reliant on the donated services of RSPCA Livestock officers. During 2020 the RSPCA Livestock officers numbered 6 (2019, 6).

b) Income from charitable activities

	2020	2019
	£	£
Membership scheme	1,034,529	957,953
Licence fees	2,592,479	2,378,197
	<u>3,627,008</u>	<u>3,336,150</u>

c) Other trading activities

	2020	2019
	£	£
Sale of goods and other income	<u>11,970</u>	<u>3,756</u>

d) Investments

	2020	2019
	£	£
Interest received	<u>992</u>	<u>2057</u>

3 EXPENDITURE

	2020 Direct £	2020 Support £	2020 Total £
Charitable activities			
Farm animal welfare	1,102,415	2,293,274	3,395,689
Governance costs	-	13,811	13,811
	<u>1,102,415</u>	<u>2,307,085</u>	<u>3,409,500</u>
	2019 Direct £	2019 Support £	2019 Total £
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>

included in expenditure are fees payable in respect of:	2020 £	2019 £
Auditor's remuneration	13,811	8,477
Hire of motor vehicles under operating leases	94,683	81,667

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. (2019, £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

	2020 No.	2019 No.
Average number of persons employed		
Assessments, marketing and publicity	25	23
Support, management and administration	19	20
	<u>44</u>	<u>43</u>
	2019 £	2019 £
Staff costs during the year		
Wages and salaries	1,400,693	1,303,827
Social security costs	127,248	119,778
Pension costs	150,559	139,421
	<u>1,678,500</u>	<u>1,563,026</u>

In 2020 one employee earned between £80,000 and £89,999 (2019, one employee between £80,000 and £89,999)
Contribution to the pension scheme for this highest paid member was £9,600 (2019, £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 £104,334 (2019, £104,370). The directors and trustees all give their time and expertise without any form of remuneration or other benefit in cash or kind (2019, £nil).

5 TANGIBLE FIXED ASSETS

	Office and computer equipment £	Total £
Cost		
At 1 January 2020	118,254	118,254
At 31 December 2020	<u>118,254</u>	<u>118,254</u>
Depreciation		
At 1 January 2020	118,254	118,254
Charge for the year	-	-
At 31 December 2020	<u>118,254</u>	<u>118,254</u>
Net Book Value		
At 31 December 2020	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>-</u>

6 DEBTORS

	2020 £	2019 £
Trade debtors	225,336	77,780
Other debtors	4,000	4,000
Prepayments and accrued income	739,681	680,028
Amounts owed by the RSPCA	31,612	-
	<u>1,000,629</u>	<u>761,808</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	225,676	167,484
Value added tax	124,026	84,360
Accruals and deferred income	731,804	353,236
Amounts owed to the RSPCA	-	1,756
	<u>1,081,506</u>	<u>606,836</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.

	2020 £	2019 £
Deferred membership scheme income		
At 1 January 2020	46,173	50,344
Additions	96,421	46,173
Released	(46,173)	(50,344)
At 31 December 2020	<u>96,421</u>	<u>46,173</u>

8 OPERATING LEASE COMMITMENTS

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

	Motor vehicles 2020 £	Motor vehicles 2019 £
Less than one year	49,016	63,272
One to five years	45,666	82,265
	<u>94,682</u>	<u>145,537</u>

9 CALLED UP SHARE CAPITAL

	2020 £	2019 £
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 object ves 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 £230,954 (2019, £223,265) and payroll and expenses of £1,665,074 (2019 £1,585,479) paid on behalf of Freedom Food by the RSPCA. The donated RSPCA Livestock officers' services were £nil (2019, £380,000) and the costs of the RSPCA Livestock officers' services were £309,000, in 2019 the costs of £380,000 for Livestock officers' was donated by the RSPCA.

12 Designated Fund movements

	2020 £	2019 £
Strategic review consultancy fund		
At 1 January 2020	-	-
Additions	100,000	-
Released	-	-
At 31 December 2020	<u>100,000</u>	<u>-</u>